

# FORM 7

## MONTHLY PROGRESS REPORT

Name of CNSX Issuer:     KWG RESOURCES INC.     (the "Issuer").

Trading Symbol:     KWG / KWG.A    

Number of Outstanding Listed Securities:     1,019,496,927     **Subordinate** **Voting**  
**Shares / 237,049 Multiple Voting Shares**

Date:     September 4, 2019    

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer continued to assess potential exploration programs and other project development initiatives for its various mineral properties in Ontario, its intellectual property rights and other business initiatives.

2. Provide a general overview and discussion of the activities of management.

In August, the board of directors and management assisted with the developments described in Section 1 above. The management and the directors continued to evaluate the Issuer's existing projects, potential exploration programs and potential acquisitions as well as other business development strategies.

On August 27, 2019, the Issuer announced that it completed the final tranche of its private placement (the "Private Placement") of convertible debentures on August 26, 2019. This tranche was comprised of an aggregate of \$395,450 of debentures, bringing the total principal amount of debentures issued under the various tranches of the Private Placement to \$3,775,405.83. The debentures are convertible, at the option of KWG at any time or at the option of the holder within 30 days prior to maturity or redemption, into units (each a "Unit") with a deemed value of \$21 per Unit. Each subscriber received an option to acquire an equal amount of additional debentures at any time within four (4) months from closing.

Each Unit is comprised of four (4) KWG.A multiple voting shares and four (4) multiple voting share purchase warrants, with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of \$7.50 at any time on or before December 15, 2019. The debentures bear interest at a rate of 12% per annum, accruing daily, compounding annually and payable at the earlier of maturity, redemption or conversion, in KWG.A multiple voting shares from treasury at their volume-weighted average price ("VWAP") for the ten trading days prior to payment. The debentures secure repayment of the principal, plus interest earned thereon to the date of payment, plus a bonus of 20% of the original principal amount payable immediately following issuance of the debenture by the issuance of Units with a deemed value of \$21 per Unit. At any time and from time to time, KWG will have the right to redeem the debentures in whole or in part by payment in cash, or convert the debentures in whole or in part into Units.

The proceeds received by the Corporation from the sale of the debentures will be used for the costs and fees associated with this tranche of the Private Placement and for general corporate overhead expenses including paying current debts and liabilities. The working capital deficiency and balance sheet of the Corporation will be improved, which should facilitate future financings or other transactions.

All of the securities to be issued pursuant to this tranche of the Private Placement are subject to a four (4) month hold period.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**Not applicable.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**Not applicable.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Not applicable.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**Not applicable.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**Not applicable.**

8. Describe the acquisition of new customers or loss of customers.

**Not applicable.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**Not applicable.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**Not applicable.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**Not applicable.**

12. Describe and provide details of legal proceedings to which the Issuer became a

party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**Not applicable.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**See Item 14 regarding the issuance of convertible debentures for aggregate principal amount of \$395,450 bearing interest at 12% per annum (payable in Multiple Voting Shares).**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Convertible Debentures	\$395,450	See Note 2 below	
Multiple Voting Shares	15,048		
Warrants	15,048		

(1) The proceeds of the offering are to be used for the Issuer's ongoing obligations and general corporate purposes.

(2) On August 26, 2019, the Issuer completed a private placement of \$395,450 of debentures (the "Convertible Debenture") convertible on or before December 15, 2019 at the option of the Issuer into units (each, a "Unit") with a deemed value of \$21 per Unit, plus an option to acquire an additional equal amount of such debentures at any time within four months from the date of issuance of the Convertible Debenture. Each Unit is comprised of four (4) Multiple Voting Shares and four (4) multiple voting share purchase warrants, with each such warrant (a "Warrant") enabling its holder to acquire one (1) Multiple Voting Share from treasury upon payment of \$7.50 per share at any time on or before December 15, 2019. The Convertible Debentures bear interest at 12% per annum (payable in Multiple Voting Shares) and were issued with a bonus of 20% of the principal amount (paid by issuing 15,048 Multiple Voting Shares and 15,048 Warrants).

15. Provide details of any loans to or by Related Persons.

**Related Party acquired \$10,000.00 of Convertible Debenture and 380 Units in the private placement. See Item 14 above.**

16. Provide details of any changes in directors, officers or committee members.

**Not applicable.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The Issuer will remain subject to general market trends that impact the junior resource sector, including the ability of junior resource companies to obtain financing.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated September 4, 2019.

Frank Smeenk  
Name of Director or Senior Officer

Signed by: "Frank Smeenk"  
Signature

President & CEO  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer <b>KWG Resources Inc.</b>	For Month End <b>August 31, 2019</b>	Date of Report YY/MM/D <b>2019/09/04</b>
Issuer Address <b>141 Adelaide Street West, Suite 420</b>		
City/Province/Postal Code <b>Toronto, Ontario M5H 3L5</b>	Issuer Fax No. <b>(416) 644-0592</b>	Issuer Telephone No. <b>1-(888) 644-1374</b>
Contact Name <b>Frank Smeenk</b>	Contact Position <b>President and Chief Executive Officer</b>	Contact Telephone No. <b>(416) 642-3575</b>
Contact Email Address <a href="mailto:fcs@kwgresources.com">fcs@kwgresources.com</a>	Web Site Address <a href="http://www.kwgresources.com">www.kwgresources.com</a>	