

## FORM 8

### NOTICE OF PROPOSED PROSPECTUS OFFERING

Please complete the following:

Name of CNSX Issuer: KWG Resources Inc. (the "Issuer").

Trading Symbol: "KWG"

Date: 18 August, 2014

Is this an updating or amending Notice: **No**

If yes provide date(s) of prior Notices: N/A

Issued and Outstanding Securities of Issuer Prior to Proposed Prospectus Offering:

777,842,468 common shares

Date of News Release Announcing Proposed Prospectus Offering: 18 August, 2014 (or provide explanation if news release not disseminated yet and expected date or circumstances that are expected to trigger news release dissemination)

#### 1. Prospectus Offering

1. Description of securities to be issued:

- (a) Class Units of securities of the Issuer (each, a "unit") (comprising three non flow-through common shares in the capital of the Issuer and two non flow-through common share purchase warrants – see Question 3 for details regarding the warrants); and common shares to be issued on a flow-through basis ("flow-through shares").
- (b) Number Up to 45,454,545 units; up to 45,454,545 flow-through shares; and assuming the exercise of the over-allotment option, up to an additional 6,818,181 flow-through shares at the flow-through offering price and up to an additional 6,818,181 units at the unit offering price, all as further detailed in the preliminary short-form prospectus of the Issuer.
- (c) Price per security \$0.165 per unit and \$0.055 per flow-through share
- (d) Voting rights Each holder of a common share is entitled to one vote.

2. Provide details of the net proceeds to the Issuer as follows:
- (a) Per security: \$0.1551 per unit and \$0.055 per flow-through share. The commission payable to the Agent in respect of the sale of Flow-Through Shares will be paid by the Corporation out of its working capital.
  - (b) Aggregate proceeds: After payment of the agent's commission and estimated offering expenses payable by the Issuer: maximum offering = \$9,210,000; minimum offering = \$3,570,000. If the over-allotment option is exercised in full, the net proceeds of the offering after payment of the agent's commission and estimated offering expenses payable by the Issuer will be approximately \$10,620,000.
3. Provide description of any Warrants (or options) including:
- (b) Number Up to 90,909,090 warrants and assuming the over-allotment option is exercised, up to 104,545,452 warrants.
  - (c) Number of securities eligible to be purchased on exercise of Warrants (or options): Each warrant will entitle its holder to purchase one non "flow-through" common share in the capital of the Issuer.
  - (d) Exercise price \$0.10 per warrant share
  - (e) Expiry date 24 months following the closing date
  - (f) Other significant terms N/A.
4. Provide the following information if debt securities are to be issued: N/A
- (a) Aggregate principal amount \_\_\_\_\_
  - (b) Maturity date \_\_\_\_\_
  - (c) Interest rate \_\_\_\_\_
  - (d) Conversion terms \_\_\_\_\_
  - (e) Default provisions \_\_\_\_\_
5. Details of currently issued and outstanding shares of each class of shares of the Issuer: Common shares, the holders of which are entitled to receive notice of, attend and vote at, any meeting of shareholders of the issuer. Holders of the common shares are also entitled to receive on a pro rata basis such dividends as may be declared by the board of directors of the Issuer. In the event of the liquidation, dissolution or winding up of the issuer, holders of common shares will

be entitled to receive on a pro rata basis all the assets of the issuer remaining after payment of all of the Issuer's liabilities

6. Describe any unusual particulars of the offering (i.e. tax "flow through" shares, special warrants, etc.).

The offering includes up to 45,454,545 flow-through shares and assuming the over-allotment is exercised, up to 52,272,726 flow-through shares.

7. Provide details of the use of the proceeds: The net proceeds of the offering will be used to: (1) continue the development and commercialization of the new methods of production of chromium iron alloys from chromite ore and of production of low carbon chromium iron alloys; (2) complete a drilling program at the Fishtrap Lake project; (3) continue the Issuer's exploration program at the Koper Lake project; and (4) augment the Issuer's working capital.

8. Provide particulars of any proceeds of the offering which are to be paid to Related Persons of the Issuer: \_\_\_\_\_ Nil \_\_\_\_\_

9. Provide details of the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering:

In addition to the anticipated proceeds from the offering, the Issuer has approximately \$1,786,235 in available funds on hand as at July 31, 2014.

10. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the offering (including warrants, options, etc.):

(a) Details of any dealer, agent, broker, finder or other person receiving compensation in connection with the offering (name, address, beneficial ownership where applicable) Agent: Secutor Capital Management Corporation located at 1167 Caledonia Rd, Toronto, ON M6A 2X1.

(b) Cash 6% of the aggregate gross proceeds from the sale of the Units and flow-through shares (the "Offered Securities"), excluding any Offered Securities sold under the offering to certain persons ("Exempt Purchasers"); and, a cash commission of 3% of the aggregate cash proceeds of the sale of the Offered Securities to Exempt Purchasers.

(c) Securities Non-transferrable compensation options to subscribe for up to to 6% of the total number of common shares and flow-through shares issued under the Offering (including those issued under the Over-Allotment Option but excluding any offered common shares and flow-through shares issued to any Exempt Purchasers).

- (d) Other \_\_\_\_\_
- (e) Expiry date of any options, warrants etc. 24 months following the closing date.
- (f) Exercise price of any options, warrants etc. \$0.055 per agent's common share.
11. State whether the sales agent, broker, dealer, finder, or other person receiving compensation in connection with the offering is a Related Person of the Issuer with details of the relationship: No person receiving compensation in connection with the offering is a Related Person of the Issuer.
12. Provide details of the manner in which the securities being offered are to be distributed. Include details of agency agreements and sub-agency agreements outstanding or proposed to be made including any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings: The Offered Securities will be sold pursuant to an agency agreement to be entered into between the Issuer and Secutor Capital Management Corporation prior to the filing of the final prospectus.

13. Attach any term sheet, engagement letter or other document setting out terms, conditions or features of the proposed offering.

## 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 on behalf of the Issuer.
2. As of the date hereof there 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 8 Notice of Proposed Prospectus Offering is true.

Dated August 18, 2014

Frank Smeenk  
Name of Director or Senior Officer

Frank C. Smeenk  
Signature

President and Chief Executive Officer  
Official Capacity