

MATERIAL CHANGE REPORT
Form 51-102F3
Section 7.1 of National Instrument 51-102

Item 1 Name and Address of Company

KWG Resources Inc. (the “**Company**” or “**KWG**”)
141 Adelaide Street West, Suite 420
Toronto, Ontario M5H 3L5

Item 2 Date of Material Change

September 29, 2021 and October 7, 2021

Item 3 News Release

News release was issued via Newsfile Corp. on September 29, 2021 and October 7, 2021.

Item 4 Summary of Material Change

The Company completed on September 29, 2021 the first tranche of its previously announced private placement (the “**Private Placement**”) of convertible debentures by issuing of an aggregate of \$3,410,657 of debentures.

On October 7, 2021 the Company completed the second tranche of the Private Placement by issuing of an aggregate of \$350,660.08 of debentures, bringing the total principal amount of debentures issued under the first and second tranches of the Private Placement to \$3,761,317.08.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company completed (i) on September 29, 2021, the first tranche of the Private Placement by issuing of an aggregate of \$3,410,657 of debentures, and (ii) on October 7, 2021, the second tranche of the Private Placement by issuing of an aggregate of \$350,660.08 of debentures, bringing the total principal amount of debentures issued under the first and second tranches of the Private Placement to \$3,761,317.08.

The debentures are convertible into units (each a “**Unit**”) with a deemed value of \$15 per Unit (i) at the holder’s option at any time or (ii) at the option of KWG after September 29, 2022. The debentures mature on June 30, 2023 and bear interest at 12% per annum, accruing daily, compounding annually and payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment to be made either (i) at the Company’s option on 30 days’ notice, by payment in cash (other than in the event of a conversion) or (ii) by the issuance of Units at a deemed value of \$15.00 per Unit. Each Unit will be comprised of two KWG.A multiple-voting shares (as such KWG.A shares are presently constituted; or six KWG.A multiple-voting shares if the proposed subdivision of KWG.A multiple-voting shares is implemented) and one multiple-voting share purchase warrant enabling its holder to acquire one further KWG.A multiple-voting share (as such KWG.A shares are presently constituted; or to acquire three KWG.A multiple-voting shares if the proposed subdivision of KWG.A multiple-voting shares is implemented) from treasury upon payment of \$9.60 (for each such

KWG.A share as presently constituted; or \$3.20 for each KWG.A multiple voting share if the proposed subdivision of KWG.A multiple-voting shares is implemented) exercisable at any time on or before December 15, 2023.

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

5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Inquiries in respect of the material change referred to herein may be made to:

Frank Smeenk, Chief Executive Officer
tel: (416) 642-3575

Item 9 Date of Report

This report is dated the 8th day of October, 2021.