

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 240
Toronto, Ontario M5H 3L5

Item 2 Date of Material Change

December 30, 2021

Item 3 News Release

News release was issued via Newsfile Corp. on December 31, 2021.

Item 4 Summary of Material Change

The Company completed the issuance of an aggregate of 122,144 ferrochrome warrants of the Company (“**Ferrochrome Warrants**”) to those (the “**Debentureholders**”) who held \$4,275,405.83 of convertible debentures of the Company (the “**Convertible Debentures**”) which had been issued as early as 2017 and whose December 2019 maturity dates were extended in December 2019 to March 26 and March 31, 2021 (*please note that there was a clerical or arithmetic error in setting out the number of Ferrochrome Warrants and Convertible Debentures in the corresponding news release*).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company completed the issuance of 122,144 Ferrochrome Warrants to the Debentureholders who held \$4,275,405.83 of Convertible Debentures which had been issued as early as 2017 and whose December 2019 maturity dates were extended in December 2019 to March 26 and March 31, 2021. As consideration for extending the maturity dates, the Company agreed to issue to each holder of Convertible Debentures one Ferrochrome Warrant for each \$35 of principal amount of Convertible Debentures then outstanding (*see KWG news releases dated December 9, 2019 and December 20, 2019*).

Each Ferrochrome Warrant entitles the holder to acquire, for no additional consideration, one (1) ton of Ferrochrome, on a first-come first-served aliquot basis among all warrant holders, if, as and when such Ferrochrome is produced from an allocation of one percent (1.0%) of the mineral products produced by the Company from its interest in the Black Horse Property in northern Ontario. A copy of the form of Ferrochrome Warrant certificate is attached hereto as Schedule “A”.

On March 31, 2021, Convertible Debentures with an aggregate principal amount of \$3,775,405.83 were converted into KWG multiple voting shares and share purchase warrants (*see KWG news release dated April 1, 2021*), leaving a Convertible Debenture with an original principal amount of \$500,000 outstanding. To fulfill its outstanding obligation to the

Debentureholders, the Company issued 122,144 Ferrochrome Warrants on December 30, 2021 in accordance with section 2.42 of National Instrument 45-106 – *Prospectus Exemptions*.

In connection with the creation of the Ferrochrome Warrants, the Company proposes to enter into a trust indenture with a trust company to administer Ferrochrome Warrants and has undertaken to provide a security interest in its interest in the Black Horse Property to back the obligation for future delivery of Ferrochrome upon exercise of Ferrochrome Warrants.

In addition to risks associated with the Company's other securities as described in the Company's *Management's Discussion and Analysis*, the Ferrochrome Warrants are subject to a number of other risks which related specifically to the Ferrochrome Warrants. Risks and uncertainties relating to the Ferrochrome Warrants include the following:

Lack of Mineral Reserves. The Company is currently in the exploration stage and has no known mineral reserves. Although mineral deposits may be discovered and estimates of resources may be prepared, no assurance can be given that any particular level of recovery of base metals or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that anticipated grades or volumes will be achieved or that any particular level of recovery will be realized. Estimates can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ substantially from that indicated by results of drilling, sampling and other similar examinations and can vary through different parts of a deposit. Short-term factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations.

No Current Mining Activities or Production. The Company is currently in the exploration stage. Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery, development and production of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's exploration and development efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable. The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company progresses to a point in time to place its resource properties into production.

Lack of Access and Infrastructure. The Company's Black Horse Property is located a long distance from existing infrastructure such as roads, railroads and electricity transmission lines. Active mineral exploitation at any such properties would require building, adding or extending infrastructure such as roads, railroads, and electricity and gas transmission lines, which could add to time and cost required for mine development. Similarly, the Company's mineral deposits are located near or under lakes, streams or rivers, which could require the construction of dams, dykes and other systems or the construction of underground mining facilities, which could add to time and cost required for mine development.

Time Lags between discovery and development. The Company is unable to predict the amount of time which may elapse between the date when a mineral deposit is discovered and the date when production will commence from such a discovery. There can be no assurance that the Black Horse Property will be developed and be put into production.

Limited Allocations for Warrants. Although each Ferrochrome Warrant will entitle its holder to one ton of Ferrochrome, on a first-come first-served aliquot basis among all warrantholders, if, as and when such Ferrochrome is produced from an allocation of one percent (1.0%) of the mineral products produced by the Company from its interest in the Black Horse Property in northern Ontario, not only is there no assurance that the Company will produce Ferrochrome from such property, but if such property is put into production by the Company to produce Ferrochrome, only one percent (1.0%) of the Company's share of such production will be made available to fulfill the exercise of Ferrochrome Warrants and, accordingly, depending on actual production rates and grades it could take many months and years to produce sufficient quantities to meet delivery obligations for the exercise of Ferrochrome Warrants.

Financing Risks. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of the Black Horse Property or to fulfill its obligations under applicable agreements relating to that property. Although the Company has been successful in the past in obtaining financing through the sale of assets and the issuance of its own equity and debt securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company which could result in possible dilution interest in the Black Horse Property or loss of such interest.

Exploration Claims – No Assurance of Title. The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its interest in the Black Horse Property is properly recorded in accordance with applicable agreements, there can be no assurance that such title will ultimately be secured. The holding of mineral rights does not provide full rights to the surface of the lands over those mineral rights – such surface rights may be held by third parties. As well, surface rights may be required to be obtained over mineral rights held by third parties. Furthermore, there is no assurance that the Company's interest in the Black Horse Property or any of its other properties may not be challenged or impugned. Some of the Company's properties may be subject to claims from aboriginal peoples which may affect exploration activities and costs as well as title.

Joint Ventures and Option Agreements. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. That is the case with the Black Horse Property. In determining whether or not the Company will participate in a particular program or whether the other participants in the joint venture, each participant will consider the degree of risk to which it may be exposed and its financial capability at that time. In some of those arrangements, failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated or the program not having sufficient funds to proceed. Any failure of any option or joint venture partner to meet its obligations, or any disputes with respect to the participants' respective rights and obligations could have a

material adverse effect on such agreements and on the programs. In addition, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

Competition. The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company. The ability of the Company to develop its property interests in the future will depend not only on its own ability to develop its present interests, but also on its ability to select and acquire suitable additional properties or rights to enable the development of its interests, especially where other companies may seek to acquire those other additional properties or rights for their own purposes. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties, prospects or other rights.

Potential Land Claims. The Company conducts its operations in Northern Ontario in areas which are subject to First Nations' land claims. Aboriginal claims to lands, and any conflicting claims to traditional rights between aboriginal groups, may have an impact on the Company's ability to develop its interest in the Black Horse Property. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations and impact benefits agreements entered into by the Company with First Nations. Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, a mining project under development may be affected by such events and the effects may be significant.

The Company's Activities are Subject to Extensive Governmental Regulation. Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. Such laws and regulations change from time to time. The impact of such laws and regulations can only be assessed when the applicable activities are undertaken.

Environmental Regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company's operations are subject to environmental regulation primarily by the Ministry of the Environment (Ontario). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) also have

regulatory jurisdiction and an enforcement role in the event of environmental incidents. The respective roles and responsibilities of the federal and provincial counterparts is currently undergoing change which, accordingly, adds uncertainty and risk.

Permits and Licences. The Company's operations require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations to put its interest in the Black Horse Property into production.

Fluctuating Prices. Factors beyond the Company's control may affect the marketability of any base metals or any other minerals which may be developed and produced by the Company. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital and an inability to finance the construction of a mine and development of mining activities may result.

Foreign Exchange. Metals and other mineral commodities are commonly sold in U.S. dollars; thus, the Company will be subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Company may generate revenues upon reaching the production stage, it will be subject to foreign exchange risks as revenues will likely be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Company's future revenues and adversely impact the Company's future financial performance.

Dependence on Outside Parties. The Company relies on consultants, engineers and others for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from ore and, in the case of new properties such as the Black Horse Property, to develop the facilities at and infrastructure for any particular site. If any such consultant's work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Availability of Reasonably Priced Materials and Mining Equipment. In order to go into production, the Company will require a variety of construction materials as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's future production plans and financial performance could be adversely impacted and those impacts could be significant.

No existing trading market for Ferrochrome Warrants. There is no existing trading market for the Ferrochrome Warrants. As a result, there can be no assurance that a liquid market will develop or be maintained for the Ferrochrome Warrants, or that a holder of Ferrochrome Warrants will be able to sell any of their Ferrochrome Warrants at a particular time (or at all).

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) 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 10th day of January, 2022.

SCHEDULE "A"

FORM OF FERROCHROME DELIVERY WARRANT CERTIFICATE

WARRANT CERTIFICATE

EXERCISABLE ONLY AFTER THE COMMENCEMENT DATE AND PRIOR TO 4:30 P.M. EASTERN TIME ON THE EXPIRY DATE, AFTER WHICH TIME THESE WARRANTS SHALL BE NULL AND VOID

WARRANTS TO ACQUIRE PHYSICAL FERROCHROME

FROM KWG RESOURCES INC. IF, AS AND WHEN SUCH FERROCHROME IS PRODUCED FROM AN ALLOCATION OF THE MINERAL PRODUCTS PRODUCED FROM ITS INTEREST IN THE BLACK HORSE PROPERTY

Certificate Number FDW-0●

Number of warrants
represented by this
certificate – ●

THIS CERTIFIES THAT, for value received and subject to the terms and provisions hereof, _____ of _____ (the “**Holder**”) is entitled, at any time after the Commencement Date and prior to the Expiry Time on the Expiry Date, to acquire from **KWG RESOURCES INC.** (the “**Corporation**”) for each one (1) Warrant and for no additional consideration one (1) ton of Ferrochrome, on a first-come first-served aliquot basis among all Warrantholders, if, as and when such Ferrochrome is produced from an Allocation of one percent (1.0%) of the mineral products produced from the Corporation’s interest in the Black Horse Property in northern Ontario. The Warrants represented by this Certificate may be exercised by giving notice to the Corporation of such exercise and by surrendering to the Corporation at its office at 141 Adelaide Street West, Suite 240, Toronto, Ontario M5H 3L5, this Certificate, together with an Exercise Notice, duly completed and executed, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to acquire any Ferrochrome unless and until mineral products are produced from the Corporation’s Black Horse Property and such mineral products are processed into Ferrochrome and delivered to a Warehouse designated by the Corporation for the purposes hereof. Warrants may be exercised by Warrantholders on a ‘first come, first served’ basis. Notices of exercise of Warrants will be recorded by the Corporation at the time of receipt of such notices. In the event that notices of exercise are received concurrently from two or more Warrantholders, Ferrochrome available for delivery will be allocated among such Warrantholders on an aliquot *pro rata* basis. Warrants not exercised before the Expiry Time on the Expiry Date shall be null and void and of no value.

This Certificate is being issued on the terms and conditions set out herein, which terms and conditions shall be supplemented by terms and conditions to be set out in an agreement or indenture (the “**Indenture**”) to be entered into by the Corporation with a trust company incorporated in Canada (the “**Warrant Agent**”) to govern the issuance, transfer and exercise of Warrants, including the Warrants represented by this Certificate. The Indenture, when entered into, shall govern all Warrants, including the Warrants represented by this Certificate, and, in the event of any conflict or inconsistency between the terms and provisions of the Indenture and the

terms and provisions of this Certificate, the terms and provisions of the Indenture shall prevail and override the terms and provisions of this Certificate to the extent necessary to resolve any such conflict or inconsistency.

1. Definitions

In this Certificate, in addition to terms defined within the text of this Certificate, unless there is something in the subject matter or context inconsistent therewith the following expressions shall have the following meanings ascribed thereto:

- (a) **“Allocation”** means one percent (1.0%) of the Ferrochrome produced from mineral products produced from the Corporation’s interest (as constituted from time to time) in the Black Horse Property (as constituted from time to time), if, as and when produced therefrom or, if the Corporation does not produce Ferrochrome therefrom, one percent (1.0%) of the equivalent amount of Ferrochrome which would have been produced from the mineral products produced therefrom had all of those mineral products produced from the Corporation’s interest therein been processed into Ferrochrome;
- (b) **“Black Horse Property”** means the Corporation’s interest in those mineral exploration claims which the Corporation refers by that name and includes any renewals thereof from time to time that the Corporation may hold, and any and all claims which may be granted in lieu of or in renewal of the whole or any part of, or which relate to the same ground as, those claims and includes all rights to mine appurtenant to those claims and all other mineral tenures, including, without limitation, patented, leased or otherwise held, that the Corporation may from time to time hold over such property or in respect thereof;
- (c) **“Business Day”** means a day which is not a Saturday, Sunday, or a civic or statutory holiday in the City of Toronto, Ontario, Canada;
- (d) **“Commencement Date”** means the date on which mineral products are mined and produced by the Corporation from the Black Horse Property in commercial quantities and, for greater certainty, the extraction of bulk samples shall not constitute mining or producing mineral products in commercial quantities;
- (e) **“Exercise Date”** means, in relation to a Warrant, the Business Day on which such Warrant is validly exercised or deemed to be validly exercised in accordance with the provisions hereof;
- (f) **“Exercise Notice”** means a notice to exercise Warrants in the form annexed hereto as Schedule “A”;
- (g) **“Expiry Date”** means the date which is thirty (30) days after the Corporation gives notice to the Holder, which notice shall not be given until the earlier of (i) the date on which the Corporation ceases to have any interest in the Black Horse Property and (ii) two (2) years after the date on which a sufficient amount of Ferrochrome has been delivered to the Warehouse to meet the requirements for the exercise of all issued and outstanding Warrants;

- (h) **“Expiry Time”** means 4:30 p.m. Eastern time on the Expiry Date;
- (i) **“Ferrochrome”** means the product resulting from the processing of chromite ore mined from the Corporation’s interest in the Black Horse Property, which product is targeted to be comprised of up to 52% chrome, approximately 6 to 8% carbon, less than 1.5% silica and the balance principally iron;
- (j) **“Form of Transfer”** means the form of transfer annexed hereto as Schedule “B”;
- (k) **“Requisite Majority”**, at any particular time, means Warrantheolders holding at least 66 2/3% of the number of Warrants that are voted at a meeting of Warrantheolders duly called at the applicable time;
- (l) **“Warehouse”** means a warehouse or other facility operated or managed by or at the direction of the Corporation for the storage of Ferrochrome for delivery to Warrantheolders;
- (m) **“Warrant”** means the right to acquire from the Corporation, for no additional consideration, one (1) ton of Ferrochrome, on a first-come first-served aliquot basis among all Warrantheolders, if, as and when produced by the Corporation from an Allocation of one percent (1.0%) of the mineral products produced from the Corporation’s interest in the Black Horse Property in northern Ontario and **“Warrants”**, at any particular time, include all outstanding rights represented by individual certificates like this Certificate and all outstanding rights issued in certificated and uncertificated form pursuant to the Indenture; and
- (n) **“Warrantheolder”**, at any particular time, means the holder of one or more Warrants which are issued and outstanding at the applicable time.

2. **Expiry Time**

At the Expiry Time on the Expiry Date, all rights under Warrants evidenced hereby, in respect of which the right of exercise to acquire Ferrochrome herein provided for shall not theretofore have been exercised and fulfilled, shall wholly cease and terminate and such Warrants shall be null and void and of no value or effect.

3. Entitlement to Ferrochrome on Exercise of Warrants

Each one (1) Warrant will entitle the Holder to receive, on a first-come first-served aliquot basis and upon the other terms and conditions herein set forth, at any time after the Commencement Date and prior to the Expiry Time on the Expiry Date, one (1) ton of Ferrochrome (the “**Delivery Unit**”) from a one percent (1.0%) Allocation of the mineral products produced from the Corporation’s interest in the Black Horse Property, if, as and when such Ferrochrome is produced or otherwise retained or obtained therefrom as contemplated by the definition of Allocation and by subsection 11(a)(ii) hereof. All such Ferrochrome shall be delivered ‘free on board’ at a Warehouse to be set up by the Corporation for such purposes. All transportation costs from the Warehouse to or at the direction of the Holder shall be for the account of the Holder.

Notwithstanding the foregoing and without further consent or approval of the Holder, the Corporation shall have the right at any time and from time to time to change the Delivery Unit from one (1) ton of Ferrochrome to another quantity of Ferrochrome (such as one pound, one kilogram or other weight) provided that:

- (a) the identical change of Delivery Unit is made applicable concurrently to all Warrants;
- (b) concurrently with the change of Delivery Unit:
 - (i) the number of Delivery Units for each Warrant is changed,
 - (ii) the number of Warrants is subdivided, consolidated or otherwise changed, or
 - (iii) a combination thereof,

such that the aggregate amount of Ferrochrome to which the Holder is entitled hereunder does not change; and

- (c) not less than ten (10) days’ notice of the change of Delivery Unit and the change to the number of Delivery Units per Warrant or the change to the number of Warrants, as the case may be, is given to the Holder and to all other Warrantholders.

4. Conditions Precedent to Exercise of Warrants

Notwithstanding any other terms or provision of the Warrants:

- (a) the Holder may not exercise any Warrants:
 - (i) until after the Commencement Date on which mineral products are mined and produced by the Corporation from the Black Horse Property in commercial quantities;

- (ii) until all Warrants in respect of which notices of exercise previously given by other Warrantholders have been exercised and all Ferrochrome in respect of such prior exercises have been delivered in accordance therewith; and
 - (iii) unless the Corporation has delivered a sufficient amount of Ferrochrome to the Warehouse to allow the Holder's exercise of Warrants (and the exercise of all Warrants referred to in subsection 4(a)(ii) above) to be fully satisfied therefrom;
- (b) the Holder shall not be entitled to exercise any Warrants after the Expiry Time on the Expiry Date; and
- (c) the Holder shall not be entitled to exercise Warrants in the event or to the extent that:
 - (i) if the applicable Exercise Notice is delivered within ninety (90) days after the Commencement Date, the number of Warrants so being exercised by the Holder, together with the number of Warrants exercised by the Holder within the previous ninety (90) days, exceeds five percent (5%) of the number of Warrants outstanding as of the date of the applicable Exercise Notice;
 - (ii) if the applicable Exercise Notice is delivered more than ninety (90) days after the Commencement Date, the amount of Ferrochrome deliverable to the Holder as a result of the number of Warrants so being exercised by the Holder, together with the amount of Ferrochrome delivered or deliverable to the Holder as a result of the number of Warrants exercised by the Holder within the previous ninety (90) days, exceeds such Holder's aliquot share of the amount of Ferrochrome delivered by the Corporation to the Warehouse within the previous ninety (90) days, where "**aliquot share**" means the fraction of which the numerator is the number of Warrants held by the Holder as of the date of the applicable Exercise Notice and the denominator is the total number of Warrants outstanding as of the same date; or
 - (iii) if the applicable Exercise Notice is delivered more than ninety (90) days after the Commencement Date, the amount of Ferrochrome deliverable to the Holder as a result of the number of Warrants so being exercised by the Holder, together with the amount of Ferrochrome delivered or deliverable to the Holder as a result of the number of Warrants exercised by the Holder within the previous ninety (90) days, exceeds the greater of fifty percent (50%) of the amount of Ferrochrome delivered by the Corporation to the Warehouse within ninety (90) days immediately prior to the date of the applicable Exercise Notice and fifty percent (50%) of the amount of Ferrochrome available in the Warehouse as of the date of the applicable Exercise Notice;

unless the Corporation, at the Holder's request, waives in whole or in part the terms and provisions of this subsection 4(c) or otherwise consents to such exercise in whole or in part; provided that, without limiting the generality of the foregoing, in the event that an Exercise Notice delivered by the Holder would result in any of the limitations set out

above being exceeded, the Corporation may, on notice to the Holder and without the Holder's approval, elect to accept such Exercise Notice in part (and refuse the balance) if such partial acceptance would result in the partially accepted Exercise Notice being in compliance with the foregoing provisions of this subsection 4(c); and provided further that the terms and provisions of this subsection 4(c) shall expire and be of no further force or effect on the earlier of (I) the date on which the amount of Ferrochrome in the Warehouse is equal to or greater than the product of the number of Warrants outstanding on that date multiplied by one ton of Ferrochrome or (II) a date determined by the Corporation in its discretion.

5. Exercise Procedure

The Holder may exercise the right of acquire Ferrochrome as herein provided by delivering to the Corporation at its principal office at any time after the Commencement Date and prior to the Expiry Time on the Expiry Date this Certificate together with the Exercise Notice duly completed and executed by the Holder or its legal representative or attorney duly appointed by an instrument in writing, in form and manner satisfactory to the Corporation. Any such exercise of the right to acquire Ferrochrome shall be irrevocable.

The Holder may exercise less than the total number of Warrants represented hereby but may not exercise any fractional Warrant. In the event of any exercise of fewer than the aggregate number of Warrants represented hereby, the Holder shall be entitled to receive, without charge, the following in respect of the number of Warrants not so exercised:

- (a) if prior to execution and delivery of the Indenture, a new Certificate, or
- (b) if after execution and delivery of the Indenture, a warrant certificate or uncertificated Warrants (if applicable) issued pursuant to the Indenture.

6. Replacement of Initial Certificates with Warrants Issued under the Indenture

On receipt of notice from the Corporation or the Warrant Agent in respect of the execution and delivery of the Indenture, the Holder shall deliver this Certificate to the Warrant Agent in exchange for a replacement warrant certificate issued pursuant to the Indenture or a direct registration statement for uncertificated Warrants issued pursuant to the Indenture and, in either case, representing the same number of Warrants having the rights and entitlements thereunder.

7. Register of Warrantholders

The Corporation shall cause a register to be kept in which shall be entered the names and addresses of all Warrantholders and the number of Warrants held each by them. No transfer of Warrants represented by this Certificate shall be valid unless made by the Holder or its executors, administrators or other legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation upon compliance with such reasonable requirements as the Corporation may prescribe, including compliance with all applicable securities legislation, and recorded on the register of holders of Warrants maintained by the Corporation.

8. Transfer of Warrants

The Holder may transfer Warrants represented hereby at any time prior to exercising the Holder's right to acquire Ferrochrome in respect of such Warrants pursuant to Section 5 hereof.

The Holder may transfer Warrants represented hereby at any time prior to execution and delivery of the Indenture and provided that the Holder has not exercised the Holder's right to acquire Ferrochrome in respect of such Warrants pursuant to Section 5 hereof, and the transferee of such Warrants shall, after a Form of Transfer is duly completed and the Certificate is lodged with the Corporation and upon compliance with all other reasonable requirements of the Corporation or law, be entitled to have the transferee's name entered on the register as the owner of such Warrants, free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrants, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. The Corporation may treat the registered holder of this Certificate as the absolute owner of the Warrants represented hereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

After execution and delivery of the Indenture, the Holder may only transfer the Warrants represented by this Certificate in exchange for Warrants issued pursuant to the Indenture and the Holder shall only be entitled to receive a warrant certificate or uncertificated Warrants (if applicable) issued pursuant to the Indenture.

9. Not a Shareholder

Nothing in this Certificate or in the holding of the Warrants evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation.

10. Ranking of Warrants

Subject to the terms and provisions hereof and the terms and provisions of the Indenture, the Warrants represented by this Certificate shall rank *pari passu* with all other Warrants, whether represented by initial warrant certificates, by certificates issued pursuant to the Indenture or in uncertificated form issued pursuant to the Indenture, notwithstanding the actual date of the issue thereof.

11. Covenants

- (a) The Corporation covenants and agrees that:
 - (i) on or about the Commencement Date of production of mineral products from the Black Horse Property, the Corporation shall, at its own cost and expense, construct, lease or otherwise secure a warehouse, property or other secure facility for the storage of the Allocation of Ferrochrome for the due exercise of Warrants in accordance with the terms thereof, and for the delivery of Ferrochrome pursuant thereto. The Corporation shall, at its own cost and expense, maintain the

Warehouse from the Commencement Date until thirty (30) days after the Expiry Date;

- (ii) from the production of mineral products produced from Corporation's interest in the Black Horse Property, the Corporation shall produce or retain therefrom the right to, or otherwise obtain, the Allocation of Ferrochrome;
 - (iii) from the production of the mineral products produced from the Corporation's interest in the Black Horse Property, the Corporation shall ensure that, on a frequency of not less than monthly, the Allocation of Ferrochrome is delivered to the Warehouse for the purposes of the Corporation's obligations under the Warrants. The Corporation shall deliver good and marketable title to such Allocations of Ferrochrome, free and clear of any liens or encumbrances, in trust for the benefit of the Warrantheolders with a residuary interest retained by the Corporation for return to the Corporation at the Expiry Time on the Expiry Date; and
 - (iv) the Corporation's obligation to deliver Ferrochrome to the Warehouse shall be completed and the Corporation shall not have any further obligation to deliver additional Ferrochrome to the Warehouse at any time when the amount of Ferrochrome in the Warehouse is equal to or greater than the product of the number of outstanding Warrants multiplied by one ton of Ferrochrome.
- (b) Commencing within thirty (30) days after the Commencement Date and continuing monthly thereafter until the Expiry Date, the Corporation shall issue a news release and/or post on its web-site the following information relating to the Warrants for the applicable month and may, in its discretion, post or disseminate such information more frequently:
- (i) the amount of Ferrochrome delivered by the Corporation to the Warehouse,
 - (ii) the amount of Ferrochrome delivered from the Warehouse to or at the direction of Warrantheolders,
 - (iii) the amount of Ferrochrome in the Warehouse committed to the exercise of Warrants and awaiting shipment from the Warehouse to or at the direction of Warrantheolders, and
 - (iv) the net amount of Ferrochrome in stock at the Warehouse available to Warrantheolders for the exercise of Warrants.
- (c) The Corporation shall make all requisite filings under the *Securities Act* (Ontario) and the regulations made thereunder, and under all other applicable securities laws, including those necessary to remain a reporting issuer not in default of any requirement of such legislation and regulations.

- (d) The Corporation shall use all commercially reasonable efforts to include in the Indenture a security interest in the Corporation's interest in the Black Horse Property to be held by the Warrant Agent for the benefit of all Warrantholders.

12. Consolidation and Amalgamation

- (a) The Corporation shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets which include the Corporation's interest in the Black Horse Property and related assets would become the property of any other corporation or entity (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Corporation and the successor corporation shall have executed such instruments and done such things as, in the opinion of counsel to the Corporation, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the successor corporation will have assumed all of the covenants and obligations of the Corporation under the Warrants, and
 - (ii) the Warrants will be valid and binding obligations of the successor corporation entitling the Warrantholders, as against the successor corporation, to all of the rights of Warrantholders.
- (b) Whenever the conditions of subsection 12(a) shall have been duly observed and performed, the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Certificate in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

13. Representation and Warranty

The Corporation hereby represents and warrants with and to the Holder that the Corporation is duly authorized and has the corporate and lawful power and authority to create and issue this Certificate and to perform its obligations hereunder and that this Certificate represents a valid, legal and binding obligation of the Corporation enforceable in accordance with its terms.

14. Protection of Shareholders, Officers and Directors

Subject as herein provided and as provided in the Indenture, when applicable, all or any of the rights conferred upon the Holder may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement herein contained or in any of the Warrants represented hereby shall be taken against any shareholder, officer or director of the Corporation, either directly or through the Corporation, it being expressly agreed and declared that the obligations regarding the Warrants evidenced hereby are solely corporate obligations of the Corporation and that no personal liability whatever shall attach to or be

incurred by the shareholders, officers or directors of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Warrants evidenced hereby.

15. Lost Certificate

If this Certificate evidencing the Warrants represented hereby becomes stolen, lost, mutilated or destroyed, the Corporation may, on such terms as it may in its discretion reasonably impose, respectively issue and countersign a new certificate of like denomination, tenor and date as the certificate so stolen, lost, mutilated or destroyed:

(a) if prior to execution and delivery of the Indenture, a new certificate in respect of the number of Warrants represented by this Certificate so stolen, lost, mutilated or destroyed, or

(b) if after execution and delivery of the Indenture, a warrant certificate or uncertificated Warrants (if applicable) issued pursuant to the Indenture in respect of the number of Warrants represented by this Certificate so stolen, lost, mutilated or destroyed.

16. Waivers, Extensions, Material Changes etc.

Any waivers of any default by the Corporation of any obligation collectively in this Certificate and all other certificates for outstanding Warrants and any material amendments or other changes to the terms of all outstanding Warrants may be approved by a resolution of holders of outstanding Warrants holding a Requisite Majority with the consent, approval or agreement of the Corporation.

17. Enforcement Proceedings

The following provisions shall apply to enforcement by the Holder of this Certificate and the holders of all outstanding Warrants of their rights:

(a) save and except transfers of Warrants in accordance with Section 8 and exercise of Warrants in accordance with Section 5 hereof, no action shall be taken by the Holder to enforce the rights of the Holder under this Certificate except collectively with other Warrantholders pursuant to a decision to do so by the Requisite Majority;

(b) any decision by the Requisite Majority shall bind the Holder and all other holders of Warrants outstanding at the applicable time; and

(c) the Holder shall fully cooperate with the holders of outstanding Warrants in the enforcement of their rights collectively as determined by resolutions of the Requisite Majority at the applicable time.

18. Meetings of Warrantholders

(a) *Convening Meetings.* A meeting of Warrantholders may be called by the Corporation or by any Warrantholders holding not less than ten percent (10%) of the issued and

outstanding Warrants at the applicable time and may be held in the City of Toronto or such other place as the Requisite Majority and the Corporation may approve. The Corporation is entitled to attend and be heard at all meetings of Warrantholders.

(b) *Notice of Meeting.* At least 10 days' notice of any meeting of Warrantholders shall be given to the Warrantholders and to the Corporation and such notice shall state the date, time and place of the meeting and shall set out the general nature of the business to be transacted thereat. The Corporation or any Warrantholder may in writing waive notice of a meeting either before or after the meeting.

(c) *Chairman.* The Warrantholder holding the largest number of Warrants then outstanding under the Warrants shall have the right to be or to appoint the chairman of the meeting; otherwise, a simple majority vote of the Warrantholders present in person or by proxy at the meeting shall determine who shall be the chairman of the meeting.

(d) *Quorum.* A quorum at any meeting of the Warrantholders shall consist of Warrantholders present in person or by proxy at the meeting holding a simple majority of the Warrants then outstanding, provided that, if no quorum is present, the meeting shall be valid only for the purpose of adjourning the meeting to a date and time not less than ten days later, at which adjourned meeting those Warrantholders present or represented by proxy shall constitute a quorum.

(e) *Show of Hands.* Every question submitted to a meeting shall be decided by a vote given on a show of hands, unless a poll is duly demanded as herein provided, and a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

(f) *Voting.* On a show of hands, every Warrantholder who is present or represented by proxy and entitled to vote, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy shall be entitled to one vote in respect of each outstanding Warrant of which he, she or it shall then be the holder or a proxy or authorized representative. A holder of a proxy need not be a Warrantholder. In the case of joint holders of a Warrant, any one of them present in person or represented by proxy or authorized representative at the meeting may vote in the absence of the other or others; but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Warrants of which they are joint holders and, in the event that they cannot agree, their vote shall be recorded as an abstention.

(g) *Proxies.* At any meeting of Warrantholders, a Warrantholder may be present and vote by a proxy or other authorized representative.

(h) *Instrument in Lieu of Resolution at a Meeting.* Notwithstanding the foregoing provisions of this Certificate, any resolution or instrument signed in one or more counterparts by the Requisite Majority of outstanding Warrants shall have the same force and effect as a resolution duly passed at a meeting of Warrantholders.

(i) *Evidence of Instruments of Warrantholders.* Any request, direction, notice, consent or other instrument which this Certificate may require or permit to be signed by

Warrantholders may be signed in any number of counterparts or instruments of similar tenor signed by such Warrantholders.

(j) *Binding Effect of Resolutions.* Every resolution passed at a meeting of the Warrantholders by the Requisite Majority shall be binding upon all of the Warrantholders, whether present at or absent from such meeting and, if present, whether voting in favour or against, and every instrument in writing signed by Warrantholders in accordance with subsection 18(h) above shall be binding upon all of the Warrantholders and every Warrantholder shall be bound thereby and be bound to give effect thereto.

19. Governing Law

This Certificate and the Warrants represented hereby shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Ontario. The parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario.

20. Severability

If any one or more of the provisions or parts thereof contained in this Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Certificate in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Certificate in any other jurisdiction.

21. Headings

The headings of the sections, subsections and clauses of this Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Certificate.

22. Numbering of Articles, etc.

Unless otherwise stated, a reference herein to a numbered or lettered section, subsection or schedule refers to the section, subsection or schedule bearing that number or letter in this Certificate.

23. Gender

Whenever used in this Certificate, words importing the singular number only shall include the plural, and *vice versa*, and words importing any gender shall include the masculine, feminine and neuter.

24. Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day. If the payment of any amount is deferred for any period, then such period shall be included for purposes of the computation of any interest payable hereunder.

25. Computation of Time Period

Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

26. Binding Effect

This Certificate and all of its provisions shall enure to the benefit of the Holder and his heirs, executors, administrators, legal personal representatives, permitted assigns and successors and shall be binding upon the Corporation and its successors and assigns.

27. Notice

Any notice, document or communication required or permitted by this Certificate to be given by a party hereto shall be in writing and is sufficiently given if delivered personally, or if sent by prepaid registered mail, or if transmitted by any form of recorded telecommunication tested prior to transmission, to such party addressed as follows:

(i) to the Holder, in the register to be maintained pursuant to Section 7 hereof; and

(ii) to the Corporation at:

141 Adelaide Street West
Suite 240,
Toronto, Ontario M5H 3L5

Attention: President
Fax: 416-644-0592

Notice so mailed shall be deemed to have been given on the next Business Day after deposit in a post office or public letter box. Neither party shall mail any notice, request or other communication hereunder during any period in which applicable postal workers are on strike or if such strike is imminent and may reasonably be anticipated to affect the normal delivery of mail. Notice transmitted by a form of recorded telecommunication or delivered personally shall be deemed given on the day of transmission or personal delivery, as the case may be. Any party

may from time to time notify the other in the manner provided herein of any change of address which thereafter, until change by like notice, shall be the address of such party for all purposes hereof.

28. Time of Essence

Time shall be of the essence hereof.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of December, 2021.

KWG RESOURCES INC.

Per:

Authorized Signing Officer

SCHEDULE "A"

FERROCHROME DELIVERY WARRANTS

EXERCISE NOTICE

TO: KWG RESOURCES INC.
141 Adelaide Street West
Suite 240,
Toronto, Ontario M5H 3L5

The undersigned holder of the within Warrant Certificate hereby irrevocably exercises _____ Warrants of KWG Resources Inc. (the "**Corporation**") for the physical delivery of Ferrochrome by the Corporation to the Holder at the Warehouse. Capitalized terms used herein have the meanings set forth in the within Warrant Certificate.

The undersigned represents and warrants that, as of the date of this Exercise Notice, the undersigned is the legal and beneficial owner of an aggregate of _____ Warrants.

The undersigned hereby acknowledges that the undersigned shall have the responsibility to take delivery, to arrange transportation, and to pay the transportation costs, of the Ferrochrome from the Warehouse to the Holder's ultimate destination.

Consignee and delivery address are as follows:

Consignee:

Destination _____
Address: _____

WITNESS the date hereof and the name and signature of the Holder:

DATED this _____ day of _____, 20 __

NAME:

Signature: _____

Address: _____

SCHEDULE "B"

Form of Transfer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (*name*) _____ (the "**Transferee**"), of _____

(*residential address*) _____ Warrants of KWG Resources Inc. (the "**Corporation**") registered in the name of the undersigned on the records of the Corporation represented by the within Certificate, and irrevocably appoints the Secretary of the Corporation as the attorney of the undersigned to transfer the said securities on the books or register of transfer, with full power of substitution.

DATED the ____ day of _____, 20__.

Signature Medallion Guarantee

(Signature of Warrant Holder, to be the same as appears on the face of this Warrant Certificate)