

SERVICES AGREEMENT

THIS AGREEMENT made as of the 22nd day of October, 2021 (the “**Effective Date**”)

B E T W E E N:

KWG RESOURCES INC., a corporation existing under the laws of Canada and having offices located at 141 Adelaide Street West, Suite 240, Toronto, Ontario M5H 3L5

(herein called the “**Corporation**” or “**KWG**”)

- and -

RING OF FIRE GP INC., a corporation existing under the laws of Canada and having offices located at 141 Adelaide Street West, Suite 240, Toronto, Ontario M5H 3L5

(herein called the “**Consulting Company**”)

WHEREAS the Consulting Company has provided, and continues to provide, to the Corporation the services of advisors and consultants (collectively, the “**Service Providers**”);

AND WHEREAS the Consulting Company has requested a loan from the Corporation;

AND WHEREAS, in consideration of the services provided by, and to ensure the continuing availability of the services of, the Service Providers, the Corporation intends to lend to the Consulting Company the aggregate amount of \$2,000,000 (the “**Loan**”) by entering into a loan agreement with the Consulting Company (the “**Loan Agreement**”) in order to assist the Consulting Company to participate in the convertible debenture financing currently being offered by the Corporation (the “**Offering**”) to align the interests of the Consulting Company and its Service Providers with the interests of the shareholders of the Corporation;

AND WHEREAS the Consulting Company has agreed to issue to the Corporation a promissory note in the amount of the Loan, payable on demand, to evidence the Loan (the “**Promissory Note**”);

AND WHEREAS the Consulting Company has agreed to use the full proceeds of the Loan to subscribe for a \$2,000,000 convertible debenture (the “**Convertible Debenture**”) to be issued pursuant to the Offering;

AND WHEREAS the Consulting Company proposes to secure the Loan by entering into a security pledge agreement (the “**Pledge Agreement**”) with the Corporation with respect to the pledge by the Consulting Company to the Corporation of the Convertible Debenture to be issued by the Corporation to the Consulting Company pursuant to the Offering;

AND WHEREAS the Corporation proposes to enter into this services agreement with the Consulting Company with respect to the services provided to the Corporation by various Service Providers for various purposes, including engaging the Consulting Company to assist the Corporation to maximize the value that

can be realized by the Corporation's shareholders or by the Corporation itself from a potential take-over bid, plan of arrangement, merger, amalgamation, business combination or sale of assets of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms. In addition to the terms defined within the text of this Agreement, the defined terms set forth in Appendix A shall, for all purposes of this Agreement or any amendment hereto, have the respective meanings set forth therein unless the context otherwise specifies or requires or unless otherwise defined herein.

1.2 Applicable Law. This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto do hereby attorn to the jurisdiction of the courts of the Province of Ontario.

1.3 Consents and Approvals. Whenever the consent or approval of the Corporation is required in a particular circumstance, such consent or approval may be arbitrarily withheld or conditioned.

ARTICLE 2 SERVICES AND COMPENSATION

2.1 Engagement for Providing Services. Subject to the terms and conditions hereof, the Corporation hereby agrees to engage the Consulting Company to provide the services of various Service Providers pursuant to individual service agreements between the Corporation and the Consulting Company for each such Service Provider on terms and conditions and in form and substance satisfactory to the Corporation in its discretion (each an "**Individual Service Agreement**").

2.2 Terms of Payment.

(a) Commencing on the Effective Date and continuing throughout the Term, the Corporation shall pay to the Consulting Company a work fee equal to \$5,000 per month (the "**Work Fee**"), the first payment of earned Work Fees to be payable in arrears on the last day of February 2022 and thereafter unpaid Work Fees shall be payable monthly in arrears on the last day of the each month for the balance of the Term or earlier termination of this Agreement, which Work Fees shall be paid by the Corporation to the Consulting Company as a reduction of principal, interest or other amounts owing under the Loan as more fully described in Section 2.4 hereof.

(b) Each Individual Service Agreement shall provide, among other things, for fees or compensation rates for the services being provided thereunder (the "**Service Fees**"). Unless otherwise expressly provided in any such Individual Service Agreement, any and all such Service Fees shall be paid by the Corporation to the Consulting Company as a reduction of principal, interest

or other amounts owing under the Loan as more fully described in Section 2.4 hereof (and not in any other manner).

(c) The Corporation shall periodically record on the Promissory Note each reduction of principal, interest or other amounts owing under the Loan effective as at the date on which such Work Fees and Service Fees, respectively, become due and payable.

2.3 HST. Harmonized sales tax (“**HST**”) exigible under the *Excise Tax Act* (Canada) on such Work Fees and Service Fees shall be paid by the Corporation to the Consulting Company by cheque or wire transfer of immediately available funds on or immediately following the date on which the applicable Work Fees and Service Fees become due and payable.

2.4 Release of Security on Payment of Work Fees and Service Fees. In recognition of payment and satisfaction pursuant to Section 2.2 hereof of the Work Fees and the Service Fees earned by the Consulting Company pursuant to this Agreement and the Individual Service Agreements, the Corporation shall, on the last day of each month after the Hold Period Expiration Date, release part of the security under the Pledge Agreement as follows:

(a) before the conversion of the Convertible Debenture or Replacement Debentures held as security pursuant to the Pledge Agreement:

(i) the Corporation shall exchange the Convertible Debenture for two or more replacement convertible debentures having the same terms as the Convertible Debenture and aggregating an equal principal amount (the “**Replacement Debentures**”);

(ii) the Corporation shall release to the Consulting Company (or to individual Service Providers at the direction of the Consulting Company) one or more Replacement Debentures whose aggregate indebtedness for unpaid principal and interest is equal to the amount of Work Fees and Service Fees then being paid in accordance with Section 2.2 hereof in respect of which Replacement Debentures have not previously been released to the Consulting Company or at its direction; and

(iii) the Corporation shall retain and continue to hold as security under the Pledge Agreement all other Replacement Debentures; and

(b) after the conversion of the Convertible Debenture or Replacement Debentures held as security pursuant to the Pledge Agreement into Units comprised of Multiple Voting Shares and Warrants in accordance with the terms of such Convertible Debenture or Replacement Debentures:

(i) the Corporation shall release to the Consulting Company (or to individual Service Providers at the direction of the Consulting Company) a number of Units comprised of Multiple Voting Shares and Warrants determined by dividing the amount of Work Fees and Service Fees then being paid in accordance with Section 2.2 hereof by \$15 per Unit; and

(ii) the Corporation shall retain and continue to hold as security under the Pledge Agreement all other Multiple Voting Shares and Warrants.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. The Consulting Company hereby represents and warrants to the Corporation as follows:

- (a) **Status and Power.** The Consulting Company is a corporation duly formed and existing in good standing under the laws of Canada with full power and authority to enter into and fulfill its obligations under this Agreement. The Consulting Company is not a bankrupt and is not insolvent within the meaning ascribed to such term under the *Bankruptcy and Insolvency Act* (Canada). The Consulting Company is not contemplating or intending to take any proceeding or action under such legislation and is not aware of any other person seeking to file a petition against the Consulting Company pursuant to such legislation or comparable legislation in any other jurisdiction.

- (b) **Authorization and Enforcement.** The Consulting Company has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Consulting Company, enforceable by the Corporation against the Consulting Company in accordance with the terms hereof.

- (c) **Availability of Service Providers.** The following Service Providers are consultants of the Consulting Company and are willing and able to provide services to the Consulting Company to enable the Consulting Company to enter into and fulfill its obligations under the Individual Service Agreements contemplated hereby:
 - (i) [REDACTED]
 - (ii) [REDACTED]
 - (iii) [REDACTED]
 - (iv) [REDACTED]
 - (v) [REDACTED]
 - (vi) [REDACTED]
 - (vii) [REDACTED]
 - (viii) [REDACTED]
 - (ix) [REDACTED]
 - (x) [REDACTED]

text redacted due to privacy and, accordingly, seriously prejudicial

- (d) **No Conflicts with Laws or Other Instruments.** The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein do not and will not conflict with, result in any breach or violation of, or constitute a default under, the terms, conditions or provisions of any law, regulation, judgment, decree or order binding on or applicable to the Consulting Company or by which the Consulting Company benefits or of any material agreement, lease, license, permit or other instrument to which the Consulting Company is a party or is otherwise bound or by which the Consulting Company benefits and the consummation of the transactions contemplated herein do not require the consent or approval of any other party (save and except the individual Service Providers in respect of their respective Individual Service Agreements) or any governmental body, agency or authority.

- (e) **Litigation.** There are no actions, suits, inquiries, claims or proceedings pending or threatened against or affecting the Consulting Company before any government, parliament, legislature, regulatory authority, agency, commission, board or court or before any private

arbitrator, mediator or referee which in any case or in the aggregate may result in any material adverse change:

- (i) in the financial condition of the Consulting Company; or
 - (ii) in the ability of the Consulting Company to perform its obligations under this Agreement or under any of the Individual Service Agreements contemplated hereby.
- (f) **Compliance with Laws.** The Consulting Company is not in violation of any franchise, license, judgment, decree, order, statute, rule or regulation relating in any way to the Consulting Company and which would have a material adverse effect on the financial condition of the Consulting Company or its ability to fulfill its obligations hereunder or under any of the Individual Service Agreements contemplated hereby.
- (g) **Outstanding Defaults.** No event has occurred which constitutes or which, with the giving of notice, lapse of time or both, would constitute a default under or in respect of any material agreement, undertaking or instrument to which the Consulting Company is a party or to which the Consulting Company's property or assets may be subject, and which could reasonably be expected to have a material adverse effect on the Consulting Company's financial condition or ability to fulfill its obligations hereunder or under any of the Individual Service Agreements contemplated hereby.

3.2 Survival of Representations and Warranties. All of the representations and warranties of the Consulting Company contained in Section 3.1 shall survive the execution and delivery of this Agreement notwithstanding any investigation made at any time by or on behalf of the Corporation and shall continue for two(2) years after the end of the Term or any other termination of this Agreement.

ARTICLE 4 COVENANTS

4.1 Covenants. The Consulting Company hereby covenants and agrees with the Corporation that throughout the Term hereof, unless the Corporation otherwise expressly consents in writing:

- (a) **Material Adverse Change.** The Consulting Company shall promptly notify the Corporation of any material adverse change in the financial condition of the Consulting Company or in the ability of the Consulting Company to satisfy any its obligations hereunder or under any of the Individual Service Agreements.
- (b) **Provision of Services.** The Consulting Company shall provide the Corporation with the services of those Service Providers designated by the Corporation from time to time and, in respect thereof, the Consulting Company shall execute and deliver an Individual Service Agreement for each Service Provider in form and substance satisfactory to the Corporation.
- (c) **Compensation.** The Consulting Company shall fully compensate each of the Service Providers for the services provided by such Service Providers pursuant to their respective Individual Service Agreements.

- (d) **Indemnity.** The Consulting Company shall indemnify and save harmless the Corporation from any and all claims against the Corporation by any and all of the Service Providers.

ARTICLE 5 TERM AND TERMINATION

5.1 Term. This Agreement shall have a term of two (2) years (the “**Term**”) commencing on the Effective Date hereof. This Agreement may be extended by written agreement of the parties hereto.

5.2 Termination. This Agreement shall terminate upon the occurrence of any one or more of the following events:

- (a) expiry of the Term;
- (b) completion of a take-over bid, plan or arrangement, merger, amalgamation, business combination or sale of assets of the Corporation (each a “**Transaction**”) pursuant to which the shareholders of the Corporation as at a date immediately prior to the completion of such Transaction exercise less than 50% of the voting rights of the Corporation or successor entity outstanding after completion of the Transaction or completion of any other form of Change of Control of the Corporation (each a “**Take-Over Transaction**”); or
- (c) written agreement by the Consulting Company and the Corporation to terminate this Agreement.

5.3 Termination for Cause. Upon the occurrence of any one or more of the following events:

- (a) the breach or failure of due observance or performance by the Consulting Company of any covenant or provision of this Agreement or of any Individual Service Agreement or other document, agreement or instrument delivered pursuant hereto or referred to herein;
- (b) the Consulting Company admits its inability to pay its debts generally as they become due, or fails to pay its debts generally as they become due, or is adjudged or declared bankrupt or insolvent, or makes an assignment for the general benefit of creditors, or petitions or applies to any tribunal for the appointment of a receiver or trustee of its assets or for any material part of its property, or suffers the appointment of any receiver or trustee; or
- (c) any representation or warranty made by the Consulting Company in this Agreement, the Loan Agreement, the Pledge Agreement or any Individual Service Agreement proves to have been incorrect in any material respect when made or furnished;

(each a “**Significant Event**”) the Corporation may, by written notice to the Consulting Company, declare the Significant Event to have occurred and, in the event that such Significant Event has not been remedied to the satisfaction of the Corporation within thirty (30) days after such notice (or such longer period of time as the Corporation may in its discretion provide in such notice), such unremedied Significant Event shall constitute a default and this Agreement shall terminate upon the expiration of such notice period without further demand or other notice of any kind, all of which are expressly waived by the Consulting Company.

ARTICLE 6 MISCELLANEOUS

6.1 Waivers and Amendments. No failure or delay by the Corporation in exercising any right hereunder shall operate as a waiver of such right nor shall any single or partial exercise of any power or right hereunder preclude its further exercise or the exercise of any other power or right. Any waiver by the Corporation of the strict observance, performance or compliance with any term, covenant or condition of this Agreement is not a waiver of any subsequent default and any indulgence by the Corporation with respect to any failure to strictly observe, perform or comply with any term, covenant or condition of this Agreement is not a waiver of the entire term, covenant or condition or any subsequent default. Any term, covenant, agreement or condition of this Agreement may only be amended with the consent of the Consulting Company and the Corporation or compliance therewith may only be waived (either generally or in a particular instance and either retroactively or prospectively) by the Corporation.

6.2 Confidential Information. The parties to this Agreement expressly agree that this Agreement and terms, information and content hereof are confidential and further agree that the public disclosure thereof could be seriously prejudicial to the interests of the Corporation. Accordingly, the Consulting Company covenants and agrees that the Consulting Company may not provide a copy of this Agreement or disclose the terms or information contained herein to third parties (other than a Service Provider provided that such Service Provider has expressly agreed to the confidentiality and non-disclosure obligations of the Consulting Company set out herein and done so in form and substance satisfactory to the Corporation), except in each case with the prior written authorization of the Corporation, which consent may be arbitrarily withheld, conditioned or delayed. The Consulting Company acknowledges and agrees that the Corporation may disclose or make available to third parties a copy of this Agreement, including making a copy available on the Corporation's profile on www.sedar.com, with or without such redactions as the Corporation may determine on the basis of such redactions being subject to the confidentiality obligations in this Section 6.2 or being seriously prejudicial to the interests of the Corporation. The Consulting Company shall take, and shall cause its representatives (including Service Providers) to take, all commercially reasonable precautions to keep in confidence and prevent the unauthorized access to or disclosure of this Agreement or the contents hereof save and except any such access or disclosure:

- (a) which is required to be disclosed by applicable laws, court order, court proceedings or the rules or policies of any relevant stock exchange or government or regulatory authority having jurisdiction provided that, in the event that the Consulting Company is intending to make any disclosure under this subsection 6.2(a), the Consulting Company shall, unless expressly prohibited by applicable law, give prompt written notice to the Corporation of such proposed disclosure in order to allow the Corporation sufficient time and information to enable the Corporation to seek such protective orders as the Corporation may consider necessary or advisable in the circumstances; or
- (b) which becomes a part of the public domain after the Effective Date other than through a breach of this Agreement.

The obligations under this Section 6.2 shall survive the expiry of the Term or earlier termination of this Agreement.

6.3 Notices. All notices and other communications provided for herein shall be in writing and shall be personally delivered to the address set out above or sent by email or other written electronic means at or to such address or addresses as either party hereto may from time to time designate to the other party in such manner.

6.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

KWG RESOURCES INC.

By: "Frank C. Smeenk"
authorized signing officer

RING OF FIRE GP INC.

By: "Patrick Lilly"
authorized signing officer

APPENDIX A

DEFINED TERMS

“Business Day” means any day other than Saturday, Sunday or statutory or civic holiday in the Province of Ontario.

“Convertible Debenture” means a convertible debenture to be issued to the Consulting Company by KWG pursuant to an offering of a series of convertible debentures aggregating up to \$8,000,000 (or such other amount as KWG may determine), which debentures (a) 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; (b) 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 KWG’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 such Unit being 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 multiple-voting 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.

“Hold Period Expiration Date” means February 23, 2022.

“Multiple Voting Share” means a KWG.A multiple voting share in the capital of the Corporation.

“Unit” means two Multiple Voting Shares (as such Multiple Voting Shares are presently constituted; or six Multiple Voting Shares if the proposed subdivision of Multiple Voting Shares is implemented after the date hereof) and one Warrant (as such Multiple Voting Shares are presently constituted; or to acquire three Multiple Voting Shares if the proposed subdivision of Multiple Voting Shares is implemented after the date hereof).

“Warrant” means a share purchase warrant issuable by the Corporation on conversion of the Convertible Debenture and entitling the holder thereof to purchase one Multiple Voting Share from treasury of the Corporation upon payment of \$9.60 (for each such Multiple Voting Share as presently constituted; or \$3.20 for each Multiple Voting Share if the proposed subdivision of Multiple Voting Shares is implemented after the date hereof).