

FORM 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Secured convertible promissory note (the “**Secured Convertible Promissory Note**”) of KWG Resources Inc. in the aggregate principal amount of C\$34,500,000 (the “**Principal Amount**”), subject to adjustment and convertible into multiple voting shares in the capital of the Issuer (“**MVS**”).

Warrants to purchase MVS (the “**Warrants**”).

KWG Resources Inc. (the “**Issuer**”)
141 Adelaide Street West, Suite 240
Toronto, Ontario
M5H 3L5

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Fancamp Exploration Ltd. (“**Fancamp**”)
7290 Gray Avenue
Burnaby, British Columbia
V5J 3Z2

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On September 1, 2022, the Secured Convertible Promissory Note and the Warrants were issued by the Issuer to Fancamp as partial consideration for the acquisition by the Issuer of all of the right, title and interests beneficially owned by Fancamp in and to the “Koper Lake-McFaulds” mineral properties (the “**Transaction**”), comprised of four (4) mining claims located within the “Ring of Fire” in the Province of Ontario (the “**Mining Claims**”). The Transaction is governed by the terms of a binding agreement entered into between Fancamp and the Issuer on July 20, 2022 (the “**Binding Agreement**”), a copy of which is available on the SEDAR profiles of each of Fancamp and the Issuer at www.sedar.com.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

The Secured Convertible Promissory Note is convertible into 8,088,908 MVS (subject to adjustment), assuming the conversion in full of the Principal Amount on the basis of a base conversion price of C\$4.2651 (subject to adjustment), as contemplated in the Secured Convertible Promissory Note. The Secured Convertible Promissory Note bears interest at a rate of six percent (6%) *per annum* and will mature on September 1, 2026, subject to extension in accordance with the terms of the Secured Convertible Promissory Note (the "**Maturity Date**"). Interest payments under the Secured Convertible Promissory Note will be payable in cash or, at the option of KWG, in MVS at an issue price equal to the five (5) day volume-weighted average trading price ending on the trading day immediately prior to: (a) the day the accrued interest becomes payable; (b) the Maturity Date; or (c) such other applicable date referenced in the Binding Agreement.

The Warrants are exercisable into 4,044,453 MVS (subject to adjustment), assuming the exercise in full of the Warrants.

Prior to the issuance of the Secured Convertible Promissory Note and the Warrants, Fancamp beneficially owned or controlled no MVS and 4,564,000 subordinate voting shares in the capital of the Issuer ("**SVS**", and together with the MVS, the "**Shares**"), or 45,640 MVS (assuming the conversion of the 4,564,000 SVS (subject to adjustment) into MVS at the current conversion rate) (the "**Existing Shares**"), representing approximately 0.27% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 0.80% of the issued and outstanding MVS).

As a result of the above-noted issuance of the Secured Convertible Promissory Note and the Warrants, Fancamp beneficially owns or controls the following securities of the Issuer:

- (a) the Existing Shares, representing approximately 0.16% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 0.26% of the issued and outstanding MVS); and
- (b) securities of the Issuer which are convertible or exercisable into:
 - (i) 8,088,908 MVS (subject to adjustment), assuming the conversion in full of the Principal Amount on the basis of a base conversion price of C\$4.2651 (subject to adjustment), as contemplated in the Secured Convertible Promissory Note, representing approximately 27.79% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 45.35% of the issued and outstanding MVS); and
 - (ii) 4,044,453 MVS (subject to adjustment), assuming the exercise in full of the Warrants, representing approximately 13.89% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 22.67% of the issued and outstanding MVS),

collectively representing, in the aggregate, approximately 41.83% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 68% of the issued and outstanding MVS).

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Fancamp was issued: (a) the Secured Convertible Promissory Note, which is convertible into 8,088,908 MVS (subject to adjustment), assuming the conversion in full of the Principal Amount on the basis of a base conversion price of C\$4.2651 (subject to adjustment), as contemplated in the Secured Convertible Promissory Note; and (b) Warrants which are exercisable into 4,044,453 MVS (subject to adjustment), assuming the exercise in full of such Warrants.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the issuance of the Secured Convertible Promissory Note and the Warrants, Fancamp beneficially owned or controlled no MVS and the Existing Shares, being 4,564,000 SVS, or 45,640 MVS (assuming the conversion of the 4,564,000 SVS into MVS at the current conversion rate), representing approximately 0.27% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 0.80% of the issued and outstanding MVS).

Immediately following the issuance of the Secured Convertible Promissory Note and the Warrants, Fancamp beneficially owns or controls the Existing Shares and securities of the Issuer which are convertible or exercisable into: (a) 8,088,908 MVS (subject to adjustment), assuming the conversion in full of the Principal Amount on the basis of a base conversion price of C\$4.2651 (subject to adjustment), as contemplated in the Secured Convertible Promissory Note; and (b) 4,044,453 MVS (subject to adjustment), assuming the exercise in full of the Warrants, collectively representing, in the aggregate, approximately 41.83% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 68% of the issued and outstanding MVS).

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Following the issuance of the Secured Convertible Promissory Note and the Warrants, Fancamp beneficially owns or controls the following securities of the Issuer:

(a) the Existing Shares, representing approximately 0.16% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 0.26% of the issued and outstanding MVS); and

(b) securities of the Issuer which are convertible or exercisable into:

- (i) 8,088,908 MVS (subject to adjustment), assuming the conversion in full of the Principal Amount on the basis of a base conversion price of C\$4.2651 (subject to adjustment), as contemplated in the Secured Convertible Promissory Note, representing approximately 27.79% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 45.35% of the issued and outstanding MVS); and
- (ii) 4,044,453 MVS (subject to adjustment), assuming the exercise in full of the Warrants, representing approximately 13.89% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 22.67% of the issued and outstanding MVS),

collectively representing, in the aggregate, approximately 41.83% of the issued and outstanding Shares, assuming the conversion of all issued and outstanding SVS into MVS at the current conversion rate (on a class basis, representing approximately 68% of the issued and outstanding MVS).

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

The Secured Convertible Promissory Note and the Warrants were issued to Fancamp as partial consideration for the acquisition by the Issuer of all of Fancamp's interests in the Mining Claims and the payment by Fancamp to the Issuer of C\$1,500,000 in cash.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 4.1 above.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

Fancamp may, depending on market and other conditions, increase or decrease its beneficial ownership, control or direction over the Shares (including the Existing Shares and any Shares issued on the conversion or exercise of the Secured Convertible Promissory Note and the Warrants, as applicable) through market transactions, private agreements, treasury issuances, convertible securities or otherwise.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Pursuant to the Binding Agreement, Fancamp and the Issuer agreed to certain arrangements with respect to the Secured Convertible Promissory and the Warrants and the underlying Shares to be issued on the conversion or exercise thereof, as the case may be, including the following:

- (a) so long as there are any amounts outstanding under the Secured Convertible Promissory Note, Fancamp will have pre-emptive rights entitling it to participate in any financing by the Issuer for up to 25% of the proceeds raised thereunder and on the same offering terms as any other subscriber pursuant to such financing;
- (b) so long as there are any amounts outstanding under the Secured Convertible Promissory Note or while Fancamp holds at least five percent (5%) of the outstanding MVS (calculated on a non-diluted basis and assuming the conversion of all outstanding SVS into MVS), Fancamp must take certain actions to vote in favour of resolutions proposed by the board of directors of the Issuer and must not take certain other actions vis-à-vis the Issuer (including, without limitation, commencing a take-over bid for any securities of the Issuer or soliciting proxies from any shareholders of the Issuer other than in support of initiatives recommended by the board of directors of the Issuer), provided that, in each case, there is no event of default under the applicable transaction documentation and subject to certain exceptions whereby such obligations will not be applicable;
- (c) to the extent that Fancamp holds more than ten percent (10%) of the outstanding MVS (calculated on a non-diluted basis and assuming the conversion of all outstanding SVS into MVS), unless the written consent of the Issuer is obtained: (i) Fancamp's ability to sell or transfer the Shares will be limited to no more than a certain percentage of the daily trading volume of the Shares on the Canadian Securities Exchange or any other stock exchanges where the MVS and SVS are traded; and (ii) Fancamp will be precluded from selling or transferring Shares during a specified period prior to the date on which any accrued interest becomes payable, provided, in each case, that there is no event of default under the applicable transaction documentation;
- (d) the Secured Convertible Promissory Note and the Warrants (but not the underlying Shares) are subject to certain restrictions on transfer to third parties; and
- (e) the MVS issuable to Fancamp on the conversion of the Secured Convertible Promissory Note and/or the exercise of the Warrants are subject to customary anti-dilution provisions providing for adjustment in connection with certain events.

The above is a summary only of certain terms and conditions relating to the Transaction and is qualified in its entirety by the full particulars of such terms and conditions as contained in the Binding Agreement, a copy of which is available on the SEDAR profiles of each of Fancamp and the Issuer at www.sedar.com.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

September 6, 2022

Date

(Signed) "Rajesh Sharma"

Signature

President and Chief Executive Officer

Name/Title