

FORM 51-102F3
MATERIAL CHANGE REPORT

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

November 2, 2022

Item 3 News Release

A press release describing the material change was disseminated by KWG on October 3, 2022 through Newsfile Corp. and was filed on the Company’s SEDAR profile at www.sedar.com.

Item 4 Summary of Material Change

The Company completed on November 2, 2022, the conversion of all of the principal amount of \$5,862,053.51 of outstanding Series 2021 Convertible Debentures (the “**Debentures**”) and \$747,366.35 of accrued interest, aggregating \$6,609,419.86, into 2,643,648 multiple voting shares in the capital of the Corporation (each, a “**Multiple Voting Share**”) and 440,614 share purchase warrants (each, a “**Warrant**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

KWG completed on November 2, 2022, the conversion of all of the principal amount of \$5,862,053.51 of Debentures and \$747,366.35 of accrued interest, aggregating \$6,609,419.86, into 2,643,648 Multiple Voting Shares and 440,614 Warrants.

Under the terms of the Debentures, KWG had the option, exercisable at any time after September 29, 2022, on 30 days’ notice, to convert the principal amount owing under the Debentures, together with interest on the amount being converted, into units (each a “**Unit**”) at a price of \$15.00 per Unit, with each such Unit (following the 3:1 subdivision of multiple voting shares of the Corporation on November 5, 2021) being comprised of six (6) Multiple Voting Shares and one (1) Warrant, with each such Warrant enabling its holder to acquire three (3) Multiple Voting Shares from treasury upon payment of \$3.20 per share at any time on or before the earlier of: (i) December 15, 2023, or (ii) two (2) business days after completion of a take-over bid or a merger, amalgamation, arrangement or other form of business combination as a result of which the shareholders of the Corporation immediately prior to the completion of such bid or business combination do not own a majority of votes attaching to the voting securities of the Corporation or of the resulting issuer, as the case may be, or do not have the power to elect a majority of the directors of the Corporation or of the resulting issuer, as the case may be, after completion of such bid or business combination.

Following mailing of the notices on September 30, 2022 (such notices being deemed to be given on the next business day, namely on October 3, 2022), KWG completed the conversion on November 2, 2022.

5.2 Disclosure for Restructuring Transactions

N/A

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

N/A

Item 7 Omitted Information

N/A

Item 8 Executive Officer

Further information regarding the matters described in this report may be obtained from:

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

Item 9 Date of Report

November 25, 2022

Forward-Looking Statements

This material change report contains certain “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of KWG. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or are events or conditions that “will”, “would”, “may”, “could” or “should” occur or be achieved. Although KWG believes that the material factors, expectations and assumptions informing such forward-looking statements are reasonable based on information available to them on the date such statements were made, no assurances can be given as to future results of such statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual events to differ materially from those anticipated in such forward-looking statements. These risks include, among others: (a) risks relating to general economic, market and business conditions; and (b) unforeseen delays in the timelines for any of the transactions or events described in this material change report.

Readers are cautioned that the foregoing list of factors is not exhaustive. Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, KWG disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this material change report are expressly qualified by this cautionary statement.