

## LETTER TO THE SHAREHOLDERS OF KWG RESOURCES INC

Dear fellow KWG shareholder,

We were very pleased to see that all nine Matawa Chiefs joined recently in a news release in which they made it very clear that they are unified in support of development of the Ring of Fire. They asked that Canada facilitate their efforts by creation of a Table to consult with them. That is exceedingly encouraging, particularly following the appointment of mining executive George Pirie, former mayor of Timmins, as the Minister of Ontario's newly created Ministry of Mines.

By that point we had completed with Cormorant Utilities, where our Board Member Fiona Blondin is Vice-president of Indigenous Strategy, a plan for bringing electricity from the Ontario power grid to the Ring of Fire and to a number of adjacent Matawa communities. That electrification plan makes the Rail-veyor ore transport system highly attractive for moving chromite directly from underground mining operations in the Ring of Fire to processing facilities along the Trans-Canada corridor near Nakina, Ontario. If then this infrastructure is owned and operated by the Matawa membership, as we have long proposed, the cost of mining and transportation can be fixed and include facilities and funds for the improvement of their communities. Their Chiefs clearly understand this and so seek Canada's support to assist them in its realization.

We are very pleased to welcome three additional new Members nominated for election to your company's Board of Directors: Rajesh Sharma, an accomplished *iron man*, who 'came with the Fancamp acquisition' (as is noted in the meeting Circular); our President and Chief Operating Officer Megan McElwain; and Corina Moore the addition of whom, as the former CEO of the Ontario Northland Transportation Commission (ONTC), is especially welcome. We have made no secret of our long-held view that ONTC assets might create, when combined with the utilities required by development of the Ring of Fire, a whole that is greater than the sum of the parts. It would be consistent with our collective vision that the assets of this combined agency would perhaps more comfortably be owned and operated by the population whose lands they traverse. That would then describe an opportunity for the creation of a Table at which the Mushkegowuk and Matawa communities could find common cause.

Our assembly of strategic assets has been in response to the West's determination to acquire supply-chain security of strategic commodities. We will next see how those assets can pay their way until their development is begun for one or more customers. As part of that process, we will seek an alliance with an industry operator of appropriate heft and reach. We believe the preceding initiatives may begin to reflect the true value of our assets and the opportunity that they represent.

Kindest regards,

*Frank Smeenk*

Chief Executive Officer  
KWG Resources Inc.

January 3, 2023