

# KWG Updates Quarterly Filing Under COVID-19 Duress, Approval of \$3 Million Convertible Debentures and \$1 Million Flow-Through

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Toronto, September 28, 2020 - [KWG Resources Inc.](#) (CSE: KWG) (CSE: KWG.A) (FSE: KW6) ("KWG" or the "Company") announces that due to circumstances created by the COVID-19 pandemic, the Ontario Securities Commission and other members of the Canadian Securities Administrators granted "Issuers" in the Canadian securities industry up to an additional 45 days, to complete statutory filings (the "Extension"). The Company intends to make the filings for the quarter ended June 30, 2020 before the Extension expiry date of October 13, 2020. As required by the conditions of the Extension, the Company's management and other insiders will be subject to a trading black-out that reflects the principles in Section 9 of National Policy 11-207 until its financial statements are filed. Other than as previously disclosed by the Company in news releases, including the information herein, there are no other material business developments since the date of the Company's most recent filing of its financial statements and management discussion and analysis for the period ended March 31, 2020.

Listing approval sought for additional Convertible Debenture issue after filing

The Company will also seek regulatory approval for the issue after filing of the financial statements, of \$3 million of Convertible Debentures to be pari passu with previously-issued debentures maturing March 31, 2021.

Prior to the maturity date of March 31, 2021 all or part of the sum secured by the debentures are convertible at the option of the Company into units with a deemed value of \$21 per unit (each a "Unit"). Each Unit is comprised of four (4) KWG.A multiple voting shares and four (4) multiple voting share purchase warrants, with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of \$7.50 at any time within two years from the date of its issuance. The debentures bear interest at a rate of 12% per annum, accruing daily, compounding annually and payable at the earlier of maturity, redemption or conversion, in KWG.A multiple voting shares from treasury at their volume-weighted average price for the ten trading days prior to payment.

For each \$35.00 principal amount of Convertible Debentures, the Debenture-holder will also receive Delivery Warrants exchangeable on a first-come aliquot basis for one ton of warehoused ferrochrome. The terms of the Delivery Warrants will provide that they may be tendered by their holders to receive ferrochrome from 1% of any future ferrochrome production from the Company's chromite mineral interests, if and when produced. The Company intends to set a ferrochrome delivery standard for ferrochrome after processing to be approximately 52% chrome content with carbon of 6% - 8%, silica not exceeding 1.5% and the remaining fraction being principally iron. The Company proposes to list the Delivery Warrants for trading on the Canadian Securities Exchange (the "CSE") which, if implemented, could provide a liquid market for ferrochrome price hedging.

In connection with the creation of the Delivery Warrants, the Company will undertake to provide a security interest in its chromite mineral title to back the obligation for future delivery and will also undertake that, should production of ferrochrome ensue in future from minerals recovered from those mineral claims, 1% of all such production will be warehoused on an ongoing basis to provide stocks of ferrochrome for delivery to warrant-holders wishing to take delivery of ferrochrome in exchange for tender and cancellation of their corresponding Delivery Warrants.

KWG is a mineral exploration company with mineral exploration claims in the Ring of Fire area of northwestern Ontario. The Company does not currently have any reserves (within the meaning of National Instrument 43-101) of chromite inasmuch as its mineral interests there are all in the categories of measured, indicated and inferred resources and there is no assurance that the Company will ever produce ferrochrome

or chrome. KWG has a 30% joint venture interest in the Big Daddy deposit which contains NI 43-101 measured and indicated resources of 29.1 million Tonnes of 31.7% chrome oxide and inferred resources of 3.4 million Tonnes of 28.1% chrome oxide. The Company has a 50% interest in the Black Horse deposit which contains NI 43-101 inferred resources of 85.9 million Tonnes of 34.5% chrome oxide.

#### Listing approval sought for Flow-through unit private-placement

The Company will also seek regulatory approval for the issue after filing of the financial statements, of a private placement of \$1 million of Flow-through units priced at \$21 per unit (each a "Unit"). Each Unit will be comprised of four (4) KWG.A multiple voting flow-through shares and four (4) multiple voting share purchase warrants, with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of \$7.50 at any time within three years from the date of its issuance.

#### About KWG:

KWG is the Operator of the Black Horse Joint Venture ('JV') after acquiring a vested 50% interest through [Bold Ventures Inc.](#) ('Bold') from [Fancamp Exploration Ltd.](#) ('Fancamp'). KWG funds all JV exploration expenditures and Bold is carried for a 20% interest in KWG's interest.

KWG also owns 100% of Canada Chrome Corporation which has staked claims and conducted a surveying and soil testing program, originally for the engineering and construction of a railroad to the Ring of Fire from Aroland, Ontario.

KWG subsequently acquired intellectual property interests, including a method for the direct reduction of chromite to metalized iron and chrome using natural gas and an accelerant. KWG subsidiary, Muketi Metallurgical LP, has received a patent for the direct reduction method in Canada, South Africa and Kazakhstan and is prosecuting remaining patent applications in India, Indonesia, Japan, South Korea, Turkey and the USA. It has also received a USA patent for production of low carbon chromium iron alloys and a corresponding Canadian patent application is expected to issue soon.

For further information, please contact:

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Forward-Looking Statements: Information set forth in this news release may involve forward-looking statements under applicable securities laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and KWG disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. This news release does not constitute an offer to sell or solicitation of an offer to buy any securities that may be described herein and accordingly undue reliance should not be put on such. Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this news release.

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