

TORONTO, ONTARIO--(Marketwired - Feb 25, 2016) - The Ontario Court of Appeal has released its judgment in the appeal brought by [KWG Resources Inc.](#) (CSE:KWG)(FRANKFURT:KW6) ("KWG") subsidiary Canada Chrome Corporation ("CCC"). The appeal was dismissed.

The judgment confirms that should 2274659 Ontario Inc. make application to the Minister of Natural Resources for the grant of an easement over the CCC claims, the Minister must accommodate the claimholder's rights and its consent may then be dispensed with. The judgment cited, in part: *"In coming to this conclusion, the Divisional Court was required to review the evidence (or lack thereof) on the factors relevant to dispensing with consent: whether there was interference with the respondent's mining claims; the feasibility of the respondent's plan to build a railway; the presence or absence of mineral deposits on the claims; and what inferences could be made as to the respondent's motives in staking the claims along the transportation corridor."*

Elsewhere the judgment cited: *"This would leave it to the Minister of Natural Resources to determine the issue, after an environmental assessment and consultation with other affected interests - a process in which the appellant would be entitled to participate."*

The application for an easement to build a road has never proceeded and KWG will now put before the Minister of Natural Resources the details of the railroad feasibility study to be undertaken to insure that surface tenure may be assured as an assumption in the study, that the consolidated aggregates may be mined from the claims to provide material for the railroad bed, and that the claimholder's priority to consolidated aggregate is maintained.

At a hearing before Ontario's Mining and Lands Commissioner ("MLC") in early 2013, 2274659 Ontario Inc. (formerly a subsidiary of [Cliffs Natural Resources Inc.](#) ("Cliffs") and now wholly-owned by [Noront Resources Ltd.](#)), sought an order to dispense with the consent of KWG/CCC for the granting of an easement for Cliffs to build a road on top of mining claims staked by KWG/CCC along a 340 kilometer corridor of high ground. The staking and subsequent exploration had been undertaken with Cliffs' consent to such use of the funds subscribed to KWG by Cliffs for shares of KWG. KWG/CCC then spent some \$15 million to explore the claims and assess their profiles and aggregates to provide a means of egress for the Big Daddy chromite deposit in which KWG/CCC has a 30% joint venture interest, with Cliffs then holding the 70% interest. However, Cliffs determined instead to use the claims to provide egress exclusively for the Black Thor chromite deposit in which KWG/CCC had no participation. The MLC declined to grant the order sought by Cliffs and Cliffs then appealed the MLC decision to the Divisional Court of the Ontario Superior Court.

In July 2014 the MLC decision was overturned by the Divisional Court and KWG/CCC then sought leave from the Ontario Court of Appeal to appeal the Divisional Court decision. Leave to appeal was granted in January 2015. The hearing of the appeal was completed on November 26th, 2015 at which time the Court reserved its decision to consider the case and deliver a written judgment with reasons.

About KWG:

KWG has a 30% interest in the Big Daddy chromite deposit and the right to earn 80% of the Black Horse chromite where resources are being defined. KWG also owns 100% of CCC 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. The Company is prosecuting patent applications for both the direct reduction method and for a method of producing high purity chromium metal by continuous smelting.

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