TORONTO, ONTARIO--(Marketwired - Jul 21, 2016) - The shareholders of KWG Resources Inc. (CSE:KWG)(FRANKFURT:KW6) ("KWG") have held their Annual and Special General Meeting voting resoundingly in favour of the re-election of the Company's incumbent Board of Directors but then, very ambiguously, not supporting that same management's principle initiative. A tally of proxies delivered for use at the meeting in respect of a proposed Special Resolution intended to provide the market in KWG's shares with possible additional liquidity mechanisms, indicated that, if put to a vote, the Special Resolution would fall short of the desired two-thirds of the votes represented at the meeting. Accordingly, the meeting was then adjourned without a vote being held in respect of the Special Resolution to a date to be announced.

Annual Meeting voting results

Of KWG's 961.3 million outstanding shares, proxies for a total of 501 million shares were voted at the meeting re-electing as directors Douglas Flett (98.43% in favour), Thomas Pladsen (98.41% in favour), Donald Sheldon (98.44% in favour), Frank Smeenk (98.77% in favour) and Cynthia Thomas (97.37% in favour). However, proxies representing 200.2 million shares were instructed to be voted against the Special Resolution seeking authority to create (by conversion of common shares for holders electing to do so) multiple voting shares re-convertible into their constituent common shares. The Company reported that its two largest shareholders, voting some 36% of the shares represented in person or by proxy at the meeting, had provided proxies that opposed the initiative which was overwhelmingly supported by the majority of KWG's numerous individual shareholders. In the result, only some 60% of the votes available to be cast at the meeting were in favour and the meeting was adjourned without the Special Resolution having been put to a vote.

"*Since 1929 the 'penny stock' market has been denied access to margin credit and put-and-call option trading",* said KWG President Frank Smeenk. *"This has perhaps in the past served well the interests of promoters and their underwriters, but often not so much the investors. We are determined to bring the benefits of those liquidity mechanisms to the owners of KWG so that its value can be fairly established in capital markets which include both those mechanisms and the very numerous sophisticated investors who seek their utility. This is particularly opportune now, as our Company's undertakings increasingly come to international attention for their long-term strategic value. But, we do not want to leave behind the many thousands of our owners who are content to speculate only in the 'penny market'. Our proposed solution is to do to our shares what all governments that circulate currency do to their money: let it be usable in both small denomination coins (pennies, nickels and dimes) and large denomination bank-notes (dollar bills), interchangeable back and forth at any time in accordance with a fixed exchange ratio. Instead of coins and bank-notes, KWG would have single-vote shares and multiple-vote shares, interchangeable back and forth at any time in accordance with a fixed exchange ratio. The support of the vast majority of our numerous individual shareholders has been gratifying and we are quite hopeful of soon being able to provide them with this simple mechanism. We think that it will increase considerably the liquidity in the market for shares in our Company and largely close the chasm between what their present sellers would take and what their buyers would pay. For KWG, a 'penny market' that trades in 1/2 cent increments has ceased to be of service for its shareholders. And, as there is no financial penalty in listing fees on the Canadian Securities Exchange, we have a unique opportunity to leave all of our issued shares outstanding. In this way we hope to avoid the disintermediation of our many enthusiastic small shareholders by the usual consolidation of capitalization, a route taken by so many other junior resource companies, and the consequent loss of liquidity from destruction of their tradable board lots which results."*

Recovery Process studies budgeted by Natural Resources Canada unit

The Steering Committee overseeing the Canadian Chromite R&D Initiative of Natural Resources Canada's Canmet Mining unit recently approved programs and budgets for further research including KWG's proprietary direct reduction method of producing ferrochrome with natural gas. KWG will provide sample material from the Black Horse chromite occurrence for use in the research programs.

Private Placement addition

The Canadian Securities Exchange has granted permission for the completion of one final tranche of the previously-announced private placement of units, for $150,000. Each of the 7.5 million further units will comprise one new treasury share and one warrant; each warrant may be exercised to acquire a further treasury share for $0.05 at any time within five years from closing. KWG applied for and was granted relief to the CSE's minimum price rule. All shares issued will have a hold period of four months.

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. KWG subsidiary Muketi Metallurgical LP is prosecuting two chromite-refining patent applications in Canada, China, India, Indonesia, Japan, Kazakhstan, South Africa, South Korea, Turkey, and USA.

Shares issued and outstanding: 961,320,281

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