

# KWG Resources Inc.: Proposed Convertible Debenture Placement

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Toronto, September 5, 2017 - [KWG Resources Inc.](#) (CSE: KWG) (CSE: KWG.A) (FSE: KW6) ("KWG") announces a proposed private placement of up to \$5,000,000 of principal amount of convertible debentures, convertible into Units, in respect of which KWG has made application to the Canadian Securities Exchange for listing approval of such Units to be issued upon completion of two subscriptions of \$500,000 each to a private placement of convertible debentures. Upon completion of the first subscription of \$500,000, the initial subscriber will have an option to complete a second subscription of \$500,000 within 120 days. The debentures will be due and payable on September 5<sup>th</sup>, 2019 provided that KWG shall have the right, exercisable prior to the expiry of the initial term, to extend the initial term for an additional three (3) years upon the payment of all interest earned to the expiry of the initial term plus an extension fee equal to 15% of the original principal amount, all of which will be payable by the issuance of Units.

Each subscriber will be issued a debenture to secure repayment of the principal, plus interest earned thereon to the date of payment, plus a premium of 20% of the original principal amount payable immediately following issuance of the debenture by the issuance of units (each a "Unit") with a deemed value of \$24 per Unit, each such Unit being comprised of four KWG.A multiple voting shares and two 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 the debenture's issue.

The debentures will 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.

As collateral security, a floating charge will be registered on the title of certain mining claims held by KWG's wholly-owned subsidiary, Canada Chrome Corporation, which claims constitute the railroad right-of-way in the multi-user corridor from Exton, Ontario to the north side of the Albany River, and then exclusively a railroad right-of-way north to the Ring of Fire.

All debenture holders will sign a pari passu agreement whereby (i) their secured interest will rank pari passu (equally) with all other debenture holders, (ii) actions by debenture holders to realize on their security must be approved by debenture holders holding at least 66-2/3% of the Principal Amount then outstanding and (iii) any accommodations, extensions or other changes approved by debenture holders holding at least 66-2/3% of the Principal Amount then outstanding will bind all debenture holders.

At any time and from time to time, KWG will have the right, upon not less than 30 days' notice to all debenture holders (each a "Redemption Date") to redeem debentures in whole or in part by payment in cash. At any time before any such Redemption Date, any debenture holder may elect to exercise the conversion privilege in whole or in part rather than having KWG redeem all or part of any debenture.

The Redemption Amount of each debenture is convertible in whole or in part in increments of \$24 each, at any time or from time to time, at the option of its holder, into Units. Each Unit, at a subscription price of \$24, will be comprised of four KWG.A multiple voting shares and two 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 the debenture's issue.

On any change of control, at the debenture holders' option the maturity date shall accelerate and the full principal and all accrued interest shall be due and payable in cash or, at the option of each debenture holder, converted in whole or in part into Units.

About KWG:

KWG is the Operator of the Black Horse Joint Venture after acquiring a vested 50% interest through [Bold Ventures Inc.](#) which is carried for 10% (20% of KWG's equity in the JV) by KWG funding all exploration expenditures. 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, India, Indonesia, Japan, Kazakhstan, South Africa, South Korea, Turkey, and USA. The national phase filings are under review in each of those jurisdictions.

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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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