

# KWG Announces Creation of \$50 Million Ring of Fire Flow-through Limited Partnership with Option for Possible Future Exchange into 'Ferro' Cryptocurrency

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Toronto, March 5, 2018 - [KWG Resources Inc.](#) (CSE: KWG.A) (CSE: KWG) (OTC: KWGBF) (FSE: KW61) ("KWG") is pleased to announce the creation of the Ring of Fire LP, a single purpose limited partnership flow-through fund dedicated to funding the costs of drilling and other exploration expenses which will be incurred to support the preparation of a planned comprehensive feasibility study and mining plan for the Black Horse Joint Venture.

The Ring of Fire LP ('ROFLP') was created by Ring of Fire GP Inc., established by Patrick Lilly, its CEO, and John Rule, its Secretary-Treasurer, with a view to raising up to \$50 million for this purpose. ROFLP has negotiated with KWG the terms of an agreement to provide investors in ROFLP with an option to exchange their LP units into Ferros, a cryptocurrency proposed to be created by KWG and backed by chrome from future production from the Black Horse Joint Venture chromite property.

KWG proposes to create a blockchain-contract offering that will be backed by the Ring of Fire's chromite discoveries, a concept which KWG describes as a 'bank-in-the-ground'. The chromite reserved to back the Ferro will be secured by a registered charge on the mineral rights granted under the Mining Act (Ontario) for the Black Horse Project. An initial blockchain Ferro contract has been created on the Ethereum platform with one billion Ferros available for encryption into the finalized Ferro contract. KWG contemplates that the Ferros will become listed for trading on a recognized stock exchange and, when that happens or when the Ferros otherwise become negotiable, Limited Partners in the ROFLP will be granted the option, exercisable for a 60-day period following notice from the General Partner, to exchange their LP Units for Ferros, at the then Fair Market Value of Ferros, which notice shall not be issued before January 1, 2019.

The Ferro contract cryptocurrency is being structured to appeal to those seeking a relatively more stable proxy for value exchange and liquidity, which has potential for larger circulation. It also represents a very long-term exposure to the chrome commodity, the principal alloy to render iron into stainless steel, as possible mine production which, if commenced, could extend well into the future, based on what is currently known about the Ring of Fire. It is presently contemplated that the offering of Ferros will be SEC-registered and will possibly trade on a SEC-registered alternative trading system dedicated to making markets in such blockchain-contracts, if listing is approved. However, there is no assurance that any such offering of Ferros will be made or, if made, will be completed on these or on any other terms or that any such registration will be applied for or, if applied for, will be granted.

KWG's wholly-owned subsidiary, Canada Chrome Corporation ("CCC"), staked claims from the Ring of Fire area in the James Bay Lowlands of northern Ontario to the Trans-Canada east-west rail transportation corridor near Nakina, Ontario, and completed assessment and engineering work on the claims, including studying the claims as a proposed transportation route linking the Trans-Canada east-west transportation corridor at Nakina to the Ring of Fire. CCC's control of the proposed transportation route enabled CCC to engage China Railway First Survey & Design Institute for the design and sourcing of construction-financing for a railroad with which CCC could then charge a toll on chromite shipments, payable in 'contained chrome' value. In connection with the creation of the Ferro, KWG proposes that CCC will agree that, if the proposed railroad is built over claims held at that time by CCC, CCC will levy a toll equal to three percent (3%) of the contained chrome value to be derived from material shipped on the railroad over those claims, which toll will be payable in specie (i.e. in physical delivery of the product(s) derived from the material shipped, whether chrome concentrate or ferrochrome that is refined from such concentrate). The chrome material would be delivered, as shipped, to CCC at a rate of one Canadian dollar's worth, FOB CCC's warehouse, or one pound of contained chrome value per Ferro, whichever is less at the time of delivery, for CCC to use to underwrite or backstop the Ferros issued and outstanding in the hands of Ferro holders.

Under this proposal, deliveries of the chrome materials will be made periodically into a secure warehouse

facility following commencement of commercial production and shipments along the proposed railroad. Ferro holders will be entitled to demand at any time delivery of their share of stored chrome materials &#8212; ferrochrome or other processed chrome materials in storage &#8212; in exchange for Ferros, which Ferros so exchanged will thereupon be cancelled. From the date of such deliveries to the warehouse facility, the total chrome value in storage from time to time will be assessed storage fees equal to one-tenth of one percent yearly, payable to CCC in specie. There is no assurance that any such railroad will be built by CCC or by any other person.

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, save that Canada has notified that it will grant a patent for the direct reduction method.

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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, including, without limitation, references to the proposed financing by the Ring of Fire LP, the preparation of a proposed feasibility study for the Black Horse Joint Venture and the proposed Ferro crypto-currency offering and listing are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date of this news release 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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