

KWG Schedules Shareholders Meeting, Proposes to Split Multiple-Voting Shares Three-For-One and to Proceed with Financings

23.08.2021 | [Newsfile](#)

Toronto, August 23, 2021 - [KWG Resources Inc.](#) (CSE: KWG) (CSE: KWG.A) (FSE: KW61) ("KWG" or the "Company") ("KWG") has filed proxy materials for an Annual and Special Meeting of Shareholders to be convened on September 21, 2021 at which management will seek approval to amend the Company's Articles of Incorporation to, amongst other things, adjust the share exchange ratio between its multiple voting shares and its subordinate voting shares from 300:1 to 100:1 by subdividing each outstanding KWG.A multiple-voting share into three KWG.A multiple-voting shares. KWG.A multiple-voting shares are presently convertible into 300 KWG single-vote shares (more commonly known as subordinate voting shares) and, following the subdivision of the multiple-voting shares, KWG.A multiple-voting shares will be convertible into 100 single-vote subordinate voting shares. Conversely, 300 KWG subordinate voting shares are presently convertible into one KWG.A multiple-voting share and, following subdivision of the KWG.A multiple voting shares, 100 KWG subordinate voting shares will be convertible into one KWG.A multiple voting share. Currently, each KWG.A multiple-voting share carries 300 votes and each KWG subordinate voting share carries one vote; following the subdivision of KWG.A multiple-voting shares, each KWG.A multiple-voting share will carry 100 votes and each KWG subordinate voting share continue to carry one vote. Management will also seek shareholder approval for the future creation of Preferred Shares and Special Shares, each in series, upon subsequent authorization by the Company's Board of Directors.

"This will make our capitalization structure a lot simpler," said KWG CEO, Frank Smeenck. "The KWG.A multiple-voting shares will continue to enable buyers and sellers of our shares to narrow the price spreads of the market in the single-vote subordinate voting shares, but now the mental arithmetic for exchanges between the two classes of shares will be much easier."

Proposed Convertible Debenture Financing:

Closing of the first tranche of the previously announced private placement of \$5 million of Convertible Debentures has been scheduled for mid-September, among other reasons, to enable some subscribers to have their financial intermediaries utilize Tax-Free Savings Account limits. The Company had previously announced that it proposed to complete a private placement of debentures convertible at the holder's option at any time or Company's option after the first anniversary date into treasury units at \$15 each (each a "Unit") for total proceeds of up to \$5 million. The debentures will bear interest at 12% payable in Units at maturity on June 30, 2023, or upon earlier conversion. Each Unit will be comprised of two KWG.A multiple-voting shares (as presently constituted; or into six KWG.A multiple-voting shares if the proposed subdivision of KWG.A multiple-voting shares is implemented) and one multiple-voting share purchase warrant enabling its holder to acquire one further KWG.A multiple-voting share from treasury upon payment of \$9.60 (as such shares are presently constituted; or into three KWG.A multiple-voting shares at \$3.20 each if the proposed subdivision of KWG.A multiple-voting shares is implemented), exercisable at any time before December 15th, 2023.

Proposed Flow-through Unit Financing:

To substantially reduce the Company's working capital deficiency, a private placement of Flow-through Units is being undertaken to, among other things, discharge accrued obligations exceeding \$2.5 million. The Company proposes to issue up to \$3.5 million of Flow-through Units at \$9.00 per unit, each such Flow-through Unit being comprised of one KWG.A flow-through multiple-voting share (as presently constituted, namely prior to the proposed subdivision of KWG.A multiple-voting shares; or at \$3.00 per Unit if the proposed subdivision of KWG.A multiple-voting shares is implemented) and one warrant to purchase one further KWG.A multiple-voting share for \$10.50 (as presently constituted; or into three KWG.A multiple-voting shares at \$3.50 each if the proposed subdivision of KWG.A multiple-voting shares is implemented) at any time within 5 years.

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 staked mining claims between Aroland, Ontario and the Ring of Fire. CCC has conducted a surveying and soil testing program to assess the prospects for the engineering and construction of a railroad along that route between the Ring of Fire and Aroland, Ontario. Currently, CCC has engaged Cormorant Utilities and Rail-Veyor Technologies for completion of Engineering Proposals for the construction of a utility corridor within the route. KWG has also 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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