KWG RESOURCES INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

June 3, 2014

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form ("**AIF**") contains or refers to "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information is provided as of the date of this AIF or, in the case of documents incorporated by reference herein, as of the date of such documents. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might occur" or "be achieved".

Other than information regarding historical facts that addresses activities, events or developments, all information that KWG Resources Inc. ("**KWG**" or the "**Corporation**") believes, expects or anticipates will or may occur in the future is forward-looking information. Such forward-looking information includes, without limitation:

- the economic potential of the "Big Daddy" chromite deposit (as further described herein);
- expectations regarding the consultation, assessment, approval and construction of a proposed railroad, permanent amphibious aerodrome together with an adjacent and permanent all-weather runway and heliport terminal, including the costs and timing associated therewith;
- the exploration and the development of the Big Daddy Project and the Koper Lake Project (each as defined below), and the costs related thereto, as well as the Corporation's expectation of periodically requiring additional funds therefor;
- exploration, development and operational plans, objectives and budgets;
- the expected strategic importance and value of the Corporation's mineral property interests outside of the Black Horse chromite deposit (as further described herein), which form part of the Koper Lake Project and the Big Daddy chromite deposit, including expectations regarding the Corporation's participation in the development of such projects;
- the status of the aggregate claims of the Corporation's subsidiary Canada Chrome Corporation ("**CCC**");
- acquiring up to an 80% interest in respect of chromite contained in the Koper Lake Project, and up to a 20% interest in respect of the non-chromite minerals contained in the Koper Lake Project;
- the economic potential of the Black Horse chromite deposit, which forms part of the Koper Lake Project;
- any information (including scope, likelihood of grant, enforceability, infringement, freedom to operate, and commercial value) relating to the patent applications to be used to support the commercialization of methods of production of chromium iron alloys from chromite ore, and methods of production of low carbon chromium iron alloys;
- mineral resource estimates;
- potential mineral resources;
- the Corporation's expectations with respect to pursuing new opportunities and acquisitions and its future growth;
- estimated operating expenses; and

- the Corporation's ability to raise new funding.

With respect to forward-looking information contained in this AIF, the Corporation has made assumptions regarding, among other things:

- the sustained level of demand for ferrochrome by global integrated steel producers;
- the Corporation's ability to access sufficient funds to carry out its anticipated plans;
- the Corporation's ability to hire and retain qualified management and staff and to source adequate equipment in a timely and cost-effective manner to meet the Corporation's demands;
- the regulatory framework governing environmental matters in Ontario;
- the grant of a patent on any invention disclosed in the patent applications relating to the Chromium IP (as defined below), and any expected benefit of commercialization relating thereto;
- the unlikelihood of First Nations or other claims in relation to the Koper Lake Project or the Big Daddy Project;
- CCC's ability to obtain the approvals required for the proposed railway; and
- the Ontario government and federal government's support of the development of the Ring of Fire area.

Forward-looking information contained in this AIF is subject to a number of risks and uncertainties that may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Corporation.

Some of the risks that could affect the Corporation's future results and could cause results to differ materially from those expressed in the Corporation's forward-looking statements include:

- risks normally incidental to exploration and development of mineral properties;
- uncertainty of mineral resources estimates;
- uncertainties in the interpretation of drill results;
- the possibility that future exploration, development or mining results will not be consistent with expectations;
- the grade and recovery of ore varying from estimates;
- the Corporation's inability to acquire an interest in the Koper Lake Project;
- the Corporation's inability to participate in and/or develop the Corporation's property interests in respect of the Big Daddy Project, or outside of the Koper Lake Project or the Big Daddy Project;
- the Corporation's inability to delineate additional mineral resources and delineate mineral reserves;
- the Corporation's inability to maintain its title to its assets;

- the Corporation's inability to obtain, maintain, renew and/or extend required licenses, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the applicable regulatory framework;
- environmental damages and the cost of compliance with environmental regulations;
- environmental risks;
- adverse land claims from First Nations groups or other parties;
- lack of adequate infrastructure;
- a lack of support from the Ontario government and federal government for the development of the Ring of Fire area;
- the effect that the issuance of additional securities could have on the market price of the common shares of the Corporation (the "**Common Shares**");
- capital and operating costs varying significantly from estimates;
- the Corporation's lack of history of earnings;
- the patents to be used to support the commercialization of the Chromium IP will not be granted;
- the inability to develop and/or complete the construction of a proposed railroad, permanent amphibious aerodrome together with an adjacent and permanent all-weather runway and heliport terminal;
- slowing demand for ferrochrome products;
- adverse general market conditions;
- inflation;
- changes in exchange and interest rates;
- adverse changes in commodity prices;
- the impact of consolidation and rationalization in the steel industry;
- competition;
- the Corporation's dependence on key employees, contractors and management;
- risk that conflicts of interest between certain directors and officers and the Corporation will limit the Corporation's ability to participate in a project or opportunity;
- the occurrence of losses, liabilities or damage not covered by KWG's insurance policies;
- the failure of KWG's co-venturer's to meet obligations;
- the Corporation's inability to exert direct influence over strategic decisions made in respect to properties that are subject to the terms of option agreements and joint ventures;

- the risk that the Corporation may become subject to legal proceedings, the resolution of which could have a material effect on its financial position, result of operations and mining and project development operations;

- risk that amendments to current laws, regulations and permits governing operations and activities of mining companies will have a material adverse impact on KWG;

- varying government entities interpreting existing tax legislation or enacting new tax legislation in a way which adversely affects the Corporation;

- risk that the new method of refining the chromite ore contained in the Black Horse deposit into ferrochrome that is the subject of the Chromium IP Transaction does not prove efficient or economical;

- intellectual property litigation; and

- those factors described under the heading "Risk Factors", below.

All of the forward-looking information provided in this AIF is qualified by these cautionary statements and readers of this AIF are cautioned not to put undue reliance on forward-looking statements due to their inherent uncertainty. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. These forward-looking statements should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this AIF.

GENERAL MATTERS

References to the Corporation

Unless otherwise indicated or the context otherwise indicates, uses of the terms "**Corporation**" and "**KWG**" in this AIF refer to KWG Resources Inc.

Currency Presentation

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.

INCORPORATION BY REFERENCE

Incorporated by reference into this AIF are the following documents:

(a) the technical report entitled "National Instrument 43-101 Technical Report, Koper Lake Project Chromite Deposit, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Updated Mineral Resource Estimation Technical Report, UTM: Zone 16, 548460m E, 5842511m N, NAD 83" dated May 28, 2014 (the "**Koper Lake Technical Report**"); and

(b) the technical report entitled "National Instrument 43-101 Technical Report, Big Daddy chromite deposit, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Revised Technical Report, UTM: Zone 16, 551333m E, 5845928m N, NAD83" dated May 29, 2014 (the "**Big Daddy Technical Report**").

Each of the Koper Lake Technical Report and the Big Daddy Technical Report (collectively the "**Technical Reports**") was prepared for the Corporation and authored by Alan James Aubut, P. Geo., of

Sibley Basin Group Geological Consulting Services Ltd. (“**SBG**”), an independent “Qualified Person” as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). Copies of the Technical Reports are available for review on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com and the Corporation’s website at www.kwgresources.com.

CORPORATE STRUCTURE

The Corporation was incorporated by Letters Patent under the *Mining Companies Act* (Quebec) on August 21, 1937 under the name Kewagama Gold Mines (Quebec) Limited (No Personal Liability) and Supplementary Letters Patent were issued on August 20, 1973, September 5, 1980 and March 27, 1981. On November 16, 1988, the Corporation was continued under Part IA of the *Companies Act* (Quebec) under the name Kewagama Gold Mines (Québec) Ltd. / Les mines d'or Kewagama (Québec) ltée and, by Certificate of Amendment dated August 26, 1991, the Corporation's name changed to its current form, KWG Resources Inc. / Ressources KWG inc. On February 29, 2012, the Corporation’s articles and by-laws were amended to align with new amendments to Quebec corporate law.

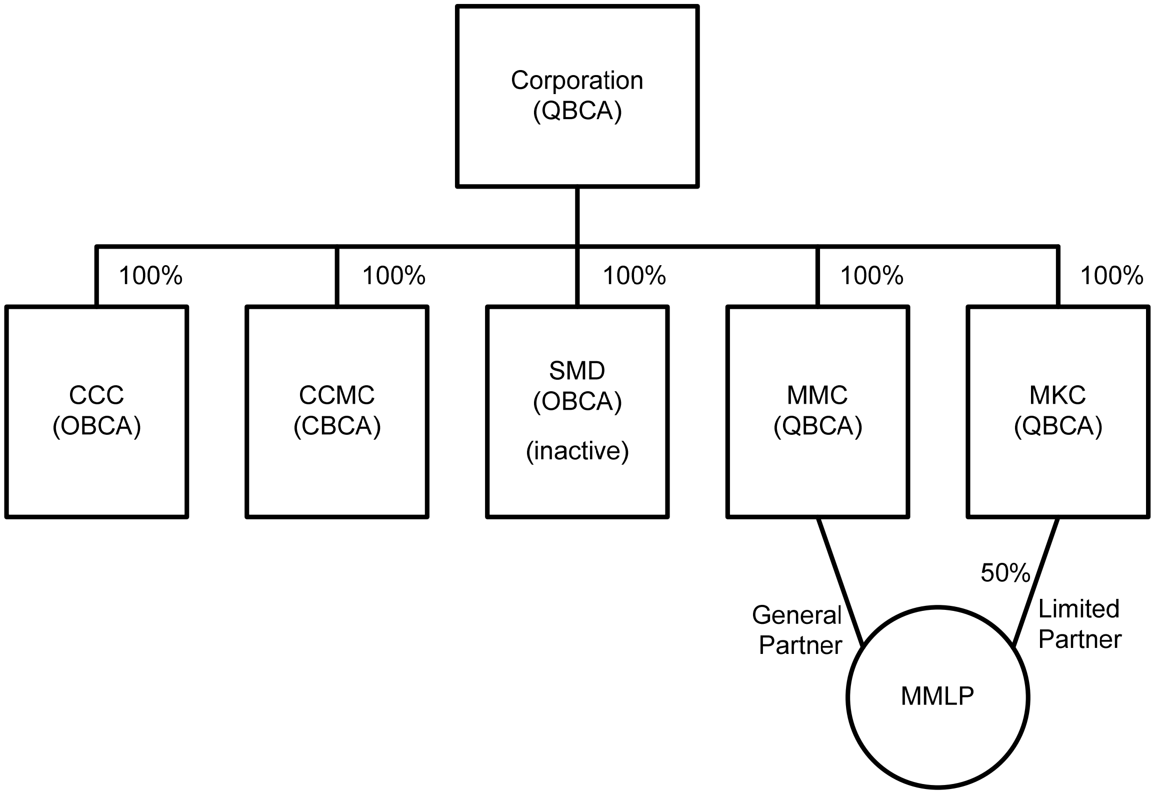
The registered and head office of the Corporation is located at 600 de Maisonneuve West, Suite 2750, Montréal, Quebec, H3A 3J2. The Corporation has an office at 141 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 3L5.

Subsidiaries

CCC, incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on February 20, 2009, is a wholly-owned subsidiary of the Corporation. Canada Chrome Mining Corporation (“**CCMC**”), incorporated under the *Canada Business Corporations Act* on June 4, 2010 and SMD Mining Corporation incorporated under the OBCA on January 16, 2008, are also wholly-owned subsidiaries of the Corporation.

The Corporation wholly owns Métallurgie Muketi Commandité inc./ Muketi Metallurgical, General Partner Inc. (“**MMC**”) incorporated under the *Business Corporations Act* (Quebec) on April 2, 2014 and Métallurgie Muketi KWG-Commanditaire inc. / Muketi Metallurgical KWG-Limited Partner Inc. (“**MKC**”) incorporated under the *Business Corporations Act* (Quebec) on April 2, 2014. MMC and MKC are the general partner and a limited partner (holding a 50% interest), respectively, of Muketi Metallurgical, L.P. (“**MMLP**”), a Delaware limited partnership created on April 8, 2014 which holds the Chromium IP (as defined below).

The following chart illustrates the inter-corporate relationships among KWG and its subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

KWG is an exploration stage company that is participating in the discovery, delineation and development of chromite deposits in the James Bay Lowlands of Northern Ontario, including 1,024 hectares covered by four unpatented mining claims approximately 280km north of Nakina, Ontario, which contains the Black Horse chromite deposit (the "**Koper Lake Project**") and 1,241 hectares covered by seven unpatented mining claims approximately 280km north of Nakina, Ontario, which contains the Big Daddy chromite deposit (the "**Big Daddy Project**").

The Corporation has the right to acquire: (i) up to an 80% interest in respect of chromite contained in the Koper Lake Project; and (ii) up to a 20% interest in respect of the non-chromite minerals contained in the Koper Lake Project. The Corporation also has a 30% interest in the Big Daddy Project. See "*Three Year History and 2014 Developments*" and "*Description of Business*" for more information.

Through CCC, the Corporation has also staked mining claims in Northern Ontario with a view to the development and construction of a proposed railway from Nakina, Ontario to the Koper Lake Project and the Big Daddy Project as well as exploring for, delineating and developing aggregate and other minerals. See "*Description of Business*" for more information.

Three Year History and 2014 Developments

<u>2011</u>

- In February 2011, the first high carbon ferrochrome was produced at the Xstrata Process Support ("**XPS**") facility in Falconbridge, Ontario, in a test melt from a chromite bulk sample obtained from the Big Daddy Project.

- In June 2011, the Corporation, through its subsidiary CCC, staked two 16-unit mineral claims, a portion of which encompasses the portion of the western shore of Koper Lake, Ontario that has been the logistics hub for activities in the Ring of Fire area.

- In August 2011, the Corporation sold its 1% net smelter royalty interests in the Black Thor and Black Label chromite deposits and the Big Daddy Project to Anglo Pacific Group PLC for US$18 million.

- In August 2011, the Corporation assigned its interest under an option agreement previously entered into between KWG, Freewest Resources Canada Inc. (now Cliffs Chromite Ontario Inc. ("**Cliffs Chromite**"), a subsidiary of Cliffs Natural Resources Inc. ("**Cliffs**")) and Spider Resources Inc. (now Cliffs Chromite Far North Inc. ("**Cliffs Far North**"), a subsidiary of Cliffs), in December 2005 (the "**Big Daddy Option Agreement**") to CCMC.

- In December 2011, the Corporation distributed all of its shares of Debut Diamonds Inc. ("**DDI**") to its shareholders. DDI held all of the diamond exploration assets of the Corporation.

2012

- In March 2012, the Corporation acquired 49 unpatented claims located south of McFaulds Lake and the Ring of Fire. The acquired claims completed an important section of the potential railway corridor being proposed for construction and also contain a potential source of aggregate material for the construction of any roadway or railway embankment.

- In March 2012, CCC received an "Order to File" from the Ontario Mining and Lands Commissioner (the "**Mining Commissioner**") in respect of an application made to the Minister of Natural Resources ("**MNR**") by 2274659 Ontario Inc., a subsidiary of Cliffs Chromite, for the grant of an easement under Section 21 of the *Public Lands Act* (Ontario). The Application had been referred to the Mining Commissioner by the Mining Recorder's office of the Ministry of Northern Development and Mines. CCC did not consent to 2274659 Ontario Inc.'s application for an easement as CCC determined that the largest part of such easement would overlap and encumber the corridor of mining claims staked by CCC for its proposed railway corridor. In June 2012, KWG submitted its materials to comply with the Mining Commissioner's Order to File.

- Effective March 31, 2012, pursuant to the Big Daddy Option Agreement, KWG, through CCMC, fully exercised its option in respect of the Big Daddy Project, earning a 30% interest in the project.

- In July 2012, KWG filed the technical report entitled "National Instrument 43-101 Technical Report, Big Daddy Chromite Deposit, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Technical Report" dated June 1, 2012, prepared for the Corporation and authored by Mr. Aubut of SBG. The report included a NI 43-101 compliant resource estimate, that was an update based on a 42-hole core-drilling program totaling 13,459 metres completed in March, 2012, and managed by the project operator, Cliffs Far North. The objective of the program was to upgrade resources to the indicated and measured categories, suitable for use in mine design. This NI 43-101 report has been superseded by the Big Daddy Technical Report.

- In August 2012, the Corporation, through CCC, filed applications with the MNR for thirty-two aggregate permits at sites that are located within the 308 kilometre-long contiguous mineral claims (the "**Railway Claims**") over which a proposed railway would run. The sites contain a potential source of aggregate material for the construction of any roadway or railway embankment. It was subsequently determined that the MNR had accepted an application from a subsidiary of Cliffs for 150 permits (the "**Cliffs Permits Applications**") under the *Aggregate Resources Act* (Ontario), without notice to the Corporation. The Cliffs Permits Applications included the aggregates within the Railway Claims. Counsel for CCC is pursuing disclosure of the process related to the Cliffs Permits Applications made under the *Freedom of Information Act* (Ontario), in order to determine the next steps which it should take to maintain or revive CCC's prior right to the aggregates within the Railway Claims.

- In August, 2012, CCC applied to the MNR under the provisions of the *Public Lands Act* (Ontario), for the grant of title to the lands it tentatively designated as the "Port of Koper Lake" located at the northern tip of the Railway Claims, and encompassing the two 16-unit mineral claims staked by CCC in June 2011. The Corporation envisages the development and construction of a permanent amphibious aerodrome at such location, together with an adjacent and permanent all-weather runway and heliport terminal as an adjunct to a railroad terminal, fuel storage compound, communications hub, accommodation services, and repair and maintenance facilities.

- In October 2012, the General Chairperson's Association, representing unionized employees at Ontario Northland Transportation Commission ("**ONTC**") announced a revitalization plan for ONTC that includes the proposed construction of a rail link to the Ring of Fire mineral deposits in the James Bay Lowlands, where KWG has extensive claims. It is anticipated that the proposed railway would form part of the Ring of Fire mining infrastructure and would be located within mining claims held by CCC.

- Effective November 28, 2012, a joint venture was formed, establishing the Big Daddy Project as a joint venture between KWG (30%) through CCMC, and Cliffs (70%), through its subsidiaries, Cliffs Chromite (39%) and Cliffs Far North Inc. (31%) (the "**Big Daddy JV**"), pursuant to a joint venture agreement (the "**Big Daddy JV Agreement**"). See "*Description of the Business – General – Big Daddy Project*".

<u>2013</u>

- On March 4 2013, KWG and Bold Ventures Inc. ("**Bold**") entered into an agreement (the "**Koper Lake Option Agreement**") pursuant to which Bold granted an option to KWG to acquire up to an 80% interest in respect of chromite in the Koper Lake Project and up to a 20% interest in respect of other minerals in the Koper Lake Project, both subject to the satisfaction by KWG of the terms set out in the Koper Lake Option Agreement. KWG can acquire its interests under the Koper Lake Option Agreement by, among other things, funding 100% of the exploration program required to be completed in order for Bold to acquire its interest in the Koper Lake Project pursuant to the terms of Bold's earn-in option agreement with Fancamp Exploration Ltd. ("**Fancamp**"), as amended (the "**Fancamp Option Agreemen**t"). See "*Description of the Business – General – Koper Lake Project*".

- In March, April and May 2013, KWG and Bold commenced their exploration program at the Koper Lake Project under the Koper Lake Option Agreement and Fancamp Option Agreement.

- In July 2013, KWG and Bold announced initial partial results of the exploration program conducted on the Koper Lake Project.

- In August 2013, KWG announced a continuous pilot smelting campaign on Black Horse chromite drill core from the Koper Lake Project with excellent results. A bulk sample comprised of 1186 kilograms of drill core collected from two holes drilled in 2010 was used for the metallurgical test. The key objective of the campaign was to demonstrate that Black Horse massive chromite can produce similar metallurgical results to ores more exhaustively tested. The results confirmed that very high chromium recoveries appeared to be achieved, producing ferrochrome alloy grades of 60-62% chromium in this series of tests.

- In September 2013, KWG filed the technical report entitled "National Instrument 43-101 Technical Report, Koper Lake Project Chromite Deposit, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Technical Report" dated September 7, 2013, prepared for the Corporation and authored by Mr. Aubut of SBG. This NI 43-101 report has been superseded by the Koper Lake Technical Report.

- In September 2013, the Ontario Mining and Lands Commissioner ordered that the application of 2274659 Ontario Inc., a subsidiary of Cliffs Chromite, for an order to dispense with the consent of CCC for the granting of an easement to Cliffs over the Railway Claims be dismissed. In October 2013, the Corporation was served with a Notice of Appeal of such order.

- In October 2013, KWG announced that a United States provisional patent application was filed in order to claim rights in respect of what is believed to be new methods of production of chromium iron alloys from chromite ore and another was filed which claimed rights in methods of production of low carbon chromium iron alloys (collectively, the "**Chromium IP**"). The provisional patents that comprise the Chromium IP are the subject of the Chromium IP Transaction (as described below).

- In November 2013, the Corporation entered into a service contract (the "**Services Contract**") with AGORACOM Inc. ("**AGORACOM**"), for the provision by AGORACOM of online advertising, marketing and branding services to the Corporation. In December 2013, the Corporation issued 282,500 Common Shares to AGORACOM pursuant to the Services Contract.

- In December 2013, Bold and KWG entered into an agreement amending the terms of the Koper Lake Option Agreement, pursuant to which KWG was appointed as operator of the chromite exploration programs on the Koper Lake Project, with Bold remaining as operator of the exploration program on the Koper Lake Project in respect of the other minerals.

2014 Developments

- In February 2014, the Corporation issued 282,500 Common Shares to AGORACOM pursuant to the terms of the Service Contract.

- In February 2014, the Corporation issued 10,000,000 Common Shares to Fancamp as part of the consideration to be paid pursuant to Stage One of the Fancamp Option (as defined below) option payment due to Fancamp from Bold under the Fancamp Option Agreement, which KWG had agreed to fund pursuant to the terms of the Koper Lake Option Agreement. This issuance of shares entitled the Corporation to continue to maintain the option to acquire up to an 80% interest in respect of chromite in the Koper Lake Project and up to a 20% interest in respect of other minerals in the Koper Lake Project.

- In February 2014, the Corporation completed the final tranche of a private placement for flow-through units (the "**Private Placement**"), consisting of one flow-through common share and one warrant which may be exercised to acquire a further flow-through share at $0.10 per flow-through share (each a "**Flow-Through Unit**"). The Corporation raised a total of $2,333,500 in 2013 and early 2014 for the issuance of 46,670,000 Flow-Through Units. The proceeds of this final tranche will be used for eligible flow-through exploration expenses and renounced for the 2014 taxation year. The proceeds of the earlier tranches, which closed in July 2013, October 2013, November 2013 December 2013, and January 2014 were used for eligible flow-through exploration expenses and renounced for the 2013 taxation year.

- In March 2014, the Corporation completed a private placement of 1,000,000 Flow-Through Units for proceeds of $50,000, to be used for eligible flow-through exploration expenses and renounced for the 2014 taxation year.

- In March 2014, the planned drilling program at the Koper Lake Project commenced in January 2014 was completed. The program met its objective of extending the Black Horse chromite deposit to depth. A total of six holes were drilled during the program, three of which were on the

Black Horse deposit. The core was sampled and submitted for assay. The data from the assays were expected to be added to the inferred resource estimate model.

- In April 2014, the Corporation reported that further laboratory tests on the Chromium IP that is the subject of the Chromium IP Transaction (as defined below) had been completed. The results of these tests provided encouragement that the newly developed method may be utilized to convert the Black Horse chromite into a metallised chrome and iron alloy. Based on these tests only, preliminary estimates indicated that energy savings may result from the use of the Chromium IP for converting chromite ores into saleable products.

- In April 2014, the Corporation completed a further flow-through private placement of 2,200,000 flow-through units, consisting of one flow-through common share and one warrant which may be exercised to acquire a further flow-through share at $0.15 per flow-through share. The Corporation raised total proceeds of $220,000, to be used for eligible flow-through exploration expenses and renounced for the 2014 taxation year.

- In April 2014, an order was made by the Ontario Divisional Court granting the Attorney General of Ontario leave to intervene on behalf of the Minister of Northern Development and Mines in the appeal of the decision of the Mining Commissioner released in September 2013 related to the request for the grant of an easement to Cliffs over the Railway Claims. A mid-June 2014 hearing date has been scheduled for the appeal.

- On May 12, 2014, KWG announced that it had closed a transaction to acquire 50% of the ownership rights in the Chromium IP (which include a 50% interest in any of the vendor's associated intellectual property) (the "**Chromium IP Transaction**"). The interest acquired by KWG pursuant to the Chromium IP Transaction includes the right to use the provisional patent applications in respect of the Chromium IP as the basis for filing additional patent applications in the United States, Canada and elsewhere worldwide. As part of the Chromium IP Transaction: (i) the vendor assigned its 50% interest in the Chromium IP to KWG in exchange for 25 million units of KWG (each, a "**Unit**"), with each Unit comprising one Common Share and one Common Share purchase warrant exercisable at $0.10 for 5 years from closing; (ii) each of KWG and the vendor contributed its respective 50% interest in the Chromium IP to MMLP, with the result that each of KWG and the vendor hold a 50% partnership interest in MMLP; and (iii) KWG was granted the option to acquire a further 25% interest in MMLP from the vendor in exchange for an additional 12.5 million Units at any time within one year from closing. If the option is exercised, KWG will have the option to acquire the remaining 25% interest in MMLP from the vendor in exchange for a further 12.5 million Units at any time within one year after the exercise of the initial option.

- In May 2014, KWG announced drilling results from the drill program at the Koper Lake Project. The primary objective of the program was to increase the size of the inferred resources contained in the Black Horse chromite deposit. The secondary objective was to test an east-west trending gravity anomaly delineated by a detailed ground gravity survey conducted during the 2013 drilling program. A total of six holes were drilled during the program, three of which were on the Black Horse deposit. The core was sampled and submitted for assay. The data from the assays were added to the inferred resource estimate model.

- In June 2014, KWG filed the Koper Lake Technical Report, which supersedes the drilling results and mineral resource estimates contained in the technical report previously filed in September 2013, and the drilling results and mineral resource estimates reported in KWG's press release dated May 13, 2014.

- In June 2014, KWG filed the Big Daddy Technical Report.

DESCRIPTION OF THE BUSINESS

General

KWG is an exploration stage company that is participating in the discovery, delineation and development of chromite deposits in the James Bay Lowlands of Northern Ontario, including the Koper Lake Project and the Big Daddy Project. These deposits are globally significant sources of chromite which may be reduced into metallised iron and chrome, or refined into ferrochrome, a principal ingredient in the manufacture of stainless steel. KWG has been active in exploring the James Bay Lowlands since 1993 and discovered diamond bearing kimberlite pipes near Attawapiskat and five pipes near the Ring of Fire area in 1994. This led to the discovery of the McFaulds Lake copper-zinc volcanogenic sulphide deposits in 2002, which precipitated a staking rush that defined the "Ring of Fire".

The Koper Lake Project

Bold has the option, under the Fancamp Option Agreement, to acquire, in tranches, up to a 100% working interest in the Koper Lake Project, subject to a 2% net smelter returns royalty (the “**Fancamp Option**”).

Pursuant to the Koper Lake Option Agreement, KWG has the option to acquire: (i) 80% of Bold’s working interest in respect of chromite in the Koper Lake Project (the “**Chromite Interest**”); and (ii) 20% of Bold’s working interest in respect of other minerals in the Koper Lake Project (the “**Other Mineral Interest**”). KWG can acquire its interests by, among other things, funding 100% of the exploration program required to be completed in order for Bold to acquire its interest in the Koper Lake Project pursuant to the terms of the Fancamp Option Agreement.

To the extent Bold acquires its working interest in the Koper Lake Project by exercising stages of the Fancamp Option as a result of KWG acquiring its interests under the Koper Lake Agreement, KWG’s interests in the Koper Lake Project will increase proportionately. KWG has not yet acquired any of the Chromite Interest or the Other Mineral Interest. If Bold acquired a 100% working interest in the Koper Lake Project as a result of KWG acquiring its entire interest under the Koper Lake Option Agreement, the Chromite Interest held by KWG would be equal to an 80% working interest in the chromite and the Other Mineral Interest held by KWG would be equal to a 20% working interest in the other minerals in the Koper Lake Project.

Summaries of the Fancamp Option Agreement and the Koper Lake Option Agreement are set out below.

The Fancamp Option Agreement

Pursuant to the Fancamp Option Agreement, Bold has the right to acquire up to a 100% working interest in the Koper Lake Project as follows:

- the first stage of the Fancamp Option (“**Stage One of the Fancamp Option**”) entitles Bold to acquire from Fancamp a 50% working interest in the Koper Lake Project (“**Bold’s Stage One Interest**”);

- the second stage of the Fancamp Option (“**Stage Two of the Fancamp Option**”) entitles Bold to acquire from Fancamp a further 10% working interest in the Koper Lake Project (“**Bold’s Stage Two Interest**”);

- the third stage of the Fancamp Option (“**Stage Three of the Fancamp Option**”) entitles Bold to acquire from Fancamp a further 20% working interest in the Koper Lake Project (“**Bold’s Stage Three Interest**”); and

- the fourth stage of the Fancamp Option ("**Stage Four of the Fancamp Option**") entitles Bold to acquire from Fancamp a further 20% working interest in the Koper Lake Project ("**Bold's Stage Four Interest**").

Bold's right to acquire the working interest set out in each stage of the Fancamp Option is subject to the satisfaction of certain conditions and covenants set out in the Fancamp Option Agreement.

Stage One of the Fancamp Option

To exercise Stage One of the Fancamp Option:

(a) on the execution of the Fancamp Option Agreement, Bold paid $300,000;

(b) during the period from March 31, 2013 (the "**Option Date**") to March 31, 2016, Bold must pay an aggregate of $1,500,000 in cash option payments and incur an aggregate of $8,000,000 in prospecting, exploration and development work in respect of the Koper Lake Project ("**Mineral Right Expenditures**"), on the following schedule:

(i) Bold was to have incurred Mineral Right Expenditures of not less than $2,000,000 on or before March 31, 2014, (the "**First Period**"). KWG has satisfied this requirement;

(ii) Bold was to have paid $500,000 to Fancamp in cash or, at the option of Bold, shares with an equivalent market value, within seven days of the start of the second year following the Option Date. In February 2014, KWG satisfied this requirement by issuing 10,000,000 Common Shares to Fancamp. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information;

(iii) During the one-year period following the expiration of the First Period (the "**Second Period**"), Bold was to have incurred not less than $3,000,000 in Mineral Right Expenditures. KWG has satisfied this requirement;

(iv) Bold must pay $700,000 to Fancamp in cash or, at the option of Bold, shares with an equivalent market value, which can include Common Shares, within seven days of the start of the third year following the Option Date; and

(v) During the one-year period following the expiration of the Second Period, Bold must incur not less than $3,000,000 in Mineral Right Expenditures, which shall include any excess Mineral Right Expenditures made by Bold in the First Period and Second Period.

At such time as Bold acquires a 50% working interest in the Koper Lake Project pursuant to Stage One of the Fancamp Option as outlined above, Bold and Fancamp will enter into a joint venture pursuant to the terms of a joint venture agreement (the "**Bold-Fancamp Joint Venture**").

If Bold does not exercise Stage One of the Fancamp Option, the Fancamp Option Agreement shall terminate.

Stage Two of the Fancamp Option

To exercise Stage Two of the Fancamp Option:

(a) Bold must secure a positive feasibility study of any orebody located on the Koper Lake Project; and

(b) Bold must pay $700,000 to Fancamp, concurrent with delivery of a feasibility study, in cash or, at the option of Bold, shares with an equivalent market value, which can include Common Shares

(the date on which both (a) and (b) are satisfied being the "**Final Earn-In Date**").

Stage Two of the Fancamp Option may be exercised at any time prior to Bold and Fancamp establishing a program and budget for a feasibility study pursuant to the terms of the agreement governing the Bold-Fancamp Joint Venture.

Stage Three and Stage Four of the Fancamp Option

Within 90 days from the Final Earn-In Date, Bold will have the right to elect to exercise Stage Three of the Fancamp Option by paying $15,000,000 to Fancamp (the "**Final Fancamp Payment**"), in equal yearly instalments over a three year period and payable half in cash with, at the option of Bold, the balance payable in shares with an equivalent market value.

Bold may exercise Stage Four of the Fancamp Option within 90 days of the Final Earn-In Date, by granting a 2% Gross Metal Royalty ("**GMR**") to Fancamp upon the commencement of commercial production at the Koper Lake Project.

The Koper Lake Option Agreement

Pursuant to the Koper Lake Option Agreement, KWG has the option to acquire the Chromite Interest and the Other Mineral Interest.

Stage One

To acquire the Chromite Interest and the Other Minerals Interest in Bold's Stage One Interest:

(a) on the execution of the Koper Lake Option Agreement, KWG paid $300,000 to Bold as reimbursement for the first payment made by Bold to Fancamp pursuant to Stage One of the Fancamp Option;

(b) on the execution of the Koper Lake Option Agreement, KWG advanced to Bold $3,000,000 to be used to fund the exploration program on the Koper Lake Project undertaken in 2013 (allocated as to $1,000,000 to explore and drill the nickel copper target and $2,000,000 to explore and drill the chromite target);

(c) KWG must pay $1,200,000 in cash, or shares of equivalent market value, to Fancamp in satisfaction of option payments payable by Bold to Fancamp. In February 2014, KWG satisfied $500,000 of this funding obligation by issuing 10,000,000 Common Shares to Fancamp; and

(d) KWG must incur $5,000,000 in exploration expenses, being the balance of exploration expenses required to be incurred by Bold over a three-year period. As at the date hereof, KWG had satisfied $2,000,000 of this obligation.

In order to acquire the Chromite Interest and Other Mineral Interests in Bold's Stage One Interest, KWG must: (i) pay $700,000 due and owing to Fancamp under item (c) above, in the manner described in item (c) above; and (ii) incur $3,000,000 in exploration expenses as described in item (d) above.

Bold and KWG shall be deemed to have formed a joint venture once KWG acquired the Chromite Interest and the Other Mineral Interest in respect of Bold's Stage One Interest. The parties shall execute separate joint venture agreements in respect of the Chromite Interest and the Other Mineral Interest, respectively.

Stage Two

After KWG has acquired the Chromite Interest and the Other Minerals Interest in Bold's Stage One Interest, KWG may, by giving written notice to Bold, require Bold to acquire Bold's Stage Two Interest.

To acquire the Chromite Interest and the Other Minerals Interest in Bold's Stage Two Interest:

(a) KWG must pay $700,000 in respect of the option payment in respect of Stage Two of the Fancamp Option;

(b) KWG must incur 100% of all the costs of completing a feasibility study in respect of the chromite; and

(c) KWG must incur 20% of all the costs of completing a feasibility study in respect of any other minerals.

Stage Three

After KWG has acquired the Chromite Interest and the Other Minerals Interest in Bold's Stage Two Interest, KWG may, by giving written notice to Bold, require Bold to acquire Bold's Stage Three Interest.

To acquire the Chromite Interest and the Other Minerals Interest in Bold's Stage Three Interest KWG must pay the following portion of the Final Fancamp Payment required to be expended pursuant to the Fancamp Option as follows:

(a) if a chromite feasibility study is the first feasibility study to be produced in respect of the Koper Lake Project, 100% of the Final Fancamp Payment and the expenses associated with Fancamp having a 20% carried interest in the Koper Lake Project; or

(b) if a feasibility study in respect of minerals other than chromite is the first feasibility study to be produced in respect of the Koper Lake Project, 20% the Final Fancamp Payment and 20% of the expenses associated with Fancamp having a 20% carried interest in the Koper Lake Project.

In either (a) or (b) above, such amounts shall be payable by KWG in equal instalments over three years, half of which may be satisfied at the option of KWG by the issuance of Common Shares valued at the then current share price.

Stage Four

After KWG has acquired the Chromite Interest and the Other Minerals Interest in Bold's Stage Three Interest, KWG may, by giving written notice to Bold, require Bold to acquire Bold's Stage Four Interest.

To acquire the Chromite Interest and the Other Mineral Interest in Bold's Stage Four Interest KWG must assume the obligation to pay a portion of the GMR as follows:

(a) if a chromite feasibility study is the first feasibility study to be produced in respect of the Property, 80% of the GMR; or

(b) if a feasibility study in respect of minerals other than chromite is the first feasibility study to be produced in respect of the Property, 20% of the GMR.

The Big Daddy Project

The Big Daddy Project is currently operated pursuant to the terms of the Big Daddy JV Agreement. The Corporation, through its wholly owned subsidiary CCMC, holds a 30% interest in the Big Daddy Project. Pursuant to the Big Daddy JV Agreement, the purpose of the joint venture is to: further the exploration of the Big Daddy Project for mineral deposits, prepare a feasibility study, implement a construction program to build a mine, implement operating plans for commercial production of the Big Daddy Project and any other operation or activity necessary, appropriate or incidental to any of the foregoing. Under the terms of the Big Daddy JV Agreement, the parties contribute their respective rights and interests in the property forming the Big Daddy Project to the joint venture to form part of the joint venture assets. Cliffs Far North is the operator of the Big Daddy Project pursuant to the terms of the Big Daddy JV Agreement. A management committee and technical committee have also been formed under the Big Daddy JV Agreement. The Big Daddy JV Agreement also sets out the mechanisms by which the parties may elect to participate and contribute to work programs and to vary the parties' respective joint venture interests. In addition, the Big Daddy JV Agreement provides for the mechanisms to deal with cost overruns, defaults under the Big Daddy JV Agreement by a party thereto, and the sale of a party's joint venture interest. See "*General Development of the Business - Three Year History and 2014 Developments - 2012*" for more information.

The Railway Claims

CCC has staked the Railway Claims which cover a unique linear sand ridge, containing consolidated and non-consolidated aggregates and is anticipated to be suited for the construction of a railroad embankment to transport materials, including any mined materials, in and/or out of the Ring of Fire area. See "*General Development of the Business - Three Year History and 2014 Developments - 2012*" for more information.

Chromium IP

As part of its initiative to develop and identify opportunities to improve the conventional technology related to the conversion of chromite ores into metallised chrome and iron alloys, the Corporation has acquired an ownership interest in the Chromium IP. See "*General Development of the Business - Three Year History and 2014 Developments - 2014*" for more information.

Competitive Conditions

The mineral exploration and mining business is intensely competitive in all of its phases. KWG competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than KWG, in the search for and acquisition of exploration and development rights to attractive mineral properties and in the development of the properties in which it currently has an interest. KWG's ability to acquire exploration and development rights to properties in the future and to develop properties in which it has an interest will depend not only on its and Bold's ability to develop the Koper Lake Project, KWG's and Cliffs' ability to develop the Big Daddy Project, and its ability to develop other properties in which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights in suitable additional properties. See "*Risk Factors – Competition*" for more information.

Environmental Considerations

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions in respect of and approvals of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, fines and penalties for non-compliance may become more stringent. Non-compliance could have a material adverse effect on KWG's results of operations. KWG cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. See "*Risk Factors – Environmental*" for more information.

Employees

As at December 31, 2013, the Corporation had a total of 4 employees. KWG utilizes the services of two professionals on a consulting basis, the Chief Financial Officer and the Corporate Secretary. The Corporation seeks to employ individuals and utilize the services of consultants who have relevant mining experience and is able to identify such individuals through its industry contacts and reputable recruitment consultancies specializing in the mining sector. Please also see "*Risk Factors - Key Personnel*" for more information.

Cyclical Nature of Operations

The majority of the Corporation's exploration and development works and associated exploration and development expenditures are incurred between March and November to take advantage of the favourable ground conditions during these months.

Specialized skill and knowledge requirements

The Corporation has engaged a metallurgical consultant and Canadian and United States patent attorneys to advise it in regards to the prosecution of metallurgical recovery process patent applications in respect of the Chromium IP and attendant development tests. Please also see "*General Development of the Business - Three Year History and 2014 Developments – 2014 Developments*" for more information.

RISK FACTORS

An investment in the securities of the Corporation is subject to various risks and uncertainties, including those set out below and elsewhere in this AIF. Such risks and uncertainties should be carefully considered by an investor before making any investment decision. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's business operations.

KWG's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The risk factors include risks summarized below, risk factors disclosed at page 2 of this AIF, and risk factors disclosed in the Corporation's most recent Management's Discussion and Analysis available electronically on SEDAR at www.sedar.com. The Corporation attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Corporation will be profitable in the future, and an investment in Common Shares should be considered speculative.

Risks Related to the Mining Exploration and Development

Mineral Exploration

The business of exploration for minerals and mining involves a high degree of risk. A relatively small proportion of properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any of the mineral properties in which the Corporation holds interest or intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Corporation has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

Actual mineral production is difficult to predict and may differ significantly from the resource estimates contained in this AIF.

The estimates concerning KWG's mineral resources contained in the Technical Reports and in this AIF, and filed with the applicable securities commissions, are subject to considerable uncertainties. These estimates are based on interpretations by geologists of geological data obtained from sampling techniques and projected rates of production in the future. Until mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only, and no assurances can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any of its projects to development, KWG will need to rely upon estimated calculations as to mineral resources and grades of mineralization on its properties. In addition, it may take many years from the initial phase of drilling before production is possible. During that time, the economic feasibility of exploiting a discovery may change as a result of, among other things, market price fluctuations of metals, as well as increased production costs (including costs of power) or reduced recovery rates, may render mineral resources containing relatively low grades of mineralization uneconomic. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

The estimation of mineral resources is a subjective process that relies on the judgment of the persons preparing the estimates. These persons rely on the quantity and quality of available data and the estimation process is based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. Further studies are required as well.

Estimated mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. There can be no assurance that mineralization can be mined or processed profitably.

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability

The Koper Lake Technical Report does not estimate any mineral reserves for the Koper Lake Project. The Big Daddy Technical Report does not estimate any mineral reserves for the Big Daddy Project. There can be no assurance that any resource estimates for the Koper Lake Project or the Big Daddy Project will ultimately be reclassified as mineral reserves. The failure to establish proven and probable mineral reserves could restrict KWG's ability to successfully implement the proposed strategies for long-term growth and could have a material adverse effect on KWG's business, financial condition and prospects.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There can be no assurance that the mineral exploration programs at the Koper Lake Project or the Big Daddy Project will establish the presence of any proven or probable mineral reserves for the purposes of NI 43-101. The failure to establish proven or probable reserves at any of KWG's mineral properties would severely restrict its ability to implement its proposed strategies for long-term growth. In addition, the costs, timing and complexities of upgrading the mineralized material at the Koper Lake Project or the Big Daddy Project to proven or probable reserves, and ultimately to develop those reserves, may be greater than KWG currently anticipates.

By their nature, resource estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

actual results will meet the estimates contained in the Technical Reports;

- the estimates will be accurate;
- resource or other mineralization estimates will be accurate; or
- any mineralization can be mined or processed profitably.

Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of KWG's operations and exploration and development. In addition, there can be no assurance that chromite recoveries or other metal recoveries or the grades of concentrates produced in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. There can be no assurance that anticipated recoveries will be realized.

Fluctuation in chromite, ferrochrome, chromium and other base metals prices, results of drilling and metallurgical testing subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on KWG's business, financial condition and prospects.

Extended declines in market prices for chromite may render portions of the mineralization, and resource estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability of the Corporation's projects.

Title to Mineral Properties (Ownership Rights)

Although title to the properties has been reviewed by or on behalf of KWG, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada and KWG's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be limited. KWG has not conducted surveys of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims and title may be affected by, among other things, undetected defects. The holding of mineral rights does not provide full rights to the surface of the lands over those mineral rights – such surface rights may be held or acquired by third parties. There is no assurance that the Corporation's interest in any of its properties may not be challenged or impugned. In addition, KWG may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

Regulations and Permitting

The operations of the Corporation require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development or mining operations at its projects.

Environmental

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions on and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

In addition, certain types of operations require submissions in respect of and approvals of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, fines, and penalties for non-compliance may become more stringent. Non-compliance could have a material adverse effect on KWG's results of operations. KWG cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced.

Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory agency, could in the future require material expenditures by KWG, which could have a material adverse effect on KWG's business, financial condition and/or competitive position. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to remain fully compliant with all environmental regulations.

First Nations

KWG is committed to working in partnership with our local communities and First Nations in a manner which fosters active participation and mutual respect. KWG works towards minimizing negative project impacts, encouraging certain joint consultation processes, addressing certain decision making processes and maintaining meaningful ongoing dialogue not only for the Corporation but for all stakeholders in the Ring of Fire.

Many of KWG's contractors and suppliers live and work in the local communities. The Corporation regularly consults with communities proximal to the Corporation's exploration activities to advise them of plans and answer any questions they may have about current and future activities. The objective is to operate to the benefit of the shareholders and the local communities using the resources and the environment today without compromising the long-term capacity to support post-exploration and ultimately post-mining land uses.

First Nations in Ontario are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional territory or treaty lands. Should a First Nation make such a claim in respect of the lands subject to claims held by the Corporation and CCC and should such claim be resolved by government or the courts in favour of the First Nation, it could materially adversely affect the business of KWG.

Adequate Infrastructure

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Corporation.

Risks Related to the Corporation's Business

Additional Funding Requirements and Potential Dilution

KWG has no current or foreseeable prospect of generating significant revenues. Accordingly, the success of the Corporation is dependent, among other things, on obtaining sufficient funding to enable the Corporation to explore and develop its properties and to carry out its current plans. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

The Corporation will require new capital to continue to operate its business and to continue with exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Corporation's shareholders.

The issuance of Common Shares upon the exercise of options, compensation options and/or warrants will dilute the ownership of the Corporation's current shareholders. KWG may also issue additional securities convertible into Common Shares in the future, the conversion of which would result in further dilution to the shareholders of the Corporation.

Continuation of Operating Losses

The Corporation does not generate operating revenues upon which investors may rely. Consequently, investors will have to rely on the expertise of the Corporation's management. Further, the Corporation's properties are in the exploration stage and are not commercially viable at this time. The Corporation does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

The Chromium IP Transaction

There are no guarantees that a patent will be granted in respect of the Chromium IP, or that the processes described in connection therewith are effective. It is also possible that a third party may have prior or complimentary intellectual property rights that may be infringed by the exploitation of the processes described in the provisional patent applications acquired by KWG in the Chromium IP Transaction. It is hoped that any patents ultimately granted from the Chromium IP will prevent others from exploiting the claimed technology. However, no formal assessment of this potential has been made.

Proposed Railway Extension

The proposed railway leading in and out of the Koper Lake Project and the Big Daddy Project is currently in the planning stage and accordingly remains very preliminary in nature. In order to successfully develop such a railway, CCC will be required to follow a consultation process with relevant stakeholders before any such railway can be constructed. Notwithstanding that CCC has staked the claims on which it would expect the railway to be developed, many approvals, permits and other clearances are required to build a railway in general. There is no guarantee that any or all of the required permits for the construction of the proposed railway will be granted and even if such permits are granted, there is no guarantee that financing will be available in the future to construct the proposed railway.

Demand for Ferrochrome Products and Associated Price Risk

The ability of the Corporation to develop its mining properties and the future profitability of the Corporation are directly related to the market price of ferrochrome and demand levels for products made therefrom.

Share Price

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Corporation. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Corporation's securities.

Economic

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mineral exploration and mining business is intensely competitive in all of its phases. KWG competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than KWG, in the search for and acquisition of exploration and development rights to attractive mineral properties and in the development of the properties in which it currently has an interest. KWG's ability to acquire exploration and development rights to properties in the future and to develop properties in which it has an interest will depend not only on its and Bold's ability to develop the Koper Lake Project, KWG's and Cliffs' ability to develop the Big Daddy Project, and its ability to develop other properties in which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights in suitable additional properties. There is no assurance that KWG will compete successfully in acquiring exploration and development rights in such properties, or in the development of properties in which it has an interest, and such inability could have a material adverse effect on KWG's business and financial condition. Accordingly, there can be no assurances that KWG's exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

Dependence on Key Employees, Contractors and Management

KWG currently has a small executive management group, which is sufficient for the Corporation's present stage of activity. Given that KWG's success to date has depended, and in the future will continue to depend, in large part on the efforts of the current executive management group, the loss of any significant number of the members of this group could have a material adverse effect on the Corporation, its business and its ability to develop its projects. KWG does not maintain key person life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Corporation.

The mining industry has been impacted by increased worldwide demand for critical resources including industry consultants, engineering firms and technical experts. These shortages have caused increased costs and delays in planned activities. KWG is also dependent upon a number of key personnel, including the services of certain key employees and contractors. KWG's ability to manage its activities, and hence its success, will depend in large part on the efforts of these individuals. KWG faces intense competition for qualified personnel, and there can be no assurance that Corporation will be able to attract and retain such personnel. In addition, KWG does not anticipate having key man insurance in place in respect of any of its senior officers or personnel.

Conflicts of Interest

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

Uninsurable Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in exploration, and monetary losses and possible legal liability. Where KWG considers it practicable to do so, it maintains standard insurance to cover normal business risks in amounts believed to be reasonable and consistent with industry practice for companies at a similar stage of development.

Such insurance, however, contains exclusions and limitations on coverage and does not cover all potential risks associated with the operations of a mining company. Accordingly, KWG's insurance policies may not provide coverage for all losses related to KWG's activities (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material and adverse effect on KWG's results of operations and financial condition. KWG cannot be certain that insurance will be available to the Corporation, or that appropriate insurance will be available on terms and conditions acceptable to the Corporation. In some cases, coverage is not available or is considered too expensive relative to the perceived risk.

Joint Ventures and Option Agreements

KWG enters into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of a co-venturer to meet its obligations to KWG or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on such agreements. In addition, KWG may be unable to exert direct influence over strategic decisions made in respect to properties that are subject to the terms of these agreements.

Litigation

The Corporation is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Corporation is or may become subject could have a material effect on its financial position, results of operations or the Corporation's mining and project development operations.

Legal

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on KWG and cause increases in expenditures or exploration costs or reduction in levels of activities on our exploration projects, or require abandonment or delays in the development of new exploration properties.

Risks relating to intellectual property rights

Protection of Intellectual Property Rights

There will be limited protection of the Chromium IP in the form of patents only if and when they are granted. Any patents ultimately granted in respect of the Chromium IP may be invalidated, circumvented or challenged or rendered unenforceable. The rights granted thereunder may not provide competitive advantages to KWG. In addition, current and future patent applications with respect to the Chromium IP may not be issued with the scope of the claims sought, if at all. Furthermore, others may have already developed or may develop technologies that are similar or superior to the processes described in the provisional patent applications or may design around such patents to avoid infringing them. The Corporation cannot be sure that steps taken to protect the claimed technology will prevent misappropriation of such technology. In addition, effective patent protection may not be sought by the

Corporation, or may be unavailable or limited, in foreign countries where patent protection may be required or desirable.

Intellectual Property Litigation

Patents are subject to complex factual and legal issues that may give rise to uncertainty as to the ownership validity, scope and enforceability of a particular patent. There can be no assurance that claims for infringement or invalidity (or claims for damages, lost profits or indemnification resulting from infringement claims) will not be asserted or prosecuted against KWG. The Corporation may become involved with costly and lengthy litigation involving any patents ultimately granted in respect of the Chromium IP, which, in turn, could subject the Corporation to significant liability for damages, legal fees and costs which could adversely impact the Corporation's financial results, liquidity or the price of its securities. Any such claims would also divert a significant portion of management's attention and resources. Ultimately, any potential intellectual property litigation could prevent the Corporation from using or further developing the technologies acquired in the Chromium IP Transaction.

THE KOPER LAKE PROJECT

The information that follows relating to the Koper Lake Project is an extract from the Koper Lake Technical Report authored by Alan James Aubut, P. Geo., of SBG, an independent "Qualified Person" as such term is defined in NI 43-101. The complete Koper Lake Technical Report is incorporated by reference into this AIF.

Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the full text of the Koper Lake Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Corporation's profile at www.sedar.com. The Koper Lake Technical Report is dated May 28, 2014 and has an effective date of May 28, 2014.

For readers to fully understand the information in this document, they should read the Koper Lake Technical Report in its entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this document which qualifies the technical information. The Koper Lake Technical Report is intended to be read as a whole, and summaries or sections should not be read or relied upon out of context. The technical information in that report is subject to the assumptions and qualifications contained in the Koper Lake Technical Report.

Summary

The Koper Lake Project property is located in North-western Ontario, approximately 280 kilometres north of the town of Nakina. It consists of about 1,024 hectares covered by 4 unpatented mining claims. KWG Resources Inc. has an option to earn up to 80% in any chromium production and 20% in other minerals, and Bold Ventures Inc. in turn have an option to earn a 100% interest in the property from Fancamp Exploration Limited, with Bold being the operator in the initial option period.

The area is underlain by Archean volcanics and ultramafic rocks intruded by a granodiorite complex. The Koper Lake Project property is underlain by a multi-phase layered ultramafic intrusion consisting of peridotite, olivine cumulates including dunite, chromitite, pyroxenite and gabbro that have been transected by a major deformation zone. The chromitite consists of fine grained disseminated to massive accumulations of chromite grains typically in a peridotite to olivine intercumulate matrix.

Exploration to date has consisted of geophysics followed by diamond drilling designed to look for nickel-copper mineralisation and to trace the chromitite. The chromitite has been traced approximately 0.6 kilometres along strike and 1 kilometre down dip. The current objective is to define a chromite deposit that can be economically extracted using underground mining techniques.

Using the drill hole data available as of May 11, 2014, including new drilling done in early 2014, an updated Ordinary Kriged block model was created for the Koper Lake Project chromite deposit. The volume modelled is 0.6 kilometre long and has a down dip extent of approximately 1.0 kilometre with the top of the mineral zone as high as 350 metres below surface and has been traced down to a depth of approximately 1400 metres below surface. All of the resources present have a low confidence in the estimate such that they can only be classified as Inferred Resources. The following table provides the identified Inferred Resources using a cut-off of 20% Cr203.

Classification	Tonnes (millions)	$\%Cr_2O_3$
Inferred Resources	77.2	35.1

Notes:

(1) CIM Definition Standards were followed for classification of Mineral Resources.

(2) The Mineral Resource estimate uses drill hole data available as of May 11, 2014.

(3) The cut-off of 20% Cr_2O_3 is the same cut-off used for the Kemi deposit as reported by Alapieti et al. (1989) and for the nearby Big Daddy chromite deposit (Aubut, 2012).

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Using this 20% cut-off, there are 77.2 million tonnes at a grade of 35.1% Cr_20_3 of Inferred Resources which should be easily upgradable through gravity concentration. Currently chromite ore concentrates of 40-42% Cr_20_3 sell for approximately US$150 per tonne. No mineability and dilution studies have been applied to these resources and therefore they may not all be economically recoverable.

The drill hole spacing is 100 to 300 metres with several off-azimuth holes. To date only 8 holes have tested the mineral zone on the property and of these intersections most are very steep and cut the zone at a very oblique angle. As a result there is poor confidence in the lateral continuity of the mineralization to a degree that all of the defined resources can only be classified as Inferred Resources at this time.

It is recommended that further drilling be done to extend the limits of the known chromitite and to infill areas to better define the continuity. The estimated cost of this program is $14.2 million.

THE BIG DADDY PROJECT

The information that follows relating to the Big Daddy Project is an extract from the Big Daddy Technical Report authored by Alan James Aubut, P. Geo., of SBG, an independent “Qualified Person” as such term is defined in NI 43-101. The complete Big Daddy Technical Report is incorporated by reference into this AIF.

Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the full text of the Big Daddy Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Corporation’s profile at www.sedar.com. The Big Daddy Technical Report is dated May 20, 2014 and has an effective date of May 29, 2014.

For readers to fully understand the information in this document, they should read the Big Daddy Technical Report in its entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this document which qualifies the technical information. The Big Daddy Technical Report is intended to be read as a whole, and summaries or sections should not be read or relied upon out of context. The technical information in that report is subject to the assumptions and qualifications contained in the Big Daddy Technical Report.

Summary

The property is located in North-western Ontario, approximately 280 kilometres north of the town of Nakina. It consists of approximately 1,241 hectares covered by 7 unpatented mining claims held in a joint venture between Canada Chrome Mining Corporation (30%), Cliffs Chromite Far North Inc. (30%) and Cliffs Chromite Ontario Inc. (40%). Canada Chrome Mining Corporation is a 100% owned subsidiary of KWG Resources Inc. (KWG). Cliffs Chromite Far North Inc. and Cliffs Chromite Ontario Inc. are both 100% owned subsidiaries of Cliffs Natural Resources Inc.

The area is underlain by Archean volcanics and ultramafic rocks intruded by a Granodiorite complex. The Big Daddy chromite deposit is hosted by a multi-phase layered ultramafic intrusion consisting of peridotite, olivine cumulates including dunite, chromite, pyroxenite and gabbro. The chromite mineralisation consists of fine grained disseminated to massive accumulations of chromite grains typically in a peridotite to olivine cumulate matrix. There are multiple layers of significant chromite accumulation.

Exploration to date has consisted of geophysics followed by diamond drilling designed to trace the Big Daddy chromite zone approximately 1.2 kilometres along strike and approximately 490m down dip. The ultimate objective is to define a chromite deposit that can be economically extracted using a combination of open pit and underground mining techniques.

Using the drill hole data available as of June 1, 2012, an Ordinary Kriged block model was created for the Big Daddy chromite deposit. The volume modelled is 1.3 kilometres long and is down to a depth of approximately 490 metres below surface. A significant proportion of all resources present have a high enough confidence in the estimate that they can be classified as Measured and Indicated Resources with the remainder being Inferred Resources. The following table provides the breakdown based on CIM resource classifications, using a cut-off of 20% Cr2O3.

Classification	Tonnes (millions)	%Cr_2O_3
Measured Resources	23.3	32.1
Indicated Resources	5.8	30.1
Meas. & Ind. Resources	29.1	31.7
Inferred Resources	3.4	28.1

Notes:

(1) CIM Definition Standards were followed for classification of Mineral Resources.

(2) The Mineral Resource estimate uses drill hole data available as of June 1, 2012.

(3) The cut-off of 20% Cr_2O_3 is the same cut-off used for the Kemi deposit as reported by Alapieti et al. (1989).

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Using this 20% cut-off, there are 29.1 million tonnes at a grade of 31.7% Cr2O3 of Measured and Indicated Resources which preliminary metallurgical testing indicates should be easily upgradable through gravity concentration. And there are 3.4 million tonnes at a grade of 28.1% Cr2O3 of Inferred Resources. No mineability and dilution studies have been applied to these resources and therefore they may not all be economically recoverable.

The drill hole spacing is typically 50 metres with several off-azimuth holes. As a result there is good confidence in the lateral continuity of the mineralization to a degree that a significant proportion of the defined resources can be classified as Measured and Indicated Resources at this time.

It is recommended that further drilling be done to infill areas that currently are poorly sampled, and to extend the limits down dip as the mineralization is still open on this direction. The estimated cost of this program is $3.5 million.

DIVIDENDS AND DISTRIBUTIONS

On December 28, 2011, the Corporation distributed to its shareholders, by way of a return of capital, all of its common shares of DDI, which consisted of 38,210,934 shares, on the basis of six shares of DDI for every 100 shares of KWG held.

There is no restriction that could prevent the Corporation from paying dividends or distributions. Dividends and distributions, if any, will be paid solely at the discretion of KWG's board of directors (the "**Board**") after taking into account the Corporation's financial condition and other relevant factors.

The Corporation does not have a dividend or distribution policy and does not anticipate paying dividends or distributions in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

General Description

Common Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the date hereof, there are issued and outstanding: 777,512,273 Common Shares. Holders of the Common Shares are entitled to receive notice of, attend and vote at, any meeting of shareholders of the Corporation. Holders of Common Shares are entitled to receive on a *pro rata* basis such dividends as may be declared by the Board, out of funds legally available therefor. In the event of the liquidation, dissolution or winding up of the Corporation, holders of Common Shares will be entitled to receive on a *pro rata* basis all of the assets of the Corporation remaining after payment of all of the Corporation's liabilities.

Outstanding Convertible Securities

As of the date hereof, the following warrants to purchase Common Shares are outstanding:

Number of Warrants	Exercise Price	Expiry Date
8,750,000	$0.12	June 2014
15,000,000	$0.10	July 2014
26,400,000	$0.10	August 2014
21,000,000	$0.15	August 2016
3,000,000	$0.12	March 2017
25,000,000	$0.10	April 2019

As of the date hereof, the following warrants to purchase flow-through Common Shares are outstanding:

Number of Warrants	Exercise Price	Expiry Date
6,000,000	$0.10	June 2016
5,000,000	$0.10	September 2016
4,760,000	$0.10	October 2016
27,200,000	$0.10	November 2016

Number of Warrants	Exercise Price	Expiry Date
2,310,000	$0.10	December 2016
200,000	$0.10	January 2017
1,700,000	$0.10	February 2017
1,000,000	$0.10	March 2017
2,200,000	$0.15	April 2017

As of the date hereof, the following compensation options to purchase Common Shares are outstanding:

Number of Compensation Options	Exercise Price	Expiry Date
750,000	$0.12	June 2014
332,000	$0.05	November 2016
20,000	$0.05	March 2017

As of the date hereof, the following options to purchase Common Shares are outstanding

Number of Options	Exercise Price	Expiry Date
5,623,500	$0.10	October 2014
24,545,000	$0.125	May 2015
1,500,000	$0.14	June 2015
3,500,000	$0.115	March 2016
800,000	$0.10	November 2016
11,000,000	$0.10	December 2015
7,100,000	$0.10	March 2017
12,336,000	$0.10	May 2018
8,400,000	$0.10	April 2019

Shareholder Agreement

In March 2009, the Corporation and Cliffs Green B.V. ("**Cliffs B.V.**"), an affiliate of Cliffs, entered into a shareholder agreement pursuant to which:

1 Cliffs B.V. was granted rights of first refusal with respect to the issuance (whether by private placement, public offering or otherwise) of securities of the Corporation, allowing Cliffs B.V. to purchase (with certain enumerated exceptions) all such securities offered by the Corporation in respect of any issuances;

2 Cliffs B.V. was granted pre-emptive rights with respect to the issuance (whether by private placement, public offering or otherwise) of securities of the Corporation, allowing it to purchase

from the Corporation (on the same terms as applicable in the particular issuance) such number of securities as is necessary to ensure that Cliffs B.V.'s percentage ownership of securities (calculated on a fully diluted basis) immediately after such issuance would be nearly as nearly equal as possible to its percentage ownership immediately before such issuance; and

3 as long as Cliffs B.V. and its affiliates collectively own at least 10% of the outstanding voting securities of the Corporation, Cliffs B.V. is entitled to appoint one nominee to the Board for election at the annual general meeting of the shareholders. Any vacancy in the Board created by the removal or resignation of the nominee of Cliffs B.V. shall be filled with a new designee of Cliffs B.V. The appointment of any nominee or designee is subject to any applicable securities law and stock exchange requirements. As of the date hereof, Cliffs B.V. does not have a nominee on the Board.

MARKET FOR SECURITIES

Price Range and Volume Traded

The Corporation's Common Shares are listed for trading on the TSXV and Canadian Securities Exchange and trade under the symbol "KWG". The Corporation is classified as a Tier 1 Issuer on the TSXV.

The following table sets out the price range for, and trading volume of, the Common Shares on the TSXV as reported by the TSXV for the periods indicated:

Month	High ($)	Low ($)	Trading Volume
June 1-2, 2014	$0.07	$0.07	296,086
May 2014	0.075	0.065	21,541,159
April 2014	0.09	0.065	53,962,490
March 2014	0.055	0.045	5,840,858
February 2014	0.05	0.04	8,886,981
January 2014	0.05	0.04	5,078,245
December 2013	0.05	0.04	5,766,304
November 2013	0.055	0.04	18,618,179
October 2013	0.055	0.04	18,381,034
September 2013	0.06	0.045	16,281,225
August 2013	0.045	0.035	4,956,640
July 2013	0.04	0.035	2,226,962
June 2013	0.045	0.035	4,250,614
May 2013	0.05	0.04	2,554,513
April 2013	0.05	0.04	4,998,934
March 2013	0.065	0.05	14,118,749
February 2013	0.06	0.045	6,540,553
January 2013	0.05	0.04	8,653,798

Prior Sales

The following table sets out certain indicated information relating to the issuance of securities of the Corporation during the period ended December 31, 2013, that are not listed or quoted on a marketplace:

Date of Issue	Type of security	Number of Securities Issued	Price per Security
2013-05-10	stock option(1)	12,336,000	$0.10
2013-06-27	Flow-Through Unit(2)	6,000,000	$0.05
2013-09-13	Flow-Through Unit(2)	5,000,000	$0.05
2013-10-13	Flow-Through Unit(2)	4,760,000	$0.05
2013-11-13	Flow-Through Unit(2)	27,200,000	$0.05
2013-11-13	compensation option(3)	332,000	$0.05
2013-12-16	Flow-Through Unit(2)	2,310,000	$0.05

Notes:

(1) Each stock option entitles the holder to acquire one Common Share at an exercise price of $0.10 per share until May 10, 2018.

(2) Each Flow-Through Unit comprises one flow-through Common Share and one warrant which may be exercised to acquire a further flow-through Common Share for $0.10 at any time within three years from the date of issuance of the Flow-Through Unit.

(3) Each compensation option entitles the holder to acquire one Common Share at a price of $0.05 until November 13, 2016.

The following is a summary of the issuance of securities of the Corporation from January 1, 2014 until the date hereof:

- On January 17, 2014 the Corporation closed $20,000 of the Private Placement issuing 200,000 Flow-Through Units. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On February 7, 2014, the Corporation issued 10,000,000 Common Shares to Fancamp as part of the consideration to be paid pursuant to Stage One of the Fancamp Option, which KWG had agreed to fund pursuant to the terms of the Koper Lake Option Agreement. This issuance of shares entitled the Corporation to continue to maintain the option to acquire up to an 80% interest in respect of chromite in the Koper Lake Project and up to a 20% interest in respect of other minerals in the Koper Lake Project. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On February 7 2014, the Corporation issued 282,500 Common Shares to AGORACOM pursuant to the terms of the Service Contract. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On February 17, 2014, the Corporation completed the final tranche of the Private Placement issuing 1,700,000 Flow-Through Units at $0.05 each for gross proceeds of $85,000. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On March 26, 2014, the Corporation completed a private placement issuing 1,000,000 Flow-Through Units at $0.05 each for gross proceeds of $50,000. The Corporation issued a compensation option to purchase 20,000 Common Shares as part of the finder's fees payable in connection with this private placement. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On April 8, 2014, the Corporation granted 8,400,000 options to purchase 8,400,000 Common Shares exercisable at $0.10 until April 2019. Of these 1,600,000 were granted to employees, 1,800,000 to officers, 500,000 to an officer and director, and 4,500,000 to directors. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On April 25, 2014, the Corporation completed a private placement issuing 2,200,000 flow-through units, consisting of one flow-through Common Share and one warrant which may be exercised to acquire a further flow-through Common Share at $0.15, for total proceeds of $220,000. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

- On May 12, 2014, the Chromium IP Transaction was closed, pursuant to which KWG acquired a 50% interest in the Chromium IP. As part of the Chromium IP Transaction: (i) the vendor assigned its 50% interest in the Chromium IP to KWG in exchange for 25 million Units, with each Unit comprising one Common Share and one Common Share purchase warrant exercisable at $0.10 for 5 years from closing; (ii) each of KWG and the vendor contributed its respective 50% interest in the Chromium IP to MMLP, with the result that each of KWG and the vendor hold a 50% partnership interest in MMLP; and (iii) KWG was granted the option to acquire a further 25% interest in MMLP from the vendor in exchange for an additional 12.5 million Units at any time within one year from closing. If the option is exercised, KWG will have the option to acquire the remaining 25% interest in MMLP from the vendor in exchange for a further 12.5 million Units at any time within one year after the exercise of the initial option. See "*General Development of the Business – Three Year History and 2014 Developments – 2014 Developments*" for more information.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

For the period ended December 31, 2013, and as at the date of this AIF, no securities of KWG were, or are, subject to escrow or contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The name, province or state, country of residence, position or office held with the Corporation, length of service as a director, the date when such directorship expires and the principal occupation during the past five years of each director and executive officer of the Corporation are described below:

Name and Province/State and Country of Residence	Office or Position Held with the Corporation	Previous Service as a Director of the Corporation	Expiry of Term as a Director of the Corporation	Principal Occupation during past Five Years
Frank C. Smeenk[(1)] Ontario, Canada	Director and President, Chief Executive Officer	Since April 14, 1998	Next annual meeting of shareholders	President, Chief Executive Officer of the Corporation since May 2005. Managing Director of Debut Diamonds Inc., a diamond exploration company, since July 2008

Name and Province/State and Country of Residence	Office or Position Held with the Corporation	Previous Service as a Director of the Corporation	Expiry of Term as a Director of the Corporation	Principal Occupation during past Five Years
Douglas M. Flett(2)(3) Ontario, Canada	Chairman and Director	Since January 25, 2006	Next annual meeting of shareholders	Treasurer and general counsel of Fletcher Nickel Inc., a public junior mining company, since December 4, 2003
Cynthia Thomas(1)(2)(3) Nevada, USA	Director	Since May 21, 2010	Next annual meeting of shareholders	CEO of Conseil Advisory Service, a consulting practice, since 2000
Thomas Pladsen(1)(2)(3) Ontario, Canada	Director	Since February 29, 2012	Next annual meeting of shareholders	Chief Financial Officer of Atacama Pacific Gold Corporation, a public gold exploration and development company, since September 2010. Private businessman from July 2009 to August 2010. Chief Executive Officer of Andina Minerals Inc., a public gold exploration and development company, from January 2005 to July 2009
Donald A. Sheldon Ontario, Canada	Director	Since April 8, 2014	Next annual meeting of shareholders	Executive Officer and Securities Lawyer at Sheldon Huxtable Professional Corporation, a law firm since March 2005
Thomas E. Masters Ontario, Canada	Chief Financial Officer	N/A	N/A	Partner, Palmer Reed, an accounting firm, since 1989. CFO of the Corporation since September 2009. CFO of Debut Diamonds Inc., a diamond exploration company, since September 2011. CFO of Fletcher Nickel Inc., a nickel exploration company, since November 2011.

Notes:

(1) Member of the Corporate Governance and Nominating Committee.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

As at the date of this AIF, the directors and executive officers of KWG, as a group, beneficially owned, or controlled or directed, directly or indirectly, 12,368,500 Common Shares or approximately 1.64% of the issued and outstanding Common Shares. Furthermore, the directors and executive officers of KWG hold 29,071,000 options and 20,310,000 warrants, each of which entitles the holder to acquire one additional Common Share or flow-through Common Share, as the case may be.

The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to KWG by the directors and executive officers individually.

Cease Trade Orders

Other than as set out below, no director or executive officer of KWG is, as at the date of this AIF, or was, within 10 years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any Corporation (including KWG) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the relevant corporation; or

(ii) was subject to an Order, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

Other than as set out below, no director or executive officer of KWG or, to the knowledge of KWG, any shareholder holding a sufficient number of securities of KWG to affect materially the control of KWG, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Bankruptcies

No director or executive officer of KWG or, to the knowledge of KWG, any shareholder holding a sufficient number of securities of KWG to affect materially the control of KWG:

(i) is, at the date of this AIF, or has been within 10 years prior to the date of this AIF, a director or executive officer of any company (including KWG) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or

(ii) has, within 10 years prior to the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Frank C. Smeenk

On June 8, 1999, MacDonald Oil Exploration Ltd. ("**MacDonald Oil**") commenced a share exchange takeover bid offering under the provisions of the *Canada Business Corporations Act*, for the shares of Bresea Resources Ltd. ("**Bresea**") (the "**Offer**"). Thirty-five minutes prior to the Offer's expiry on July 12, 1999, the Ontario and Alberta Securities Commissions (the "**Commissions**") issued Temporary Orders to cease trading in the shares of Bresea and the consideration to be paid for some 22 million Bresea shares previously tendered to the Offer. At a joint hearing of the Commissions convened on August 11, 1999 the Commissions issued orders (the "**Orders**") in both Alberta and Ontario that trading cease by MacDonald Oil in the shares of Bresea and the consideration to have been paid for them by MacDonald Oil until, among other things, all such Bresea shares were returned to or withdrawn by their prior holders. All the Bresea shares were returned or withdrawn. Mr. Smeenk was, at the time of the Orders' effect, an officer and director of MacDonald Oil.

In consequence of the Orders, MacDonald Oil was unable to satisfy its auditor as to the value of its investment in the Offer, prior to the time for filing its subsequent annual financial statements. Its application to the Ontario Securities Commission ("**OSC**") for leave to therefore extend the time for filing was declined by the issue of a 15 day Temporary Order on February 2, 2000 which was dissolved on its expiry by the Issuer's timely filings in the interim. Mr. Smeenk was made a party to the Temporary Order as a then-current insider of the Issuer.

Mr. Smeenk and MacDonald Oil (and other persons) entered into a settlement agreement with the OSC dated January 8, 2001 whereunder the parties agreed to the settlement of proceedings initiated by the OSC in respect of instances of non-compliance by Mr. Smeenk and MacDonald Oil (and others) with filing, disclosure and trading requirements under Ontario securities laws. The terms of the settlement provided that, *inter alia*, (i) each of the respondents would be reprimanded by the OSC; (ii) Mr. Smeenk would make a payment of $5,000 to the OSC in respect of the OSC's costs; (iii) commencing March 21, 2001, Mr. Smeenk would cease trading in any securities acquired by him after the date of the settlement for a period of one year; and (iv) Mr. Smeenk could continue as a director and as executive vice-president of MacDonald Oil but would be prohibited, for a period of two years, from assuming the responsibilities of certain of MacDonald Oil's other offices, or acting as the chair of its board of directors or of any of its board committees.

Final Orders to cease trading in the shares of MacDonald Oil were issued by the Ontario Securities Commission on January 24, 2002, by the British Columbia Securities Commission on January 25, 2002 and by the Québec Securities Commission on February 4, 2002. Mr. Smeenk continues to be a director and officer of MacDonald Oil.

Conflicts of Interest

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation or any of its subsidiaries and any of their respective directors or officers. However, certain of the directors and officers and other members of management serve as directors, officers, and members of management of other public resource companies or are shareholders of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Corporation.

PROMOTERS

No person or company has been, within the last two most recently completed financial years, or is during the current financial year, a promoter of the Corporation or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that involve a claim for damages, the amount of which, exclusive of interest and costs, exceeds 10% of KWG's current assets, to which KWG is or was a party to or of which any of its properties is or was the subject of, during the financial year ended December 31, 2013, nor are there any such proceedings known to KWG to be contemplated.

There were no: (i) penalties or sanctions imposed against KWG by a court relating to securities legislation or by a securities regulatory authority during KWG's financial year ended December 31, 2013; (ii) penalties or sanctions imposed by a court or regulatory body against KWG that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements KWG entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2013.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No (i) director or executive officer of the Corporation, (ii) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of KWG's outstanding Common Shares, and (iii) affiliate or associate of any persons or companies aforementioned, has or had any material interest, directly or indirectly, in any transactions within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of the Corporation is Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5Y 2Y1, Canada.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that were entered into during the financial year ended December 31, 2013, or that were entered into before such most recently completed financial year but are still in effect, are:

- the shareholder agreement dated March 16, 2009 entered into between the Corporation and Cliffs B.V. See "*Description of Capital Structure – Shareholder Agreement*" for more information; and

- the Koper Lake Option Agreement. See "*Three Year History and 2014 Developments*" and "*Description of Business*" for more information.

INTERESTS OF EXPERTS

The Corporation's consolidated financial statements for the year ended December 31, 2013 have been audited by McGovern, Hurley, Cunningham, LLP Chartered Accountants, Toronto, Ontario, Canada. In connection with the Corporation's annual financial statements for the year ended December 31, 2013, the auditors confirmed that they are independent within the meaning of the Rules of Professional Conduct of Ontario.

Information relating to the Koper Lake Project was derived from the Koper Lake Technical Report which was prepared by Alan Aubut P.Geo., Geologist, an independent Qualified Person. Information relating to the Big Daddy Project was derived from the Big Daddy Technical Report which was prepared by Alan Aubut P.Geo., Geologist, an independent Qualified Person. All other technical information contained in this AIF was approved by Maurice Lavigne, P.Geo, Vice President, Exploration and Development of KWG, a Qualified Person within the meaning of NI 43-101.

To the best of the Corporation's knowledge, no Qualified Person or company referred to above, beneficially owns, directly or indirectly, or exercises control or direction over more than one percent of the Corporation's issued and outstanding Common Shares. Furthermore, to the best of the Corporation's knowledge no Qualified Person or company referred to above has an interest in any property of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Management Information Circular prepared by the Corporation in connection with its Annual and Special Meeting of shareholders held on June 5, 2013. Additional financial information is provided in the Corporation's comparative consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2013.