

FORM 45-106F1
REPORT OF EXEMPT DISTRIBUTION

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer Information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

KWG Resources Inc., Suite 2750, 600, de Maisonneuve West, Montréal, Québec H3A 3J2 Tel.: (514) 866-6001

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Reporting issuer in **Québec, Ontario, Manitoba, Alberta, British Columbia and Nova Scotia**

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> Exploration/development |
| <input type="checkbox"/> Investment companies and funds | <input type="checkbox"/> Production |
| <input type="checkbox"/> Mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |

Details of distribution

Item 4: Complete Schedule 1 to this report - Schedule 1 is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates. **April 29 and May 4, 2016**

Item 6: For each such security distributed:

- (a) describe the type of security;
- Units – each unit is comprised of one common share and one common share purchase warrant (“Warrant”)
- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; **57,325,000**
- each Warrant entitles the holder thereof to acquire an additional flow-through common share at \$0.05 during a 60 month period.
- (c) state the exemptions relied on. 2.3 – 2.14 – 2.5

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions of finder’s fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$1) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Ontario	5	0.02	221,500
Québec	2	0.02	35,000
British Columbia	2	0.02	860,000
Alberta	1	0.02	30,000
Total number of Purchasers	10		

Total dollar value of distribution in all jurisdictions (Canadian \$)		1,146,500
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Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				Total dollar value of compensation (Canadian\$)
	Cash (Canadian \$)	Securities Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Leede Jones Gable & Company 1000 – 110 Yonge St. Toronto, Ontario M5C 1T6		525,000 units	\$0.02	2.3	10 500
Vincent McCormick 940 Latonia Rd Victoria, BC V9C 3A8		2,028,500 units	\$0.02	2.3	40,570
Bob Zarchekoff 5036 Harris Rd Calgary AB T2K 2P9		51,000	\$0.02	2.3	1,200

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the Issuer, I certify that the statements made in this report are true.

Date: May 9, 2014

KWG Resources Inc.
Name of Issuer (please print)

Luce L. Saint-Pierre, Corporate Secretary 514.866.6001 ext. 230
Print name, title and telephone number of person signing

Luce L. Saint-Pierre

Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.