

Form 51-102F3

**MATERIAL CHANGE REPORT UNDER SECTION 7.1(1) OF
NATIONAL INSTRUMENT 51-102 AND SECTION 5.2 OF
MULTILATERAL INSTRUMENT 61-101**

Item 1 Name and Address of Company

KWG Resources Inc. (the “Company”)
600 de Maisonneuve West
Suite 2750
Montreal, QC H3A 3J2

Item 2 Date of Material Change

April 29 and May 4, 2016

Item 3 News Release

The news releases announcing the closing of the private placement were disseminated through the facilities of Market Wire on April 29, 2016.

Item 4 Summary of Material Change

The Company issued 87,500,063 units and 2,401,250 common shares.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

(i) The Company closed a private placement of 84,895,563 units (“Units”) at \$0.02 per Unit. Each Unit is composed of one common share and one common share purchase warrant (“Warrant”). Each warrant is exercisable to purchase one common share at \$0.05 for five years. The private placement includes \$0.6 million in settlement of amounts payable to directors, officers, employees and consultants. In addition, finders’ fee were paid by the issuance of 2,604,500 Units.

The Company was granted relief to the Canadian Stock Exchange’s minimum price rule.

In addition, the Company issued 2,401,250 common shares in payment of services as previous agreements.

All securities issued have a hold period of four months.

Directors and officers of the Company participated in the private placement for a total of 22,162,496 Units. The participation of such subscribers in the private placement constitutes a “related party transaction” under Multilateral Instrument 61-101- Protection

of Minority Security Holders in Special Transactions (“MI 61-101”), but the Company was exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the private placement as neither the fair market value of the securities issued, nor the consideration for such securities, in so far as it involves interested parties, exceeded 25% of the Company’s market capitalization as calculated pursuant to MI 61-101. The Company completed the subscription within 21 days of the date the board of directors approved these participations as part of the private placement.

(ii) In addition, the following disclosure is required under Multilateral Instrument 61-101 - *Take-Over Bids and Special Transactions* (“MI 61-101”).

(a) a description of the transaction and its material terms:

The Company closed a non-brokered private placement of 84,895,563 Units at \$0.02 per Unit. Each Unit is composed of one common share and Warrant. Each warrant is exercisable to purchase one common share at \$0.05 for five years.

(b) the purpose and business reasons for the transaction:

The purpose of the transaction was to raise proceeds to be used by the Company to pay the initial costs of the feasibility study to be undertaken by China Railway First Survey & Design Institute Group Co., Ltd. and for working capital, including the payments of amounts payable.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

See paragraph (b) above.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Frank Smeenk, director and President and Chief Executive Officer of the Company, was issued 8,758,650 Units, of which 8,500,000 were issued in settlement of unpaid salaries totalling \$170,000. The remaining 58,650 Units were subscribed for and paid in cash by Mr. Smeenk.

Douglas Flett, a director of the Company, was issued 1,725,000 Units in settlement of unpaid director’s fees totalling \$34,500.

Cynthia Thomas, a director of the Company, was issued 750,000 Units in settlement of unpaid director’s fees totalling \$15,000.

Donald Sheldon, a director of the Company, was issued 600,000 Units in settlement of unpaid director’s fees totalling \$12,000.

Thomas Pladsen, a director of the Company, was issued 1,100,000 Units in settlement of unpaid director’s fees totalling \$22,000.

Thomas E Masters Professional Corporation, a corporation controlled by Thomas Masters, Chief Financial Officer of the Company, was issued 2,825,000 Units in settlement of an amount of \$56,500 due for past services.

Maurice Lavigne, Vice President of Exploration and Development of the Company, was issued 5,653,846 Units in settlement of unpaid salaries totalling \$113,076.

Corporation financiere LLSP, a corporation controlled by Luce Saint-Pierre, Corporate Secretary of the Corporation, was issued 750,000 Units in settlement of an amount of \$15,000 due for past services.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

As a result of these participations in the Offering as described above, the percentage of securities of the Company beneficially owned or controlled by the above named subscribers is as follows:

- Frank Smeenk : approximately 2.4% of the outstanding shares and 4.6% of the outstanding warrants and compensation options.
- Douglas Flett : approximately 0.3% of the outstanding shares and 1.0% of the outstanding warrants and compensation options.
- Cynthia Thomas : approximately 0.1% of the outstanding shares and 0.4% of the outstanding warrants and compensation options.
- Donald Sheldon : approximately 0.1% of the outstanding shares and 0.3% of the outstanding warrants and compensation options.
- Thomas Pladsen : approximately 0.1% of the outstanding shares and 0.5% of the outstanding warrants and compensation options.
- Thomas Masters : approximately 0.3% of the outstanding shares and 1.5% of the outstanding warrants and compensation options.
- Maurice Lavigne : approximately 1.6% of the outstanding shares and 4.0 % of the outstanding warrants and compensation options.
- Luce Saint-Pierre : approximately 0.1% of the outstanding shares and 0.4% of the outstanding warrants and compensation options.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

Given the financial situation of the Company, the private placement was unanimously approved by the directors of the Company as well as the reimbursement of amounts due to directors and officers in Units. There were no contrary views or disagreements in respect of the private placement.

(f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable. See paragraph (i) below.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

In respect of their participation to the private placement, each of Frank Smeenk, Douglas Flett, Cynthia Thomas, Donald Sheldon, Thomas Pladsen, Thomas Masters, Maurice Lavigne and Luce Saint-Pierre were issued Units under the same terms and conditions as the other purchasers of Units under the private placement.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

Under subsections 5.5(a) and 5.7(a) of MI 61-101, the Company is exempted from the requirements under MI 61-101 of having to perform a formal valuation and obtain minority shareholder approval in connection with the transaction, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for,

the transaction, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization, calculated in accordance with MI 61-101.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Luce L. Saint-Pierre
Corporate Secretary
(514) 866.6001 ext. 230

Item 9 Date of Report

May 9, 2016

