

PRESS RELEASE

No. 243

**KWG**

Symbol on CSE:  
Shares issued and outstanding:

**KWG**  
**961,320,281**

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**KWG AND CHINA RAILWAY FSDI INK STRATEGIC COOPERATION AGREEMENT  
FSDI TO COMPLETE CONDITIONAL BANKABLE FEASIBILITY STUDY**

Toronto, Canada, August 22<sup>nd</sup>, 2016 – **KWG Resources Inc. (CSE: KWG) (FRANKFURT: KW6)** (“KWG”) announces that it has entered a Framework Strategic Cooperation Agreement with China Railway First Survey & Design Institute Group Co., Ltd. (“FSDI”). Pursuant to the Strategic Cooperation Agreement, the parties have also executed a Conditional Bankable Feasibility Study Consultation Service Agreement (“BFSCS”). Under terms of the BFSCS the parties have agreed on the deliverables and timetable for FSDI to complete a Conditional Bankable Feasibility Study on a railroad from the mineral properties in Ontario’s *Ring of Fire* to a junction with the CN Railroad at Exton, Ontario.

***The Study will include:***

- Traffic volume estimates
- Corridor Alignment identification
- Transportation/Operating plan
- Geological analysis
- Track design parameters and recommended design
- Subgrade design parameters and recommended design
- Bridge and culvert design parameters and recommended design
- Yard and siding design parameters and recommended design
- Analytical study of land use evaluation
- Rolling stock evaluation
- Water supply and drainage design
- Telecommunication functional design and specification
- Signalling system functional design and specification
- Electrical power supply design and specification
- Building functional specification and design
- Construction schedule
- Detailed CAPEX
- Financial and economic analysis and financing strategy
- Environmental Impact assessment and mitigation plan

***Plans, Maps, Profiles and Sections to be included also:***

- Recommended Corridors and Preferred Alignment Plan
- Recommended Corridors and Preferred Alignment Profile
- Geographical Location Map of Preferred Corridor
- Locomotive Routing Diagram
- Geological Map of Project Area
- Detailed Geological Map
- Geologic Profile of Preferred Alignment
- Key Bridge Location Plan
- Key Bridge Site Plan
- Comparison Drawing of Bridge Designs

- Geologic Profile for Key Bridge Sites
- Junction, Loading and Unloading Yard Layouts
- Communication Network Map
- General Layout of Signalling Equipment
- Sketch of Existing Signalling Equipment at Junction and Rebuilding Plan
- Power Supply Diagram for entire project
- Remote Controlled Devices Electrical System Layout
- Mechanical and Electrical Equipment Monitoring System Layout
- Linear Construction Schedule Diagram

The BFSCS contemplates that the Conditional Bankable Feasibility Study will be completed by the end of 2016.

***Marten Falls and Webequie First Nations Partnership:***

As the various studies and plans are completed they will be shared with the Chiefs of the Marten Falls and Webequie First Nations for dissemination within their communities to facilitate consideration of KWG's proposal to create an equal partnership with them in the integrated mining and transportation operations.

***Ring of Fire Area Chromite Resources:***

The Conditional Bankable Feasibility Study is not a "feasibility study" as defined by CIM Definition Standards (per NI 43-101 Standards of Disclosure for Mineral Projects) and is not intended to establish the technical and economic feasibility of the chromite projects. The traffic volume and economic studies will take account of the various defined chromite resources documented in the area by all mineral claim owners.

***CANARAIL Agency:***

KWG has engaged CANARAIL Consultants Inc. to provide the specialized professional services and data that will be required of KWG as the client of FSDI. CANARAIL will provide current materials and services pricing in Canada together with design advice and assistance in complying with local environmental, social and other applicable standards to facilitate and expedite completion of the feasibility study.

***Golden Share Agency:***

The Agreements were facilitated by **Golden Share Mining Corporation (TSXV: GSH)**, KWG's agent in China, which will be issued 500,000 shares of KWG to compensate it for the value of and in lieu of costs incurred since January of this year in the course of the agency.

***About FSDI:***

Established in 1953, China Railway First Survey & Design Institute Group Co., Ltd. ("FSDI") holds 26 national Grade-A complex qualification certificates for engineering survey, design, supervision and consultation.

Over the past 60 years since establishment, FSDI has led the design and construction of over 48,000 km of railways represented by western China's railway network, and undertaken over 5,000 km of high-speed railways which have been in operation or are under construction in China.

FSDI has undertaken rail transit projects in over 30 cities of China, fully covering the whole process or industrial chain of planning, design, consultation, supervision, EPC and general property development of means of transport such as subway, light rail and tramcar. It has also undertaken railway, highway and subway consultation and design projects measuring a total of over 2,000 kilometers in over 40 countries.

FSDI's complete survey & design technologies have been up to domestic or world advanced standards in fields such as mountain railways, plateau permafrost railways, desert railways, electrified railways, super long tunnels, large railway hubs or marshalling stations, wireless train control, command scheduling systems, and large interchange engineering.

**About CANARAIL:**

Founded in 1991 and based in Montreal (QC), CANARAIL is a Quebec-based rail consulting and engineering firm that specializes in mining, heavy haul freight, and urban domains. CANARAIL is known for its expertise in feasibility studies, consulting, detailed design, and the supervision of construction of major projects across all components of a railway project: infrastructure, rolling stock, systems, operations, etc. Over the last 25 years, CANARAIL has participated in over 800 projects in Canada, the Middle East, Asia, Africa, North America, Australia, Europe, and Latin America (see: [www.canarail.com](http://www.canarail.com)). Among its accomplishments:

- Eastern Canada: Feasibility Study for a 330km multi-user mining railway in Northern Quebec (Plan Nord)
- Western Canada: Refurbishing of the GoldLeaf cars of the Rocky Mountaineer fleet
- Saudi Arabia: Feasibility study, engineering and supervision of the construction of a new 2400 km rail link: North South Railway
- Afghanistan: Feasibility study for a new 600 km rail link in the northern part of Afghanistan
- East Africa: Feasibility study for the improvement of the accessibility of rail services in Rwanda, Burundi and Tanzania
- Bangladesh: Feasibility study of seven different railway projects to improve the Trans-Asia connectivity

**About KWG:**

KWG has a 30% interest in the Big Daddy chromite deposit and the right to earn 80% of the Black Horse chromite where resources are being defined. KWG also owns 100% of CCC which has staked claims and conducted a surveying and soil testing program, originally for the engineering and construction of a railroad to the Ring of Fire from Aroland, Ontario. KWG subsequently acquired intellectual property interests, including a method for the direct reduction of chromite to metalized iron and chrome using natural gas. KWG subsidiary Muketi Metallurgical LP is prosecuting two chromite-refining patent applications in Canada, China, India, Indonesia, Japan, Kazakhstan, South Africa, South Korea, Turkey, and USA. The filings have been receipted in each of those jurisdictions.

**Cautionary Note Regarding Forward-Looking Statements:** *This Press Release contains or refers to “forward-looking information” within the meaning of applicable Canadian securities legislation. 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”. All information, other than information regarding historical fact that addresses activities, events or developments that KWG believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information contained in this Press Release is subject to a number of risks and uncertainties that may cause the actual results of KWG 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, KWG. Should one or more of these risks and uncertainties, such as: the Conditional Bankable Feasibility Study on a railroad from the mineral properties in Ontario’s Ring of Fire to a junction with the CN Railroad at Exton, Ontario not being completed by China Railway First Survey & Design Institute Group Co., Ltd.; the actual results of current exploration programs; risks normally incidental to exploration and development of mineral properties; the 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 general risks associated with the mining industry; adverse changes in commodity prices; currency and interest rate fluctuations; increased competition and general economic and market factors occur, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.*

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