

## PRESS RELEASE

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### **KWG TABLES STUDY OF EAST-WEST ROAD TO RING OF FIRE NETWORKING EABAMETOONG, NESKANTAGA, WEBEQUIE AND MARTEN FALLS WITH NIBINAMIK, KINGFISHER, AND WUNNUMIN LAKE CONNECTIONS ALSO FEASIBLE**

Toronto, Canada, August 26<sup>th</sup>, 2016 – **KWG Resources Inc. (CSE: KWG) (FRANKFURT: KW6)** (“KWG”) has posted on its website an all-weather road study that was previously prepared for it by Green Forest Management Inc. The report estimated that an all-weather gravel road starting in the west at the Northern Ontario Resource Trail Road northeast of Pickle Lake, projecting eastward to the *Ring of Fire* area over a distance of approximately 305 kilometres, would cost between \$83.6 million to \$99.9 million. Trunk roads from it to connect the First Nations communities of Eabametoong, Neskantaga, Webequie and Marten Falls would cost between \$36.1 million and \$73.1 million depending on the route alignments selected. The study notes that additional trunk roads to connect Nibinamik, Kingfisher, and Wunnumin Lake are also feasible but required further research for construction budgeting purposes.

*“We had this report prepared in 2013 to scope out the most rational options available to supply our railroad construction and address local aspirations,”* said KWG President Frank Smeenk. *“While we shared it extensively on a confidential basis, it’s very practical approach has not yet found traction, so we thought it timely to make the study public now as we prepare to discuss railroad construction financing options. The road network considered here is a desirable, if not indeed an absolutely necessary first step to opening this area development cornucopia and starting to create quite a few ongoing local jobs throughout the entire region.”* The report also noted:

#### **Socio-Economic Benefits:**

*The potential socio-economic benefits and opportunities resulting from the construction of a west-to-east year round access road are potentially quite significant. Currently, year round access to northern First Nation communities is restricted to air service, which is an expensive transportation alternative for freight and community members. Access by air is supplemented in the winter months by a network of snow and ice roads, which appears to becoming increasingly unreliable as a consequence of warmer winter temperatures; requires extensive planning and coordination of goods transportation; and significant capital in the preparation and operation of the winter road – an investment which literally melts away annually.*

*The socio-economic benefits and opportunities range from short to long term for First Nations communities in the project area. Specifically short term and direct benefits that can be expected include:*

- *Heavy equipment and road construction training and skill development*
- *Employment on road construction and maintenance*
- *Employment in road construction support sectors, such as equipment parts and service, fuel supply, food and housing and equipment service centres*
- *Need for a road network management company, to provide road maintenance and monitoring services*

*Most short term benefits are the foundation for transferable and lasting benefits to northern First Nation communities. The following longer term socio-economic benefits potentially could be expected from all-weather road access to communities, including:*

- *Increased opportunities for local and regional-based employment, particularly associated with mining development at the Ring of Fire through an established road network*
- *Transfer of road construction and equipment use skills to mining and other resource management and equipment operation sectors (construction, energy, forestry)*
- *Expansion and improvement in health care delivery, including dental, home and long-term care services*
- *Increased travel options for health care purposes*
- *Improvement and expansion in delivery of government and social services*
- *Improved response time for police services*
- *Lower cost of living through ground-based delivery of goods and services*
- *Lower cost of personal travel*
- *Increased ability to access basic services (e.g. food, vehicle repair, clothing) and professional services (e.g. financial, legal, commercial)*
- *improvement in the delivery of educational services on First Nation communities (e.g. establish secondary schools thus eliminating need for placement of students out of community)*
- *Reduction in airport maintenance costs*
- *Development of new remote, resource-based tourism ventures*

**Other Potential Opportunities:**

*With the establishment of an all-weather road access in the project area, the potential for future economic development beyond the mining sector is significant. Development opportunities have been scoped under other initiatives elsewhere in Ontario, within First Nation communities taking the lead. These development opportunities, which would foster greater economic independence for First Nation communities, include:*

- *Land use management and development, such as the creation of forest management units for the management and use of wood supply*
- *Establishment of harvesting operations to supply small scale sawmills to furnish lumber for local housing construction and to the mine developments*
- *Construct cogeneration plants with wood biofuel for energy production at the communities, reducing dependence on fossil fuels, and potentially supplying cogeneration facilities at the mines*
- *Remote based tourism expansion in the north*
- *Growth of industrial, mechanical, transportation, commercial, financial, legal and health services sector*

**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.

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