

MATERIAL CHANGE REPORT
Form 51-102F3
Section 7.1 of National Instrument 51-102

Item 1 Name and Address of Company

KWG Resources Inc. (the “Company”)
141 Adelaide Street West
Suite 420
Toronto, Ontario M5H 3L5

Item 2 Date of Material Change

February 14, 2017

Item 3 News Release

A news release was issued via Marketwired on Wednesday, February 8, 2017.

Item 4 Summary of Material Change

The Company’s authorized capital was changed by filing Articles of Amendment dated February 14, 2017 (i) to reclassify each common share as a Subordinate Voting Share and (ii) to create Multiple Voting Shares.

Item 5 Full Description of Material Change

The amendment of the Company’s authorized capital (i) to change the classification of each of the existing common shares of the Company into one convertible subordinate voting share (each a “**Subordinate Voting Share**”) (the “**Reclassification**”), and (ii) to create an unlimited number of convertible shares to be designated as multiple voting shares (each a “**Multiple Voting Share**”) became effective on February 14, 2017.

Three hundred (300) Subordinate Voting Shares are convertible at the option of the shareholders at any time into one (1) Multiple Voting Share. Similarly, each one (1) Multiple Voting Share is convertible at the option of the shareholders at any time into three hundred (300) Subordinate Voting Shares. At all meetings of shareholders, shareholders are entitled to cast one (1) vote for each one (1) Subordinate Voting Share and to cast three hundred (300) votes for each one (1) Multiple Voting Share. Dividend and liquidation rights for each Multiple Voting Share are correspondingly three hundred times the dividend and liquidation rights for each Subordinate Voting Share.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51 -1 02

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Inquiries in respect of the material change referred to herein may be made to:

Frank Smeenk, Chief Executive Officer
tel: (416) 642-3575 ext. 105

Item 9 Date of Report

This report is dated as of the 16th day of February, 2017.