KWG RESOURCES INC.

(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

This management's discussion and analysis (the "MD&A") should be read in conjunction with the 2021 annual and the interim quarterly financial statements of KWG Resources Inc. ("KWG" or the "Company") all of which are available on the System for Electronic Document Analysis and Retrieval (`SEDAR`) and can be accessed through the internet at www.sedar.com.

DATE

This MD&A for the year ended December 31, 2021, is dated as of May 2, 2022.

COMPANY OVERVIEW

KWG is an exploration stage company that is participating in the discovery, delineation and development of chromite deposits approximately 280 km north of Nakina, in the James Bay Lowlands of Northern Ontario, including 1,024 hectares covered by four unpatented mining claims which contain the Black Horse chromite deposit (the "Koper Lake Project") and 1,241 hectares covered by seven unpatented mining claims which contain the Big Daddy chromite deposit (the "Big Daddy Project"). These deposits are globally significant sources of chromite which may be reduced into metalized iron and chrome or refined into ferrochrome, a principal ingredient in the manufacture of stainless steel. KWG has been active in exploring the James Bay Lowlands since 1993 and discovered diamond-bearing kimberlite pipes near Attawapiskat and five pipes near the Ring of Fire area in 1994. This led to the discovery of the McFaulds Lake copper-zinc volcanogenic sulphide deposits in 2002, which precipitated a staking rush that defined the "Ring of Fire".

The Company has the right to acquire: (i) up to an 80% interest in respect of chromite contained in the Koper Lake Project and (ii) up to a 20% interest in respect of the non-chromite minerals contained in the Koper Lake Project. In 2016, the Company became vested in a 50% operator's interest in the Koper Lake Project which was renamed the Black Horse Joint Venture. The 50% joint venture interest includes 10% thereof of which Bold Ventures Inc is the beneficial owner as KWG funds that share of exploration and development expenses as a carried interest recoverable by capital payback from future production. The Company also has a 30% joint venture interest in the Big Daddy Project.

Through Canada Chrome Corporation ("CCC"), a wholly owned subsidiary, the Company has also staked mining claims in Northern Ontario with a view to the development and construction of a proposed railway, slurry pipeline or other form of haulage system from the Koper Lake Project and the Big Daddy Project to Aroland near Nakina, Ontario, as well as exploring for, delineating and developing aggregate and other minerals.

KWG also acquired intellectual property interests, including a method for the direct reduction of chromite to metalized iron and chrome using natural gas and an accelerant. KWG subsidiary, Muketi Metallurgical LP, has acquired two chromite-refining patents in Canada and one in the USA and in South Africa and is prosecuting an application in Turkey.

HIGHLIGHTS

During and subsequent to the year ended December 31, 2021:

- On January 19, 2021, KWG announced the appointment of Tony Marquis as the President and COO of subsidiary Canada Chrome Corporation.

- On March 29, 2021, KWG announced that the time to exercise warrants to purchase KWG.A shares for $7.50 each will be extended to December 15th, 2022, upon conversion into Units of outstanding Convertible Debentures, effective as of March 31, 2021.

- On April 1, 2021, KWG announced completion of the conversion on March 31, 2021 of the outstanding Convertible Debentures convertible at the Company's option into Units with a deemed value of $7 per unit (“Unit”). Each Unit was comprised of twelve KWG.A multiple voting shares and twelve multiple voting share purchase warrants with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of $2.50 at any time before December 15th, 2022. As a result of the conversion the Company reduced its current liabilities by $1,785,552 and added 986,621 multiple voting shares to its issued and outstanding capitalization.

- A Continuous Disclosure Review was completed by the Ontario Securities Commission as a result of which a press release to clarify the Company’s disclosure record was published on July 16, 2021.

- On July 27, 2021 the Company announced that (a) it had engaged Rail-Veyor Technologies Global Inc. for the preparation of a Design Engineering Feasibility Proposal to construct an ore haulage system to facilitate the direct transport of mine production from underground, across the surface of mining claims staked and assessed for that purpose by the Company’s subsidiary, Canada Chrome Corporation, along a 330-kilometer corridor from the Company’s Black Horse project and Big Daddy project area to Aroland (near Nakina, Ontario) where there is access to existing railroad systems that connect to the rest of North America and (b) it had engaged and Cormorant Utility Services Ltd. for the preparation of a Design Engineering Feasibility Proposal to construct electrical power transmission lines from Aroland to the Ring of Fire and several contiguous remote communities. The cost of the Cormorant Utilities proposal was set at CA$2.4 million and the cost of the Rail-Veyor proposal was set at US$1.2 million, both of which were agreed to be paid for with treasury shares of Canada Chrome Corporation which may be exchanged by the consultant or by the Company for Multiple Voting Shares issuable from the Company’s treasury at CA$2.65 per share.

- At a meeting of the Company’s shareholders held on September 21, 2021, Fiona Blondin was elected a director of the Corporation and Douglas Flett, Bruce Reid, Donald Sheldon and Frank Smeenk were re-elected as directors. Special resolutions to amend the Company’s articles were also passed by the required majorities so that the Company may create Preference Shares and Special Shares as subsequently authorized by the directors. The shareholders also approved the subdivision of the Company’s Multiple Voting Shares on a basis of one existing Multiple Voting Share being subdivided into three post-subdivision Multiple Voting Shares. The subdivision of Multiple Voting Shares was undertaken in conjunction with an amendment to the Company’s Articles to change the exchange ratio between the Subordinate Voting Shares and the Multiple Voting Shares from 300:1 to 100:1 and related changes to the rights, privileges, restrictions and conditions attaching to the Subordinate Voting Shares and the Multiple Voting Shares.

- On September 29, 2021 the Company announced the closing of the first tranche of a previously announced Private Placement of up to $5,000,000 of convertible debentures comprised of an aggregate of $3,410,657 of debentures. The maximum amount of convertible debentures was then increased. A second tranche of $350,660 was completed on October 7, 2021 and a third tranche comprised of an aggregate of $1,642,800 of debentures was completed on October 22, 2021, bringing the total principal amount of debentures issued under all three tranches of the Private Placement to $5,404,117. The debentures bear interest at 12% compounded annually and are due on June 30, 2023. Interest is payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment to be made either at the Company’s option on 30 days’ notice, by payment in cash (other than in the event of a conversion) or by the issuance of units at a deemed value of $15.00 per unit (subsequently reduced to $5.00 per unit as a result of the subdivision of Multiple Voting Shares made effective on November 6, 2021). Each unit will be comprised of six Multiple Voting Shares and three warrants enabling its holder to acquire one further Multiple

Voting Share from treasury upon payment of $9.60 at any time on or before December 15, 2023 (subsequently reduced to $3.20 per Multiple Voting Share as a result of the subdivision of Multiple Voting Shares made effective on November 6, 2021). The principal and accrued unpaid interest may be converted at the holder's option at any time or at the option of the Company after September 29, 2022 into units at a rate of $15.00 per unit (subsequently reduced to $5.00 per unit as a result of the subdivision of Multiple Voting Shares made effective on November 6, 2021), with each unit being comprised of six Multiple Voting Shares and three warrants, with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $9.60 at any time on or before December 15, 2023 (subsequently reduced to $3.20 per Multiple Voting Share as a result of the subdivision of Multiple Voting Shares made effective on November 6, 2021).

- Effective November 6, 2021 the Company implemented the subdivision of its multiple voting shares (the "Multiple Voting Shares") on a basis of one (1) existing Multiple Voting Share being subdivided into three (3) post-subdivision Multiple Voting Shares (the "Stock Split"). The subdivision of Multiple Voting Shares was undertaken in conjunction with an amendment to the Company's Articles to change the exchange ratio between the Subordinate Voting Shares and the Multiple Voting Shares from 300:1 to 100:1 and related changes to the rights, privileges, restrictions and conditions attaching to the Subordinate Voting Shares and the Multiple Voting Shares. The record date for the Stock Split was fixed at the close of business on November 5, 2021. The Stock Split was conducted on a "push-out basis", with two (2) additional Multiple Voting Shares being issued and sent by the Company's transfer agent, Computershare Investor Services Inc., to shareholders of record as of the close of business on November 5, 2021. Following completion of the Stock Split, the Company had approximately 4,403,286 Multiple Voting Shares outstanding and 1,030,269,327 Subordinate Voting Shares outstanding.

- Effective November 6, 2021, the Company also amended its Articles to create a new class of shares, issuable in series, designated as "Preference Shares" and another new class of shares, issuable in series, designated as "Special Shares".

- On November 15, 2021, the Company announced that Megan McElwain will be appointed the Company's President & COO effective January 1, 2022.

- On December 23rd, 2021, the Company and its subsidiary, Canada Chrome Corporation announced their receipt of an Engineering and Design Services Report from Rail-Veyor Technologies Inc. The report estimates that the capital cost of construction of a Rail-Veyor tramway system designed to transport 10 million tonnes of chromite yearly over 338 kilometres from the proposed underground workings of a potential mine at the Company's Black Horse Project in the Ring of Fire to a potential processing and/or transfer facility near Nakina, Ontario, will be US$656.7 million and that the operating cost will be US$2.88 per tonne. The report states that the estimates in the study are at +/- 25% confidence level.

- On December 31, 2021 the Company and its subsidiary, Canada Chrome Corporation announced that, in accordance with the provisions of the agreements entered into with Rail-Veyor Technologies Global Inc. ("Rail-Veyor") and Cormorant Utility Services Limited ("Cormorant") each of Rail-Veyor and Cormorant acquired common shares of CCC in payment of fees of $1,538,460 and $2,400,000, respectively, for their respective engineering and design services, following which each of them exercised their exchange privilege and tendered their common shares of CCC as payment for the acquisition of 580,551 multiple voting shares of KWG ("KWG.A Shares") and 905,660 KWG.A Shares, respectively, for an aggregate of 1,486,211 KWG.A Shares, at a price of $4.50 per share for an aggregate value of $6,687,950.

- On December 31, 2021, also, the Company announced that it had completed the issuance of ferrochrome warrants of the Company ("Ferrochrome Warrants") to those (the "Debentureholders") who held $3,879,956 of convertible debentures (the "Convertible Debentures") which had been issued in 2017 and 2018 and whose December 2019 maturity dates were extended in December 2019 to March 26 and March 31, 2021. As consideration for extending the maturity dates, the Company agreed to issue to each holder of Convertible Debentures one Ferrochrome Warrant for each $35 of principal amount of Convertible Debentures then outstanding. Each Ferrochrome Warrant entitles the holder to acquire, for no additional consideration, one (1) ton of Ferrochrome, on a first-come first-served aliquot basis among all warrant holders, if, as and when such Ferrochrome is produced from an allocation of one percent (1.0%) of the mineral products produced from the Company's interest in the Black Horse Property in northern Ontario. On March 31, 2021, Convertible Debentures with an aggregate principal amount of $3,379,956 were converted into KWG multiple voting shares and share purchase warrants (see KWG news release dated April 1, 2021), leaving a Convertible Debenture with an original principal amount of $500,000 outstanding. To fulfill its outstanding obligation to the Debentureholders, the Company issued 111,570 Ferrochrome Warrants on December 30, 2021 in accordance with section 2.42 of National Instrument 54-106. In connection with the creation of the Ferrochrome Warrants, the Company proposes to enter into a trust indenture with a trust company to administer Ferrochrome Warrants and has undertaken to provide a security interest in its interest in the Black Horse Property to back the obligation for future delivery of Ferrochrome upon exercise of Ferrochrome Warrants.

- On January 4, 2022, the Company and CCC announced the receipt of an electrical infrastructure capex report from OneLine Engineering, engineering branch of EPTCON Ltd., a Cormorant utilities service company (the "Electrification Plan"). The plan estimates main corridor electrical infrastructure capital cost at $960.5 million and the indigenous community electrical infrastructure cost at $788.1 million. The main corridor would provide electricity for mining operations at the Ring of Fire and for the operation of the Rail-Veyor ore haulage tramway system from the Company's proposed mine in the Ring of Fire along a 330-kilometre corridor to a proposed processing or trans-shipment location near Nakina, Ontario. The indigenous communities' connections would connect the First Nations communities of Marten Falls at Ogoki Post, Webequie Eabametoong at Fort Hope, Neskantaga at Lansdowne House and Nibinamik at Summer Beaver, to the Ontario power grid and optical fiber networks and would eliminate diesel-generation except in outage emergencies.

OUTLOOK

KWG was invited on August 9, 2019, by the Canadian Environmental Assessment Agency (the Agency) to comment on its acceptance of a Project Description for the **Marten Falls Community Access Road Project** (the Project) submitted by Marten Falls First Nation (the proponent), to which the Company made the following response:

> *To ensure the economic feasibility of our interests in the chromite discoveries in the Ring of Fire in northern Ontario (by enabling their access to markets), we staked contiguous claims from locations near Nakina, Ontario, to the Ring of Fire, which was completed prior to the Far North Act's promulgation. Our consent to the use of those claims will be forthcoming to any application that enhances and does not frustrate that purpose. The Supreme Court of Canada declined to interfere with the Ontario Court of Appeal's finding that we may not withhold consent to uses not offending our rights under the Mining Act, leaving intact the requirement for our consent to uses which could offend our rights under the Mining Act.*
>
> *To properly assess that purpose, it is imperative for you to fully understand the results of the research undertaken by CanmetMINING and a study completed for us by China Railway First*

Survey & Design Institute Group (FSDI) relating to the economics of constructing and operating a railroad line on our claims from Nakina to the Ring of Fire in connection with development of chromite mines in the Ring of Fire.

The prospect for the development of these mines will provide for you important parts to an understanding of the global economic context of the rationale for Ontario providing the Webequie First Nation with a road to them, and the Marten Falls First Nation with bridges across the Ogoki and Albany Rivers for a road link south to Ontario's transportation network, in addition to the ostensible utility for the inhabitants of those communities.

That context is absent from the material filed to date.

Without that holistic context, your consideration of the Project is missing a significant and substantive reason, not being completely informed of an ultimate goal of these disparate and uncoordinated activities that may appear otherwise to be economically unsound but, with that holistic context, have a sound economic basis.

That substantive reason should absolutely command your consideration of the Project, in our view. That substantive reason is that Canada has been demonstrated to host in the Ring of Fire in northern Ontario an extremely high-grade and very thick chromite mineral occurrence of historic proportions which may be beneficiated to supply ferrochrome to a global market for many, many years, even generations and, with our country's wealth of natural gas, be able to do so at a tremendous cost advantage. Only your agency can properly weigh the profound economic imperative that these national endowments may visit on the global order for the benefit of many generations. Only your agency can rationally balance that international strategic currency of our land and people in considering the effect of its exploitation on its locale's society and biosphere.

Responsible extrapolations from available data suggest that, at current metal prices, there is a staggering value of chromium in situ in the Ring of Fire, that the FSDI railroad design can deliver from it, quantities greater than 100% of the world's present chromium consumption, and that a Canadian gas reduction patented process can produce ferrochrome from those deposits at significantly lower cost than all other sources.

As the world's nascent preference for non-corroding steel increasingly displaces corroding steels in rebar, structural steel and other aspects of infrastructure and building construction, Canada's chromium can become a most important international trade commodity. How that may occur, and the international trade considerations that will accompany that, must form part of your consideration.

These developments, combined with previously published resource estimates, support management's opinion that the chromite deposits of the Ring of Fire may have a very long combined production life. Management believes that this will enable the depreciation and amortization of the cost of an infrastructure asset such as a railroad or utility corridor over a very long time. When that term is combined with the present historic low cost of the capital required to construct such an undertaking, the unit cost for projected usage can be quite modest when compared to all available alternatives. The test work done to date on the conversion of the Black Horse chromite into a metalized chrome and iron alloy using natural gas, continues to encourage KWG's management that an opportunity to create a substantial and globally significant export industry in this key industrial commodity appears achievable. In this context, the creation of the Canada-USA Critical Minerals Task Force can be anticipated to bring attention to not only this export potential, but also to the capacity of these domestic resources to guarantee national security in chromium and its alloys.

KWG is very pleased to see the discovery area's directly affected First Nations continue to propound the Environmental Assessments for the transportation infrastructure needed for development of these resources. KWG's management is also very encouraged that the support for the development previously pledged by the governments of Ontario and Canada is now being acted on by the Province of Ontario to underwrite the planning cost of community access roads and a proposed link between them.

On July 27, 2021 KWG announced that (a) it had engaged Rail-Veyor Technologies Global Inc. for the preparation of a design engineering feasibility proposal to construct an ore haulage system to facilitate the direct transport of mine production from underground, across the surface of mining claims staked and assessed for that purpose by the Company's subsidiary, Canada Chrome Corporation, along a 330-kilometer corridor from the Company's Black Horse project and Big Daddy project area to Aroland (near Nakina, Ontario) and (b) it had engaged Cormorant Utility Services Ltd. for the preparation of a design engineering feasibility proposal to construct electrical power transmission lines from Aroland to the Ring of Fire and several contiguous remote communities.

The power line proposal will enable the Rail-Veyor proposal to be prepared on the basis of Hydro One electricity rates, rather than the very-high-cost diesel-generated alternative. The Rail-Veyor ore haulage system will facilitate the direct transport of chromite and other ores from underground, across the surface of mining claims staked and assessed for that purpose by KWG subsidiary Canada Chrome Corp., along a distance of 330 kilometers to Aroland (near Nakina, Ontario) where there is access to existing railroad systems that connect to the rest of North America. The Company has proposed that the utility corridor assets may be vested in a trust for the benefit of members of affected indigenous communities in the area in order that those utility assets can be operated by the beneficiaries whose traditional territories host this infrastructure so the provision of this Ring of Fire's mining transportation requirements can become a substantial and independent indigenous enterprise.

Selected Consolidated Financial Information

As at and for the years ended December 31	2021	2020	2019
Summary Operating Results Data	**$**	**$**	**$**
General and administrative expenses	2,945,968	1,315,747	1,836,624
Loss from operations	(14,751,544)	(1,543,039)	(6,731,046)
Net loss for the year	(14,884,427)	(1,611,503)	(4,677,007)
Loss per share	(0.01)	(0.00)	(0.00)
Summary Balance Sheet Data	**$**	**$**	**$**
Cash	1,825,789	11,613	1,618
Receivables	187,361	8,817	214,671
Marketable securities	-	370	6,807
Total current assets	2,013,150	20,800	223,096
Total assets	2,081,874	20,800	238,768
Trade and other payables	2,158,734	2,474,652	1,368,565
Long-term liabilities	1,047,147	80,930	6,679
Total equity (deficiency)	(1,968,796)	(4,076,716)	(2,888,817)

OVERALL PERFORMANCE – FINANCIAL

During the year ended December 31, 2021, the Company utilized the proceeds of the convertible debenture issuance from September and October 2021 which injected $3,673,554 of cash into the

Company and converted $1,730,562 of payables into convertible debentures to cover administrative and general expenses as the Company does not currently have any significant revenue sources. KWG's exploration activities and operating costs were funded from the proceeds of this cash inflow. This cash inflow was also utilized to reduce the Company's liabilities. The Company's other cash inflows consisted of royalty payments of $3,125 and proceeds from the sale of marketable securities of $1,125. Regular operating expenditures were approximately $1,630,221 higher than the previous year as the Company started ramping up its operations and incurred some significant consulting fees to further its business plan.

The Company has maintained its focus on its strategic plan to develop what it expects will become a major North American ferro-chrome source of supply to the globe's stainless-steel makers, as well to assess the construction of (a) a haulage system to transport mine production from the mine site and materials to the mine site and (b) an electrical power transmission system to serve the transportation system, the mine site and several contiguous remote communities. Exploration activities on the mineral deposits in the Black Horse Project and the Big Daddy Project have not been progressed in the last few years, however, due to negative market sentiment.

KWG believes that its infrastructure project has been well-timed and the need for such facilities in the Ring of Fire is increasingly appreciated to be potentially very economic. Meetings with government and First Nations' officials are ongoing to determine a mutually beneficial result. As well, KWG continues to explore the available funding mechanisms that can be employed to continue development of the transportation and utility link to the Ring of Fire.

The reporting currency of the Company is Canadian dollars and the financial data is reported in this currency.

LIQUIDITY & CAPITAL RESOURCES

The main source of financing for KWG is the issuance of equity shares and convertible debentures and the sale of non-core assets. Each of KWG's projects has demonstrated sufficient evidence of geological merit to warrant additional exploration. However, it is not presently possible to estimate the cost of further exploration programs, which may or may not bring individual properties to a subsequent stage of development, since they are all exploration projects and their development depends on the results of exploration and infrastructure.

On December 31, 2021, the Company had a working capital deficiency of $990,373 ($3,995,786 as at December 31, 2020). It had $1,825,789 in cash ($11,613 in cash as at December 31, 2020). The decrease in the working capital deficit is attributable to the conversion of debentures into equity and the issuance of new convertible debentures.

The Company forecasts operating expenditures of approximately $2,500,000 for 2022. Due to the funds raised through the convertible debenture issuances in September and October 2021, the Company currently has sufficient working capital to finance its corporate and administrative activities for roughly two-thirds of 2022. The Company expects to raise additional funds through further equity or debt financings or the sale of non-core assets throughout 2022 to cover longer term costs and exploration activities.

There is no assurance that the Company will be successful in obtaining further financing or continuing accommodation and support from service providers. Should the Company not be able to obtain the necessary financing and support, there would be significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

RESULTS FROM OPERATIONS

During the year ended December 31, 2021, the Company recorded a loss of $14,884,427 ($0.01 per share) compared to a loss of $1,611,503 ($0.00 per share) for the year ended December 31, 2020 $(0.00 per share). Included in these results are non-cash expenditures of $12,403,479 ($307,834 in 2020). The results for the year are explained as follows:

Income
Other income totaled $3,125 in 2021 compared to $12,649 in 2020. The higher amount in 2020 was from consulting fees. The Company recorded a gain on the sale of marketable securities of $861 in 2021 compared to a gain of $2,906 for 2020.

Administrative Expenses
Administrative expenses for the year ended December 31, 2021 amounted to $2,945,968 ($1,315,747 for 2020) for a net increase of approximately $1,630,000. The following discusses variances in the main components of the administrative expenses:

- Salaries and benefits decreased by $204,000, due to a reallocation to exploration and evaluation projects, and directors' fees and insurance increased by $9,000 in 2021 compared to 2020, mainly due to an increase in the number of directors and a slight increase in insurance costs. The expenses in 2021 include significant amounts that were satisfied by non-cash payments to employees and directors through convertible debentures issued in October 2021;

- Professional and consultants' fees increased by $1,851,000 compared to 2020. Increased professional and consultants' fees resulted from increased activities including those relating to conversion of debentures to equity in the first quarter, issuances of new debentures in the third and fourth quarters, amendments to the Articles and various business initiatives relating to transportation systems and utilities. The expenses in 2021 include significant amounts that were satisfied by non-cash payments to employees and directors through convertible debentures issued in October 2021; and

- Corporate expenses decreased by $26,000 in 2021 compared to 2020 which included a decrease of $1,000 in filing fees, an increase in investor relations fees of $60,000, increased travel and promotional costs of $13,000 and decreased overheads of $98,000 resulting from continuing cost-cutting measures including reducing office rental costs.

Stock-based Compensation Costs
Stock compensation costs constitute a non-cash expense. Stock compensation costs for 2021 totaled $4,520,300 compared with $nil in 2020. The Company issued 477,104 stock options in 2021 compared with nil in 2020. The calculated cost of these stock options is recognized as an expense over the vesting period. No options have expired in either 2021 or 2020.

Exploration and Evaluation Expenditures
During the year ended December 31, 2019, the Company changed its accounting policy for its exploration and evaluation projects to recognize these costs in the statements of operations in the period incurred, as permitted under International Financial Reporting Standard 6, Exploration for and Evaluation of Mineral Resources. Management judges that the change in accounting policy will result in clearer, more relevant and reliable financial information. The previous accounting policy was that exploration and evaluation expenditures were capitalized in respect of each identifiable area of interest, once the legal right to explore had been acquired, until the technical feasibility and commercial viability of extracting a mineral resource was demonstrated.

This policy change was accounted for retrospectively. As a result, exploration and evaluation expenditures expenses of $7,162,414 were recognized in 2021 compared with a recovery of $10,215 in 2020.

SUMMARY OF QUARTERLY RESULTS

(Thousands of dollars except amount per subordinate voting share)

Quarter ending	Total revenue	Net income (loss)	Loss per Subordinated Voting share (basic and diluted)
December 31, 2021	-	(12,312)	(0.01)
September 30, 2021	-	(1,098)	<(0.01)
June 30, 2021	-	(975)	<(0.01)
March 31, 2021	-	(499)	<(0.01)
December 31, 2020	-	(367)	<(0.01)
September 30, 2020	-	(405)	<(0.01)
June 30, 2020	-	(429)	<(0.01)
March 31, 2020	-	(411)	<(0.01)

The increase in the loss in the fourth quarter of 2021 was mainly due to consulting expenses, both for administrative purposes and to incur exploration and evaluation costs. The increase in the loss in the second and third quarters of 2021 was a principally a result of stock compensation expense and additional consulting and professional fees incurred in the third quarter as described above. The losses for the other quarters are attributable mainly to ongoing general and administrative expenses.

COMMITMENTS AND CONTINGENCIES

(i) The Company has incurred approximately $13 million of expenditures which have been passed through to shareholders as eligible expenditures for their purposes under flow-through agreements. As noted in Note 3 to these consolidated financial statements, there is a risk that some or all of these claims may be disallowed. To the extent that the costs are disallowed as deductions to shareholders, additional tax attributes would be created for the Company which would be considered for recognition at that time. Additional costs may be incurred. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

In 2015, the Canada Revenue Agency (“CRA”) conducted an audit of the Company’s flow-through expenditures for the calendar years 2010 through 2013. As a result of the audit, CRA adjusted the amount of qualifying expenditures that were renounced to the subscribers aggregating approximately $6,700,000. In addition, CRA assessed additional Part XII.6 tax of approximately $1,103,180, including penalties and interest. The Company previously made a provision for the entire amount of the estimated Part XII.6 tax, penalties and interest. Additionally, a provision in the amount of $3,837,217 was set up for the estimated subscriber indemnification costs based on the highest personal income tax rates in the Province of Ontario at the time these expenditures were renounced to the subscribers plus the Federal and Ontario investment tax credits available at the time. The Company filed formal objections to dispute the assessments. Following detailed exchanges with CRA appeals’ staff over the ensuing 46 months, CRA issued revised notices of reassessment on August 16, 2019 seeking a tax balance for 2010 of $1,626 only. The reassessment notice disclosed the addition of a retroactive $15,000 penalty for the incorrect 2010 reporting and subsequent penalties of a further $8,907 to compound the reassessed tax and penalty being retroactively outstanding. The full amount shown on the notices of reassessment has been provided for in these financial statements.

Due to the fact that the 2010 and 2011 years were statute-barred in the opinion of management and that CRA had not issued reassessments to any subscribers for these years, as far as the Company was aware, the indemnification provision was reduced by $2,542,947 in 2017 and a further $526,826 in 2018. As a result of the issuance of the reassessments noted above, the indemnification provision was reduced by the remaining balance of $767,444 in 2019.

Certain tax-related conditions may exist at the date the financial statements are issued which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company does not record any liability for such future events until such time as the events are probable and reasonably determinable.

(ii) Under the terms of an employment agreement with the Company's CEO dated October 8, 2008, in the event of a change in control of the Company and the CEO's employment is involuntarily terminated within three years following the change in control, the Company shall pay the CEO an amount equal to three times his then-current base salary and three times his annual bonus most recently paid or accrued along with any unpaid salary and vacation pay. The total commitment for the CEO's agreement along with certain other management contracts require payments totaling approximately $1,019,000 upon termination. On a change of control, minimum payments range from $2,540,000 to $2,890,000 plus amounts calculated based on the share price of the Company and changes in the share price of the Company. As the triggering events have not taken place, the contingent payments have not been reflected in these consolidated financial statements.

(iv) The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(v) The Company renounced $420,000 of qualifying exploration expenditures to the shareholders effective December 31, 2020. Under the "look back" provision governing flow-through shares, $195,000 was unspent by the end of 2021 and has to be spent by December 31, 2022.

(vi) The Company has entered into certain agreements which subject certain future transactions to finder's fees.

RELATED PARTY TRANSACTIONS

The Company defines its officers (CEO, CFO and corporate secretary) and directors as Key Management Personnel ("KMP"). During 2021, officers and companies controlled by officers charged consulting fees for cash consideration of $895,160 ($123,810 in 2020) and salaries in the amount of $622,778 ($622,500 in 2020). The consulting fees were for services performed by the corporate secretary, a director and the CFO as well as for general accounting services. Directors' fees charged in 2021 totalled $79,000 ($76,000 in 2020). Amounts owing to directors and officers as at December 31, 2021 totalled $1,438,624 ($1,685,843 at December 31, 2020). Amounts payable are unsecured, non-interest bearing and have no fixed terms of repayment. KMP received 284,621 stock options and 120,961 warrants exercisable for Multiple Voting Shares in 2021 (none in 2020). In 2021, stock compensation expenses totalled $1,382,593 for KMP ($nil in 2020). In the three tranches of the convertible debenture financing completed in September and October 2021, officers and directors or entities controlled by them subscribed for an aggregate of $1,532,560 of debentures.

CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements for the years ended December 31, 2021 and 2020 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

See Note 3 to the 2021 audited annual consolidated financial statements for further information on accounting policies adopted by the Company during the year.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 3 to the 2021 audited annual consolidated financial statements for further information on recent accounting pronouncements that may have a future impact on the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management has made a number of significant estimates and valuation assumptions based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions which include, but are not limited to, the following:

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future

employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Convertible debentures
The classification of the Company's convertible debentures required management to analyze the terms and conditions of such debentures and to use judgment to assess whether these debentures are liability, equity, or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but are not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

Impairment of Intangible Assets
Management has assessed that there are indicators of impairment with regards to its intangible assets. As a result, an impairment loss equal to the full carrying value of these assets was recorded during 2019.

FINANCIAL INSTRUMENTS

The following presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative and qualitative disclosures are included throughout the 2021 audited consolidated financial statements which are available on www.SEDAR.com.

Risk Management Framework
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfils its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined.
The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

Credit Risk
Credit risk is the risk of an unexpected financial loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, receivables and marketable securities.

Cash
The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. As at December 31, 2021 and 2020, the Company did not have any cash equivalents.

Receivables
The Company's receivables consist primarily of trade receivables and amounts due from related and unrelated parties, as well as recovery of net GST/HST paid.

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. Management reviews and assesses the collectability of its receivable balances on a periodic basis.

Furthermore, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

Marketable Securities
The Company invests only in securities of companies listed on public stock exchanges and warrants of those companies. There is no active market for these warrants. Such strategic investments are approved by the Board of Directors of the Company. Management actively monitors changes in the markets and management does not expect any counterparty to fail to meet its obligations. The Company's investments are generally in the junior natural resources sector and these companies are subject to similar areas of risk as the Company itself.

Guarantees
The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will accrue to the Company. At both December 31, 2021 and December 31, 2020, the Company had $nil in guarantees outstanding.

The Company's maximum exposure to credit risk at the reporting date was:

	December 31, 2021	December 31, 2020
Carrying amount	$	$
Cash and cash equivalents	1,825,789	11,613
Receivables	187,361	8,817
Financial assets classified as fair value through other comprehensive income	-	370
	2,013,150	20,800

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents and marketable securities. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly, when possible, to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as described in Note 23 of the 2021 annual consolidated financial statements. The Company has historically relied on issuances of shares and debt instruments to develop projects and to finance day-to-day operations and may do so again in the future.

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases and other payables that are denominated in a currency other than the functional currency of the Company, the Canadian dollar. The currencies in which these transactions are denominated, when they occur, are the United States dollars (US$). The Company does not actively hedge its foreign currency exposure. A 10% strengthening or weakening of the Canadian dollar would not have a material impact on the Company's equity or results of operations.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt, comprised of convertible debentures payable is at a fixed rate of interest. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Other Market Price Risk
The Company's marketable securities and strategic investments are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments.

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Historically, such prices have fluctuated and are affected by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures. The Company does not have any hedging or other commodity-based risks respecting its operations. The value of the Company's strategic investments is also related to the price of, and outlook for, base and precious metals and other minerals.

Other Business Risks
KWG is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, as well as those discussed elsewhere in this MD&A, KWG's risks include, but are not limited to, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, lack of mineral reserves, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, conflicts

of interest, reliance on key individuals and no key man insurance other than certain life insurance policies on the Company's CEO.

Limited Operating History - An investment in KWG should be considered highly speculative due to the nature of KWG's business. KWG has no history of earnings; it has not paid any dividends; and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

Speculative Nature of Mineral Exploration and Development Activities - Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by KWG may be affected by numerous factors which are beyond the control of KWG and which cannot be accurately predicted, such as market fluctuations, the accessibility and proximity to transportation, infrastructure and other necessities for development, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in KWG not receiving an adequate return of investment capital.

Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Estimates of mineral reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

KWG's mineral properties are in the exploration stage only and are without known bodies of mineral reserves. The exploration programs proposed by KWG are exploratory searches for commercial ore bodies only. Development of any of KWG's mineral properties will only follow upon obtaining satisfactory exploration results.

Some exploration properties are held under option agreements requiring capital payments, exploration expenditure and other commitments to earn an interest in the property, failing which no interest may be earned and the property may be lost. There is no assurance that the Company will be able to fulfill such obligations to earn any interest in such properties held under option.

Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves, to develop metallurgical processes, to construct infrastructure for access to a proposed mine site and to construct mining and processing facilities at a particular site. There is no assurance that KWG's mineral exploration activities will result in any discoveries of commercial bodies of ore. Also, no assurance can be given that any or all of KWG's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to KWG.

Lack of Mineral Reserves - All of the KWG properties are considered to be in the exploration stage only and do not contain a known body of commercial ore. Mineral reserves are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period. While KWG does have estimated mineral resources, such estimated resources are not mineral reserves and do not have demonstrated economic viability.

IP Rights – KWG has acquired the rights to certain intellectual property patent applications. Although the Company is confident that the applications will be successful and the patents will be issued, there is no assurance of such success or issuance. Moreover, there is no assurance that such rights will not later be attacked or be circumvented. The prosecution and maintenance of such applications and patents is expensive and there is no assurance that the Company will be able to secure, exploit, maintain or defend its intellectual property rights.

Conflicts of Interest - Certain of the directors and officers of KWG are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of KWG may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

Operating Hazards and Risks - Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. KWG's operations will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

Mining Risks and Insurance - The business of mining for gold, chromite and other metals is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such risks and hazards can be covered by insurance or, if currently available, such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.

Environmental and Other Regulatory Requirements - KWG's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving which means stricter standards and enforcement, fines and penalties for non-compliance may become more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration operations of KWG and development and commencement of production on its properties require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. In addition, the government tax authorities may audit the Company's various tax filings and assess additional taxes not forecast by the Company.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. KWG believes it is in substantial compliance with all material laws and regulations, which currently apply to its activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition - Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than KWG, KWG may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that KWG's exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

Stage of Development - KWG is in the business of exploring for, with the ultimate goal of producing, precious and base metals from its mineral exploration properties. None of the KWG properties has commenced commercial production and KWG has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that KWG will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

KWG has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. KWG has not sufficiently diversified such that it can mitigate the risks associated with its planned activities. KWG has limited cash and other assets.

A prospective investor in KWG must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of KWG's management in all aspects of the development and implementation of KWG's business activities.

Fluctuations in Commodity Prices - The profitability, if any, in any mining operation in which KWG has an interest is significantly affected by changes in the market price of precious and base metals which fluctuate on a daily basis and are affected by numerous factors beyond KWG's control.

Reliance on Key Individuals - KWG's success depends to a certain degree upon certain key members of management. These individuals are a significant factor in KWG's growth and success. The loss of the service of certain members of management and certain key employees could have a material adverse effect on KWG.

No Key Man Insurance - KWG does not have and does not anticipate having key man insurance in place in respect of any of its senior officers or personnel, except for one vice president.

OTHER

National Instrument 51-102 - Section 5.3
Below is a detailed analysis of exploration expenditures incurred for the year ended December 31, 2021 with comparative figures for the year ended December 31, 2020 on a property by property basis:

Black Horse Project

Cumulative exploration expenses	***Year ended December 31, 2021***	***Year ended December 31, 2020***
	$	***$***
Balance – Beginning of the year	8,690,156	8,700,371
Exploration expenses		
Engineering	225,000	(10,215)
Balance – End of the year	8,915,156	8,690,156

Chromium IP J.V.

Cumulative exploration expenses	***Year ended December 31, 2021***	***Year ended December 31, 2020***
	$	***$***
Balance – Beginning of the year	4,368,378	4,353,022
Exploration expenses		
Legal fees	6,389	15,356
Balance – End of the year	4,374,767	4,368,378

Railway Corridor

Cumulative exploration expenses	***Year ended December 31, 2021***	***Year ended December 31, 2020***
	$	***$***
Balance – Beginning of the year	16,363,859	16,363,859
Exploration expenses		
Engineering	6,937,414	-
Balance – End of the year	23,301,273	16,363,859

All Projects Combined

Cumulative exploration expenses	***Year ended December 31, 2021***	***Year ended December 31, 2020***
	$	***$***
Balance – Beginning of the year	44,023,487	44,018,346
Exploration expenses		
Engineering	7,162,414	(10,215)
Legal fees	6,389	15,356
	4,168,803	5,141
Balance – End of the year	48,192,290	44,023,487

The following is a detailed break-down of administrative expenses incurred for the year ended December 31, 2021 with comparative figures for the year ended December 31, 2020.

	2021	2020
	$	$
Advertising and promotion	2,245	3,000
Consultants' fees	1,584,995	158,050
Directors' fees & insurance	97,716	88,838
Filing fees	14,628	15,995
Investor relations fees	62,403	2,275
Professional fees	472,962	48,776
Office overheads	245,573	342,900
Salaries and benefits	440,878	644,410
Travel & accommodation	24,568	11,503
Total administrative expenses	2,945,968	1,315,747

National Instrument 51-102 - Section 5.4

Disclosure of Outstanding Share Data (as at May 2, 2022*)

Note: * Effective November 6, 2021, the Multiple Voting Shares were subdivided on the basis of one pre-subdivision Multiple Voting Shares being subdivided into three post-subdivision Multiple Voting Shares and, accordingly, the post-subdivision exercise prices for Multiple Voting Share warrants were reduced to one third of their pre-subdivision exercise prices.

Subordinate Voting Shares outstanding: 1,031,054,327
Multiple Voting Shares outstanding: 5,969,487

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

Subordinate Voting Share Warrants and compensation options outstanding: 13,593,666
Multiple Voting Share Warrants outstanding: 4,365,761

Each Subordinate Voting Share warrant entitles the holder to purchase one Subordinate Voting Share of the Company and each Multiple Voting Share warrant entitles the holder to purchase one Multiple Voting Shares at the following per share prices as at May 2, 2022:

Number of Subordinate Voting Share warrants	***Number of Multiple Voting Share warrants***	***Exercise price $***	***Expiry date***
10,725,238	-	0.05	June 2022
2,868,428	-	0.05	July 2022
-	3,391,467	2.50	December 2022
-	13,333	3.20	December 2023
-	840,000	2.00	December 2025
-	120,961	4.00	March 2027

Options outstanding under the Company's Stock Option Plan:
Each of Subordinate Voting Share option entitles the holder to purchase one Subordinate Voting Share of the Company and each Multiple Voting Share option entitles the holder to purchase one Multiple Voting Shares at the following per share prices as of May 2, 2022:

Number of Subordinate Voting Share options	***Number of Multiple Voting Share options***	***Exercise price $***	***Expiry date***
33,700,000	-	0.05	September 2022
-	838,410	3.00	January 2026
-	296,451	2.65	June 2026

Convertible debentures outstanding: There are currently two forms of convertible debentures outstanding.

The first form is a single unsecured convertible debenture which was issued in the principal amount of $500,000 on October 3, 2017, bears interest at 12% compounded annually and was due on October 3, 2019, but was extended to March 26, 2021. Interest is payable in Multiple Voting Shares issued at their volume-weighted average trading price on the ten trading days prior to payment. The principal may be converted by the holder at any time, in whole or in part, into units at a rate of $7 per unit, with each unit being comprised of twelve Multiple Voting Shares and six warrants, with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $2.50 at any time prior to maturity (namely, until March 26, 2021). The Company is currently renegotiating the terms of this debenture with the debenture-holder.

The second is a form of unsecured convertible debenture which was issued to numerous investors in the aggregate principal amount of $5,404,117, bears interest at 12% compounded annually and is due on June 30, 2023. Interest is payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment to be made either at the Company's option on 30 days' notice, by payment in cash (other than in the event of a conversion) or by the issuance of units at a deemed value of $5.00 per unit. Each unit will be comprised of six Multiple Voting Shares and thre warrants, with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time on or before December 15, 2023. The principal may be converted at the holder's option at any time or at the option of the Company after September 29, 2022 into units at a rate of $5.00 per unit, with each unit being comprised of six Multiple Voting Shares and three warrants, with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time on or before December 15, 2023.

FORWARD LOOKING INFORMATION

This MD&A contains or refers to forward-looking information. All information, other than information regarding historical facts that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Such forward-looking information includes, without limitation: the economic potential of the Company's projects; the proposed construction of a rail line, tramway, pipeline or other haulage system; the proposed construction of an electricity transmission system; the continued maintenance, exploration and development of the Company's properties and the costs related thereto, as well as the Company's expectation of periodically requiring additional funds therefor; exploration, development and operational plans, objectives and budgets; the expected strategic importance and value of the Company's mineral property interests inside and outside of its projects, including expectations regarding the exercise of the Company's option on the Koper Lake Project and the Company's participation in the development of the Koper Lake Project and the McFaulds Lake properties; expectations regarding the consultation, assessment and construction of an electrical transmission system and a railroad, tramway and/or pipeline and/or other haulage system, including the costs and timing associated therewith; the expected acceptance of the Company's patent applications for chromium processing technologies and the issuance and exploitation of patents therefor; mineral resource estimates; potential mineral resources; plans with respect to the use of private placement proceeds; estimates relating to critical accounting policies; the Company's expectations with respect to pursuing new opportunities and acquisitions and its future growth; estimated operating expenses; potential reassessments by the Canada Revenue Agency and associated shareholder indemnification liabilities; and the Company's ability to raise new funding.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company 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, the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the inability of the Company to obtain required financing; demand for ferrochrome by global integrated steel producers; the impact of consolidation and rationalization in the steel industry; the grade and recovery of ore varying from estimates; delays in, or the failure to develop, the projects of the Company caused by unavailability of financing, equipment, labour or supplies, weather and climatic conditions, labour disputes, access, infrastructure or other factors; risks normally incidental to exploration and development of mineral properties; uncertainties in the interpretation of drill results; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resources estimates; the Company's inability to obtain, maintain, renew and/or extend required licenses, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the applicable regulatory framework; the Company's inability to maintain its title to its assets; the Company's inability to secure of develop access and infrastructure such as roads, railroads, tramways and/or electricity transmission lines for its proposed projects; the Company's inability to obtain, defend and exploit the patents for its chromium processing technologies; the Company's ability to defend its renunciations of exploration expenditures to subscribers of flow-through shares; capital and operating costs varying significantly from estimates; the Company's inability to participate in, exercise options on and/or develop the Company's property interests; inflation; changes in exchange and interest rates; adverse changes in commodity prices; the Company's inability to declare and/or pay a dividend on its Subordinate Voting Shares or its Multiple Voting Shares, or at all; adverse general market conditions; the Company's inability to delineate additional mineral resources and delineate mineral reserves; operating hazards and risks, management and control; environmental risks; adverse land claims; future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk Factors" in the Financial

Instruments section of this MD&A.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR (WWW.SEDAR.COM).