

# **KWG RESOURCES INC.**

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*c.o.b. The Canadian Chrome Company*  
(An exploration stage company)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

- QUARTERLY HIGHLIGHTS

FOR THE QUARTER ENDED  
SEPTEMBER 30, 2024

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

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This Management's Discussion and Analysis – Quarterly Highlights (the "MD&A") should be read in conjunction with the 2023 annual and the interim quarterly financial statements for the period ended September 30, 2024 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.sedarplus.ca](http://www.sedarplus.ca). This MD&A – Quarterly Highlights contains forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

### **DATE**

This MD&A for the quarter ended September 30, 2024, is dated as of November 29, 2024.

### **COMPANY OVERVIEW**

KWG Resources Inc. (CSE: CACR and CACR.A), which carries on business as The Canadian Chrome Company ("KWG" or the "Company") (The Canadian Chrome Company is an Ontario registered business style of KWG), is an exploration stage company focussed on the acquisition of interests in, and the exploration, evaluation and development of, large-scale mineral deposits of chromite and other base metals and minerals.

The Company is participating in and consolidating the acquisition, delineation and development of large-scale mineral deposits, including 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".

Bold Ventures Inc. ("Bold") entered into an option agreement with Fancamp Exploration Ltd. ("Fancamp") entitling Bold to acquire up to 100% of the Koper Lake Project. Through a subsequent option agreement (the "Option Agreement") with Bold, KWG obtained 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, KWG became vested in a 50% operator's interest in the Koper Lake Project which KWG renamed the Black Horse Joint Venture (also known as the Black Horse Project). The 50% joint venture interest includes 10% thereof in respect of chromite and 40% in respect of non-chromite minerals, of which Bold (for itself and its co-participant) is the beneficial owner as KWG funded that share of exploration and development expenses as a carried interest recoverable by capital payback from future production.

Through an agreement with Fancamp, on September 1, 2022, KWG acquired all of the rights, title and interests beneficially owned by Fancamp in and adjacent to the "Koper Lake-McFaulds" mineral properties, subject to Bold's rights under the Option Agreement. For Fancamp's interest in the Koper Lake Project plus \$1,500,000 in cash received from Fancamp, KWG (a) delivered to Fancamp a secured convertible promissory note (the "Secured Convertible Promissory Note") in the principal amount of \$34.5 million (the "Principal Amount"); (b) issued to Fancamp 4,044,453 warrants (the "Consideration Warrants") to purchase multiple voting shares of KWG ("MVS") at an exercise price of \$4.6916 per MVS prior to September 1, 2023, at \$4.4783 per MVS from September 1, 2023 until August 31, 2024 or at \$4.2651 per MVS (the "Base Conversion Price") thereafter until the expiry date of September 1, 2027; and (c) granted to Fancamp a 2.0% net smelter return royalty (one-quarter of which may be purchased by KWG at any time for \$5 million and the next one-quarter of which will be

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subject to a right of first refusal in favour of KWG) on any direct or indirect interest in the mining claims held by KWG on and after the closing date (the "Royalty").

The Company also has a 30% joint venture interest in the Big Daddy Project and a 100% interest in 1,033.6 hectares covered by 80 unpatented mining claims (the "Hornby Property") adjoining the southerly boundary of the Big Daddy Project, as well as interests in other mining exploration claims in northern Ontario, most of which are in the Ring of Fire area.

Through Canada Chrome Corporation ("CCC"), a wholly owned subsidiary, the Company has also staked and currently holds numerous mining claims (the "CCC Claims") in Northern Ontario along a 330 km route (the "Transportation and Utility Corridor") from the Ring of Fire area (which includes the Black Horse Project and the Big Daddy Project) to Aroland near Nakina, Ontario where there is access to existing road, railroad and electricity systems that connect to the rest of North America. The CCC Claims were staked in 2009 and 2010 with a view to exploring for, delineating and developing aggregate and other minerals, as well as identifying what KWG believes to be the optimal route for the development and construction of electricity transmission lines to serve the area and a proposed railway, tramway or other form of haulage system and related access roads. These efforts were also undertaken to assist with Aboriginal consultations including to provide information to affected First Nations communities to help them understand the proposed projects and how those and other projects would affect the communities and their asserted and established Aboriginal and treaty rights.

Following staking the CCC Claims, CCC undertook airborne surveys, drilling and other exploration activities over the CCC Claims, spending approximately \$16.8 million on such activities and, although CCC did not discover any base metal or precious metal deposits, it did identify numerous prospective deposits of aggregate at various locations within the CCC Claims along the Transportation and Utility Corridor.

In and around that time, Cliffs Chromite Far North Inc. and its affiliates ("Cliffs"), participants in the Big Daddy and other mineral interests in the area, filed an application under the *Public Lands Act* (Ontario) (the "Public Lands Application") for an easement or right-of-way along much of the same route as the Transportation and Utility Corridor and over parts of the CCC Claims for the development of mines in the Ring of Fire area including the transportation of mine production to existing railroad systems in the Nakina area. Through various affiliates, Cliffs also filed applications under the *Aggregate Resources Act* (Ontario) for approximately 120 permits for authorization to extract aggregate from pits and quarries along the route. CCC contested the Public Lands Application seeking recognition of CCC's superior pre-emptive rights under the *Mining Act* (Ontario) to obtain surface rights for access over those lands, other Crown lands and third party lands for the development of mining activities. In conjunction with the foregoing, in 2012, CCC filed 32 applications under the *Aggregate Resources Act* (Ontario) for permits for a series of aggregate pits and quarries – some for sand and gravel pits and others for rock quarries - located in various places all along the CCC Claims from the south end near Nakina to the north end near the Ring of Fire area for the extraction of aggregate at various locations along the full length of the route to provide local sources of aggregate with minimized shipping costs for, among other uses, the development of transportation and electricity transmission facilities along the route of the Transportation and Utility Corridor.

After a series of hearings and appeals, it was ultimately determined that Cliffs had the right to apply for such an easement or right-of-way but such surface rights could only be granted with CCC's consent or, after a hearing on notice to CCC to give CCC an opportunity to oppose and/or seek terms and conditions, subject to such terms and conditions as may be ordered accordingly. Following those rulings, Cliffs did not pursue its Public Lands Application and, after CCC demanded and obtained an opportunity to review Cliffs' applications for aggregate permits, Cliffs withdrew its aggregate permit applications, leaving CCC with the CCC Claims and its 32 aggregate permit applications. Eventually, Cliffs sold its interests in the Ring of Fire area. On the other hand, KWG continues to hold interests in

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the Koper Lake Project and the Big Daddy Project and CCC continues to hold both mineral exploration claims along the route and CCC's 32 aggregate permit applications.

With those results, a number of principal objectives of KWG having CCC stake the CCC Claims was fulfilled – (i) to identify what KWG believes to be the optimal route for transportation and electricity transmission facilities to serve the Ring of Fire and communities of the area, (ii) to identify local sources of aggregate along the route for the development of those facilities and (iii) to ensure that CCC has the right to receive notice of and to participate in any applications for surface rights over the route. As well, the process confirmed that, with KWG holding interests in the Koper Lake Project and Big Daddy Project, KWG has the same rights as Cliffs had to make applications under the *Public Lands Act* (Ontario) for surface rights between its mining properties in the Ring of Fire and existing road, railroad and electricity systems in the Nakina area that connect to the rest of North America.

In addition to seeking to identify mineral and aggregate resources along the CCC Claims, a benefit of CCC holding those claims was to maintain superior surface rights under the *Mining Act* (Ontario) – the usefulness of which was borne out in the litigation and other forms of contests with Cliffs a decade ago as described above. However, in the intervening years, the Ontario government withdrew that area from further staking under the *Mining Act* (Ontario) so no new claims could be staked in that area from 2012 onwards, although existing claims, including the existing 1,685 CCC Claims, continued to be valid. Accordingly, even if CCC were not to hold all of those CCC Claims, no one else could stake mining claims over any part of the area, including the area covered by the aggregate permit applications, to gain such superior surface rights over those proposed pit and quarry locations covered by CCC's aggregate permit applications.

Moreover, so long as CCC holds a few strategic claims along the route, CCC would have the right to receive notice of any applications by any third parties for surface rights over those strategic claims and CCC would have the opportunity to negotiate with those third parties or, through the hearing process regarding those surface rights applications, seek an order to include terms and conditions for access and other rights for CCC and KWG regarding use of the surface and extraction of the aggregate. As well, KWG continues to have the right pursuant to the *Mining Act* (Ontario) to apply on its own under the *Public Lands Act* (Ontario) for surface rights between its mining properties in the Ring of Fire and the existing road, railroad and electricity transmission systems in the Nakina area that connect to the rest of North America.

For more than a decade, KWG has been advocating concepts of utilizing the CCC Claims and the transportation and utility systems, like those proposed to be developed on the CCC Claims along the Transportation and Utility Corridor, for the benefit of the local communities and sharing with the affected First Nations of the benefits and ownership of the Ring of Fire's mineral resources. To pursue these concepts, the Company continues its consultations with elders and current and former leaders of First Nations in the James Bay Lowlands area which includes the Ring of Fire where its principal mineral assets are located. Those consultations have become much more active in recent months and the Company is hopeful that they will bear fruit in the relatively near future.

Having spent approximately \$16.8 million on exploration activities covering the CCC Claims, those expenditures were filed and applied to the 1,685 CCC Claims for qualifying assessment credits extending the anniversary dates for filing further assessment credits to various dates ranging from April 4, 2024 to November 7, 2028. Recently, CCC spent approximately \$7.0 million on transportation and electrification studies. The transportation study assessed the cost of building transportation systems along the Transportation and Utility Corridor for transporting supplies, equipment and persons to and from KWG's mining lands in the Ring of Fire and for the development of quarries along the proposed access route to the Ring of Fire. The electrification study assessed the cost of a constructing an electrification system connecting the Ontario power grid which passes through Nakina, Ontario, to KWG's mining lands in the Ring of Fire, as well as connecting such electrification services to several

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local First Nations communities in the area which are currently served by local diesel-fuelled generators which are costly, not environmentally friendly and at risk of supply disruptions. Those expenditures were also incurred for application as part of the consultation process to provide information to affected First Nations communities to help them understand KWG's proposed projects and how those and other projects in the Ring of Fire would affect the communities and their asserted and established Aboriginal and treaty rights. However, Ministry staff advised KWG that they would reject CCC's proposed filing of these studies and their costs for further assessment work expenditure credits. Accordingly, as some of the CCC Claims started to reach their anniversary dates over the past several months, CCC has applied for extensions or exclusions of time on the basis that "special circumstances apply", as provided for under the *Mining Act* (Ontario). To date, CCC has filed such applications in respect of an aggregate of 243 claims out of the 1,685 CCC Claims in the Transportation and Utility Corridor but has not received responses from the Ministry of Mines in respect of any of those applications.

In addition to its mineral claims and aggregate permit applications, KWG has 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 each of the USA, Kazakhstan and South Africa and is prosecuting an application in Turkey.

### **HIGHLIGHTS**

During and subsequent to the quarter ended September 30, 2024:

On August 2, 2024, the Company completed the first tranche of this private placement for proceeds of \$1,488,150 (including \$763,150 to satisfy accounts payable at the time). In connection with this private placement, the Company paid finder's fees of \$36,250 by issuing 30,208 units with each such unit consisting of one MVS and one warrant entitling the holder to purchase one MVS for \$1.20 at any time until the earlier of March 31, 2029 or two business days after a change of control of the Company.

On August 15, 2024, the Company completed the second tranche of this private placement for proceeds of \$1,012,000.

On August 31, 2024, the Company announced an increase and extension of its previously announced private placement of Series CD-2024 convertible debentures, increasing the maximum of the private placement to an aggregate of \$5-million of debentures on the same terms as previously announced (see the Company's news releases dated May 13, 2024, June 27, 2024, August 2, 2024, and August 15, 2024). On August 2 and August 15, 2024, KWG closed two tranches of the private placement by issuance of an aggregate of \$2,500,150 of debentures.

On September 4, 2024, the Company announced publication of its Ring of Fire infrastructure compilation map, which includes its proposed utility corridor for constructing transportation and electrification systems through the James Bay Lowlands from Nakina, Ontario, to the Company's Black Horse chromite discovery, a distance of 330 kilometres, including the locations of proposed pits and quarries for which CCC has filed aggregate permit applications. The Company stated its intention to republish the compilation map to include electricity transmission line locations to the area's remote communities.

On November 6, 2024, the Company announced its wholly owned subsidiary, CCC, had signed a memorandum of agreement with AtkinsRéalis Canada Inc. (the "Memorandum of Agreement") in support of its application for work permits needed by it in its capacity as the contractor representing Marten Falls First Nation and Webequie First Nation, the proponents of the environmental

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assessment for the design, construction, operation and maintenance of a multiuse all-season road called the Northern Road Link between the proposed Marten Falls Community Access Road and the proposed Webequie Supply Road in Northwestern Ontario – together those two roads would connect the roads north of Aroland in the Nakina area to the communities of Marten Falls and Webequie and, to the Ring of Fire area. The Memorandum of Agreement is in furtherance of CCC's continuing support for equitable sharing with affected First Nations of the many benefits of the development of transportation and electrification systems into the James Bay Lowlands and of mining enterprises in the Ring of Fire. The announcement also republished the Ring of Fire infrastructure compilation map to include proposed electricity transmission line locations to the area's remote communities of Marten Falls, Eabametoong, Neskantaga, Nibinamik and Webequie which were included in CCC's recent electrification study.

As the routes chosen for the proposed Northern Road Link and the Webequie Supply Road and to be covered by the environmental assessment are for the most part over the route of CCC's proposed Transportation and Utility Corridor along the CCC Claims, CCC agreed, pursuant to the Memorandum of Agreement, to provide its consent for AtkinsRéalis Canada Inc. to be granted temporary access rights pursuant to the *Public Lands Act* (Ontario) to certain parts of the surface over some of the CCC Claims along the northern half of its proposed Transportation and Utility Corridor for periods up to one year for certain geotechnical investigation and aggregate source testing activities and for up to five years for the locations of certain monitoring wells. The Memorandum of Agreement provides that at the end of those periods the access rights obtained by AtkinsRéalis Canada Inc. will be surrendered and the rights to all surface access rights will be restored to CCC.

The Memorandum of Agreement also provides for AtkinsRéalis Canada Inc. to provide KWG and CCC with copies of all reports, as-built drawings and shapefiles indicating where the boreholes and wells have been completed and the results of the geological investigation, aggregate sourcing and ground water monitoring from time to time as various aspects of the work are completed. KWG believes that the results of those studies will assist it and its subsidiary in their activities and ongoing efforts for the efficient development of mines, minerals and mining rights as contemplated by the *Mining Act* (Ontario).

### OUTLOOK

The purchase of all of the rights, title and interests beneficially owned by Fancamp in and adjacent to the "Koper Lake-McFaulds" mineral properties (also known as the Black Horse Project), located within the "Ring of Fire" in the Province of Ontario, advances the consolidation and ownership and control of the chromite interests in that property. Although Bold and its participants continue to hold a small interest in the Black Horse Project, those efforts toward consolidation should make the project more attractive to investors and should facilitate the further exploration and development of the project.

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*

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*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

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infrastructure asset such as a railroad, tramway 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 Canadian and United States national security in chromium and its alloys.

In July, 2021, KWG and its subsidiary, CCC, (a) 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 in part for that purpose by CCC along a 330-kilometer corridor from the Company's Black Horse project and Big Daddy project area to Aroland (near Nakina, Ontario) where there are road and rail systems that connect to the rest of North America and (b) engaged Cormorant Utility Services Ltd. for the preparation of a design engineering feasibility proposal to construct electrical power transmission lines along the same corridor from Aroland (where there are electrical transmission lines that are part of the Ontario power grid) to the Ring of Fire including transmission lines connecting to several contiguous remote communities – namely, Marten Falls, Eabametoong, Neskantaga, Nibinamik and Webequie.

The power line proposal enabled the Rail-Veyor ore haulage proposal to be prepared on the basis of electricity being supplied at Hydro One power-grid 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 proposed underground mines in the Ring of Fire area, across the surface of mining claims staked and assessed for that purpose by CCC 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.

In accordance with KWG's instructions, the study of the proposed electricity system was designed to include transmission lines connecting the Ontario Power Grid to several remote communities in the area, as well as to the Ring of Fire area. The transportation study also provides a base for opportunities to expand the transportation facilities to not only move mining production out of the Ring of Fire area but also to move materials and equipment into both the Ring of Fire area and indigenous communities of the area and to include moving people by rail or by road into and out of both the Ring of Fire area and the indigenous communities of the area. These studies were designed and have been used to assist with Aboriginal consultations by providing information to help affected First Nations communities understand and consider KWG's proposed projects in the Ring of Fire and how those projects might affect the communities and their asserted and established Aboriginal and treaty rights as part of the consultation process.

KWG is very pleased to see the discovery areas directly affected First Nations continue to propound the Environmental Assessments for the transportation infrastructure which, in addition to servicing local communities, is needed for development of the resources in the Ring of Fire area. 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.

In that regard, the Company has proposed that utility corridor assets may be sold to and vested in a trust or other entity for the benefit of members of affected indigenous communities of the area in order that those utility assets can be operated by and for the beneficiaries whose traditional territories host

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this infrastructure so the provision of the Ring of Fire's mining transportation and electrification requirements can become a substantial and independent indigenous enterprise whose revenues can be used to further develop infrastructure and services for the communities of the area.

KWG's wholly owned subsidiary, CCC, continues to hold the mineral exploration claims along the route which it believes is best suited for the transportation facilities and electrification systems to connect the Ring of Fire area and several First Nations communities in the James Bay Lowlands to the road and railroad systems passing through Nakina and the Ontario power grid also passing through Nakina. CCC also continues to have 32 aggregate permit applications in place for the planned production of aggregate at various locations along that route for the construction of such transportation and electrification systems and other infrastructure developments to serve the local communities. As the electrification and transportation studies were prepared not only to assess the cost of building transportation systems along the Transportation and Utility Corridor and the cost of constructing an electrification system connecting the Ring of Fire and several local Aboriginal communities to the Ontario power grid but were also prepared to assist with Aboriginal consultations by providing information to help affected First Nations communities understand and consider KWG's proposed projects in the Ring of Fire and how those and other projects might affect the communities and their asserted and established Aboriginal and treaty rights as part of the consultation process, KWG believes that the cost of those studies should qualify for assessment credits with the Ministry of Mines to extend the life of CCC's mineral exploration claims, some of which would otherwise expire at various times throughout this current year and over the next four years up to November 7, 2028. However, there is some doubt whether those costs will be accepted by the Ministry on that basis. To address such possibilities, CCC has filed applications, in accordance with applicable provisions in the *Mining Act* (Ontario), that some of the CCC Claims which require additional assessment credits to extend their continuity be placed "on hold – special circumstances apply" without the requirement to file annual assessment credits. To date, applications have been made in respect of 243 of the 1,685 CCC Claims. However, as noted above, even if that those applications are not successful and some of those CCC Claims are lost due to the lack of exploration assessment credits, their utility has been fulfilled, including to identify and, through CCC's 32 aggregate permit applications, make available local sources of aggregate along the proposed utility corridor. As well, other CCC Claims will continue into future years – currently as far into the future as November 7, 2028 - and, accordingly, will require that notice be given to CCC of any applications for surface rights over them.

Pursuant to a Memorandum of Agreement signed by CCC with AtkinsRéalis Canada Inc. in November 2024 in support of its application for work permits needed by it in its capacity as the contractor representing Marten Falls First Nation and Webequie First Nation, the proponents of the environmental assessment for the design, construction, operation and maintenance of a multi-use all-season road called the Northern Road Link between the proposed Marten Falls Community Access Road and the proposed Webequie Supply Road in Northwestern Ontario – together those two roads would connect the roads north of Aroland in the Nakina area to the communities of Marten Falls and Webequie and to the Ring of Fire area. CCC agreed to provide its consent for AtkinsRéalis Canada Inc. to be granted temporary access rights for periods up to one year for certain geotechnical investigation and aggregate source testing activities and for up to five years for the locations of certain monitoring wells. The Memorandum of Agreement provides that at the end of those periods the access rights obtained by AtkinsRéalis Canada Inc. will be surrendered and the rights to all surface access rights will be restored to CCC.

The Memorandum of Agreement also provides for AtkinsRéalis Canada Inc. to provide KWG and CCC with copies of all reports, as-built drawings and shapefiles indicating where the boreholes and wells have been completed and the results of the geological investigation, aggregate sourcing and ground water monitoring from time to time as various aspects of the work are completed. KWG believes that

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the results of those studies will assist it and its subsidiary in their activities and ongoing efforts for the efficient development of mines, minerals and mining rights as contemplated by the *Mining Act* (Ontario).

### Selected Consolidated Financial Information<sup>(1)</sup>

As at and for the years ended			
December 31	2023	2022	2021
<b>Summary Operating Results Data</b>			
	\$	\$	\$
General and administrative expenses	4,669,060	4,192,888	2,945,968
Loss from operations	(14,352,180)	(38,370,977)	(14,751,544)
Net loss for the year	(14,323,386)	(35,269,253)	(14,884,427)
Loss per share	(0.01)	(0.02)	(0.01)
<b>Summary Balance Sheet Data</b>			
	\$	\$	\$
Cash	310,473	921,680	1,825,789
Receivables	60,928	423,329	187,361
Total current assets	415,705	1,359,927	2,013,150
Total assets	551,733	1,462,969	2,081,874
Trade and other payables	4,512,691	3,545,265	2,158,734
Long-term liabilities	26,395,083	23,204,108	1,047,147
Total equity (deficiency)	(31,404,399)	(26,217,856)	(1,968,796)

(1) This financial information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Corporation's presentation and functional currency is the Canadian dollar.

### OVERALL PERFORMANCE – FINANCIAL

During the third quarter of 2024, the Company continued to utilize the proceeds of the convertible debenture financing from April, May and June 2023, which injected \$1,008,000 of cash and converted \$80,590 of payables into convertible debentures. The Company also utilized the proceeds of the convertible debenture financing from August 2024, which injected \$725,000 of cash and converted \$763,150 of payables into convertible debentures. KWG's exploration activities and operating costs were funded from the proceeds of this cash inflow. This cash inflow, together with the settlement of payables by issuing convertible debentures, was also utilized to reduce the Company's liabilities. The Company's other cash inflow consisted of a royalty payment of \$782.

Regular operating expenditures for general and administrative expenses in the third quarter of 2024 were approximately \$52,000 higher than the third quarter of the previous year.

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.

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.

Although exploration activities on the mineral deposits in the Black Horse Project and the Big Daddy Project were not progressed very much in the last few years, that has recently changed with the Company engaging Quantec to undertake and report on a magnetotelluric survey completed in the

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first quarter of 2023 over portions of the Company's Black Horse chromite project in the Ring of Fire area of northern Ontario. The report and its graphic presentations enable readers to assess the findings of the magnetotelluric survey and the targets for future mineral exploration identified in the report. The results of the magnetotelluric survey also enable the Company's professional advisors to develop three-dimensional representations of previously discovered chromite resources and newly identified mineral exploration targets for chromite mineralization.

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

### **LIQUIDITY & CAPITAL RESOURCES**

The main sources of financing for KWG have been the issuance of equity shares and convertible debentures and the sale of non-core assets, although the Company also received some funds from Fancamp in connection with the Company's acquisition of Fancamp's interests in the Koper Lake-McFauld's property in September 2022. 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 September 30, 2024, the Company had a working capital deficiency of \$5,355,446 (\$5,145,344 as at December 31, 2023). It had \$115,776 in cash as at September 30, 2024 (\$310,473 in cash as at December 31, 2023). The decrease in cash and the increase in the working capital deficit are attributable to normal operating expenses and the issuance of debentures in satisfaction of some payables, as well as professional fees and other operating costs.

Interest payments due to Fancamp under the terms of the Secured Convertible Debenture were paid by issuing MVS to Fancamp. An interest payment of \$510,411 due on November 30, 2022 was paid by issuing 159,783 MVS at \$3.1944 per share, an interest payment of \$510,411 due on February 28, 2023 was paid by issuing 175,525 MVS at \$2.9079 per share, an interest payment of \$521,753 due on May 31, 2023 was paid by issuing 208,259 MVS at \$2.5053 per share, an interest payment of \$521,753 due on August 31, 2023 was paid by issuing 227,343 MVS at \$2.295 per share, an interest payment due on November 30, 2023 was paid by issuing 332,213 MVS at \$1.553 per share, an interest payment due on February 29, 2024 was paid by issuing 344,100 MVS at \$1.50 per share, an interest payment due on May 31, 2024 was paid by issuing 447,626 MVS at \$1.166 per share and an interest payment due on August 31, 2024 was paid by issuing 361,976 MVS at \$1.441 per share.

The Company forecasts operating expenditures of approximately \$4,000,000 for 2024. Due to the funds raised through the convertible debenture issuances in April, May and June 2023 and in August 2024, the Company believes that it has sufficient working capital to finance its corporate and administrative activities through all of 2024 with accommodations from service providers, contractors, employees, creditors and others to assist the Company with respect to its current cash requirements. The Company expects to raise additional funds through further equity and/or debt financings, receipt of funds from the exercise of outstanding share purchase warrants and stock options or the sale of non-core assets to cover its working capital requirements and longer-term costs and exploration activities.

The Company is in the process of exploring its exploration and evaluation projects and has not yet determined whether its exploration and evaluation projects contain mineral deposits that are economically recoverable. The Company is also in the process of pursuing patents on its chromium alloy technology in several countries and preparing for the commercialization of that technology. The Company will periodically have to raise additional funds to continue its exploration and other activities and, while it has been successful in doing so in the past, there can be no assurance it will be able to

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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do so in the future. Unless the holders of convertible debentures and a convertible promissory note issued by the Company exercise their conversion rights to convert such liabilities into equity, the Company will also have to raise additional funds to repay its debenture and promissory note obligations when they come due and, while many convertible debentures have been converted into equity in the past, there can be no assurance that the holders of those compound financial instruments will convert into equity or that the Company will be able to raise sufficient additional funds in a timely way at the applicable time.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of the amounts expended on the Company's exploration and evaluation projects is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties, including through exploration expenditures to meet annual assessment credit requirements; the ability to obtain necessary financing to complete exploration, development and construction of mining and processing facilities; consultations with affected First Nations; obtaining certain government approvals; and attaining profitable production.

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 third quarter of 2024, the Company recorded a loss of \$3,973,566 (\$0.00 per share) compared to a loss of \$2,261,990 (\$0.00 per share) for the same period in 2023. Included in these results are non-cash expenditures of \$3,198,249 (\$1,526,059 in 2023). The period results are explained as follows:

#### *Income*

Other income totaled \$782 (cumulative of \$2,344) in the third quarters of both 2024 and 2023.

#### *Administrative Expenses*

Administrative expenses for the quarter ended September 30, 2024 amounted to \$1,272,481 (cumulative of \$3,127,446 for 2024) compared to \$1,220,343 for the same period in 2023 (cumulative of \$3,535,882 for 2023) for a net increase of approximately \$52,000 (cumulative decrease of \$408,000). The following discusses variances in the main components of the administrative expenses for the quarter ended September 30, 2024 (with corresponding amounts for the comparable period in 2023):

- Decreased salaries and benefits of \$19,000 (cumulative decrease of \$26,000) compared to the same period in 2023. Increased directors' fees of \$1,000 (cumulative increase of \$8,000) compared to the same period in 2023;
- Professional and consultants' fees increased by \$73,000 (cumulative decrease of \$464,000) compared to the same period in 2023; and
- Corporate expenses decreased by \$3,000 in the third quarter of 2024 (cumulative increase of \$74,000) compared to 2023 which included an increase in filing fees and investor relations fees of \$2,000 (cumulative decrease of \$40,000), decreased overheads of \$5,000 (cumulative increase of \$1,000), increased interest expense of \$6,000 (cumulative increase of \$129,000) and decreased travel and promotional costs of \$6,000 (cumulative decrease of \$16,000).

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### *Stock-based Compensation Costs*

Stock compensation costs constitute a non-cash expense. During the third quarter of 2024, stock compensation costs totaled \$1,840,624 (\$1,840,624 cumulative to September 30, 2024) compared with \$nil for the same period in 2023 (\$6,876,492 cumulative to September 30, 2023). The Company issued nil stock options on MVS in the third quarter of 2024 (nil cumulative to September 30, 2024) compared with 550,000 for the same period in 2023 (1,736,100 cumulative to September 30, 2023). The calculated cost of these stock options is recognized as an expense over the vesting period. No options expired in the third quarter of either 2024 or 2023. Nil Multiple Voting Share Options were exercised in the first three quarters of 2024 compared with 20,000 for \$1.00 per share for the same period in 2023.

### *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 \$58,950 were recognized in the third quarter of 2024 (\$173,250 cumulative to September 30, 2024) compared with \$61,885 for the same period in 2023 (\$380,518 cumulative to September 30, 2023).

### **SUMMARY OF QUARTERLY RESULTS<sup>(1)</sup>**

*(Thousands of dollars except amount per subordinate voting share)*

Quarter ending	Total revenue	Net income (loss)	Loss per Subordinated Voting share (basic and diluted)
September 30, 2024	-	(3,974)	<(0.01)
June 30, 2024	-	(1,922)	<(0.01)
March 31, 2024	-	(1,611)	<(0.01)
December 31, 2023	-	(1,550)	<(0.01)
September 30, 2023	-	(2,262)	<(0.01)
June 30, 2023	-	(5,021)	<(0.01)
March 31, 2023	-	(5,687)	<(0.01)
December 31, 2022	-	11,962	(0.01)

(1) This financial information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Corporation's presentation and functional currency is the Canadian dollar.

The losses in the fourth quarter of 2023 and the first and second quarters of 2024 were due to ongoing operating costs and interest incurred on the Fancamp Secured Convertible Promissory Note. The losses in the first, second and third quarters of 2023 and the third quarter of 2024 were mainly due to stock compensation costs and interest incurred on the "Fancamp Note". The profit in the fourth quarter of 2022 was due to an adjustment to the calculated value of this purchase.

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### COMMITMENTS AND CONTINGENCIES

- (i) 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 \$1,490,000 upon termination. On a change of control, minimum payments range from \$1,525,000 to \$1,875,000 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 the financial statements.
- (ii) On January 19, 2024, the Company amended its agreement with the President and Chief Operating Officer of CCC as follows:
  - (a) he will continue as the sole director of CCC;
  - (b) his right to tender unpaid compensation to CCC in exchange for up to 244,400 CCC shares will be extended to the following expiry dates:
    - (i) in respect of \$800,000 of compensation earned by him in 2021, the expiry date will be the earliest of December 31, 2024, a change of control of CCC or a change of control of KWG; and
    - (ii) in respect of \$880,000 of compensation earned by him in 2022 and January 2023, the expiry date will be the earliest of December 31, 2025, a change of control of CCC or a change of control of KWG; and
  - (c) in the event that he tenders unpaid compensation to CCC and receives CCC Shares in exchange therefor:
    - (i) he will have the right, exercisable on or before the applicable expiry date for acquiring such CCC Shares, to tender such CCC Shares to KWG and receive 6.874 MVS at a deemed price of \$1.99 per MVS in exchange for each CCC share tendered by him; and
    - (ii) KWG will have the right to tender 6.874 MVS to him at a deemed price of \$1.99 per MVS in exchange for each CCC share held by him.

A total of 1,680,000 MVS are issuable pursuant to the foregoing tender rights and have been reserved for issuance in respect thereof.

- (iii) 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.
- (iv) The Company renounced \$150,000 of qualifying exploration expenditures to a shareholder effective December 31, 2022. Under the "look back" provision governing flow-through shares, this amount was fully spent by June 30, 2023. 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.
- (v) The Company has entered into certain agreements which subject certain future transactions to finder's fees, success fees and other fees contingent on the completion of such transactions.

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(vi) The Company has entered into certain agreements which contain break fees that could become payable by the Company. The amount of any such amount would be determined at the time. The Company has the option to make any such payment in shares.

### **RELATED PARTY TRANSACTIONS**

The Company defines its officers (CEO, President, CFO and corporate secretary) and directors as Key Management Personnel ("KMP"). During the first three quarters of 2024, officers and companies controlled by officers charged consulting fees for cash consideration of \$666,650 (\$1,023,907 in 2023) and salaries in the amount of \$480,000 (\$481,904 in 2023). The consulting fees were for services performed by the corporate secretary, the president, a director and the CFO as well as for general accounting services. Directors' fees charged in the first three quarters of 2024 totalled \$93,000 (\$87,000 in 2023). Amounts owing to directors and officers as at September 30, 2024 totalled \$2,400,424 (\$2,548,532 at December 31, 2023). The Company has advanced sums to the CEO against his accruing compensation; as of September 30, 2024, net advances of \$nil (\$7,359 at December 31, 2023) were outstanding. Amounts receivable/payable are unsecured, non-interest bearing and have no fixed terms of repayment. KMP received nil stock options (1,299,500 in 2023) for Multiple Voting Shares in the first three quarters of 2024, stock compensation expenses totalled \$nil for KMP (\$3,168,601 in 2023).

### **CHANGES IN ACCOUNTING POLICIES**

The consolidated financial statements for the years ended December 31, 2023 and 2022 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 2023 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 2023 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

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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. The liability component of convertible debt instruments had been discounted using an estimated market rate of interest for similar instruments of debt having no conversion rights. Management has determined the market rate generally based on those of comparable entries. Such judgments are inherently uncertain and a change in the discount rate would significantly impact the allocation of the components of the convertible debt instruments.

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### **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 2023 audited consolidated financial statements which are available on [www.sedarplus.ca](http://www.sedarplus.ca).

### **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 September 30, 2024 and December 31, 2023, 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

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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 September 30, 2024 and December 31, 2023, the Company had \$nil in guarantees outstanding.

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

	September 30, 2024	December 31, 2023
Carrying amount	\$	\$
Cash and cash equivalents	115,776	310,473
Receivables	54,513	60,928
	170,289	371,401

### 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 2023 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.

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### **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 one life insurance policy on one Company's vice presidents.

*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 or are not located sufficiently close to transportation and other services to make production economically feasible. 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 meet annual assessment credit requirements to maintain rights to mineral exploration claims under the *Mining Act* (Ontario) and 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

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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, that the construction of transportation and utilities to their location can be economically justified 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 resources and 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 and the development of infrastructure such as transportation and electrification systems.

Some exploration properties are held under option agreements requiring capital payments, exploration expenditures 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.

Some exploration properties are purchased under terms which include obligations for later payments, which later payments may be secured by granting security interests on those properties or on those and other properties and assets of the Company. If those later payments are not made or if the Company breaches any terms of applicable security agreements, the properties and any other assets which have been provided as security for such payments may be sold by that creditor to obtain payment of moneys owing or that creditor may foreclose by judicial process and take over the properties pursuant to the terms of such security agreements. There is no assurance that the Company will be able to fulfill its obligations when payments become due and payable under the Secured Convertible Promissory Note issued to Fancamp in connection with the Company's purchase of Fancamp's interest in the Koper Lake-McFaulds property.

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. There is no assurance that KWG or its subsidiary, CCC, will be able to make sufficient qualifying exploration expenditures to maintain rights to all of their respective mining claims. There is no assurance that transportation and electrification infrastructure will be built in a timely way for development of KWG's projects. 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

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restatement of reserves. Lack of existing road or rail access and the cost of developing such access may cause significant delays in the ability to develop certain mineral deposits or may make otherwise good grades of mineral deposits currently uneconomic. 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, base metals 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

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The exploration operations of KWG and development and commencement of production on its properties require permits from various federal, provincial and local governmental authorities and applications for such permits require consultations with affected First Nations. There is no assurance that consultations with affected First Nations can be completed effectively or within any set time-frame, resulting in lengthy delays in obtaining necessary exploration permits. There is no assurance that such permits can be obtained within a reasonable period of time or at all.

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, chromite and potentially other precious and base metals from its mineral exploration properties. None of the KWG properties has been converted from mining claims to leases and none of them has commenced commercial production. KWG has not obtained a preliminary economic assessment or feasibility study on any of its properties. 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.

*No History of Dividends or Distributions* - 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.

*Reliance on Management* - 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

*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 nine months ended September 30, 2024 with comparative figures for the year ended December 31, 2023 on a property by property basis:

#### Black Horse Project

<b>Cumulative exploration expenses</b>	<b>Nine months ended September 30, 2024</b>	<b>Year ended December 31, 2023</b>
	\$	\$
Balance – Beginning of the period	42,652,375	42,213,429
Exploration expenses		
Engineering	173,250	443,946
Balance – End of the period	42,825,625	42,657,375

#### Chromium IP J.V.

<b>Cumulative exploration expenses</b>	<b>Nine months ended September 30, 2024</b>	<b>Year ended December 31, 2023</b>
	\$	\$
Balance – Beginning of the period	4,380,775	4,377,619
Exploration expenses		
Legal fees	3,732	3,156
Balance – End of the period	4,384,507	4,380,775

#### All Projects Combined

<b>Cumulative exploration expenses</b>	<b>Nine months ended September 30, 2024</b>	<b>Year ended December 31, 2023</b>
	\$	\$
Balance – Beginning of the period	84,958,817	84,511,715
Exploration expenses		
Engineering	173,250	443,946
Legal fees	3,732	3,156
	176,982	447,102
Balance – End of the period	85,135,799	84,958,817

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

The following is a detailed break-down of administrative expenses incurred for the nine months ended September 30, 2024 with comparative figures for the same period in 2023.

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Advertising and promotion	665	5,864
Consultants' fees	327,246	706,725
Directors' fees & insurance	103,883	96,149
Filing fees	27,868	27,045
Interest	1,763,767	1,634,382
Investor relations fees	13,782	54,206
Professional fees	452,760	536,849
Office overheads	119,856	119,237
Salaries and benefits	295,270	322,109
Travel & accommodation	22,349	33,316
	<hr/>	<hr/>
Total administrative expenses	3,127,446	3,535,882

### National Instrument 51-102 - Section 5.4

Disclosure of Outstanding Share Data (as at November 29, 2024)

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

**Subordinate Voting Shares outstanding:** 1,279,580,032

**Multiple Voting Shares outstanding:** 9,771,750

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 outstanding:** nil

**Multiple Voting Share Warrants outstanding:** 10,041,140

An aggregate of 66,667 Multiple Voting Share warrants entitle the holders to purchase for each such warrant one Multiple Voting Share at an exercise price of \$2.25 on or before December 30, 2027.

An aggregate of 52,966 Multiple Voting Share warrants entitle the holders to purchase for each such warrant one Multiple Voting Share at an exercise price of \$3.00 on or before April 24, 2026.

An aggregate of 4,044,453 Consideration Warrants entitle Fancamp to purchase 4,044,453 MVS at \$4.6916 per MVS prior to September 1, 2023, \$4.4783 per MVS from September 1, 2023 until August

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

31, 2024 or \$4.2651 per MVS thereafter until the expiry date of September 1, 2027.

An aggregate of 446,895 Multiple Voting Share warrants entitle the holders to purchase for each such warrant one Multiple Voting Share at an exercise price of \$1.20 on or before March 31, 2029.

An aggregate of 1,810,053 Multiple Voting Share warrants entitle the holders to purchase for each such warrant three (3) Multiple Voting Shares with exercise prices and expiry dates set out in the table below.

<i>Number of Multiple Voting Share warrants</i>	<i>Exercise price per MVS \$</i>	<i>Expiry date</i>
840,000	0.67	December 2025
2,935,539	3.20	March 2026
1,654,620	3.20	September 2026

### ***Options outstanding under the Company's Stock Option Plan:***

There are currently no outstanding options on Subordinate Voting Shares; when granted, each such option entitles the holder to purchase one Subordinate Voting Share of the Company at a set exercise price. Each Multiple Voting Share option entitles the holder to purchase one Multiple Voting Share at the following per share prices as of November 29, 2024\*:

<i>Number of Multiple Voting Share options</i>	<i>Exercise price \$</i>	<i>Expiry date</i>
685,900	1.00	January 2026
296,451	2.65	June 2026
360,000	2.85	February 2028
1,157,100	3.00	February 2028
550,000	2.65	June 2028

***Convertible debentures outstanding:*** There is currently one unsecured convertible debenture outstanding which is due and payable. It is a single unsecured convertible debenture which was issued in the principal amount of \$500,000 on October 3, 2017, bears interest at 12% per annum, compounded annually and was due on October 3, 2019, but was extended to March 26, 2021. The maturity date has not been extended any further and, accordingly, the principal and accrued interest is due and payable. 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 \$21 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.

In addition, there is a series of unsecured convertible debentures (the "Debentures") outstanding which were issued on April 24, 2023, May 26, 2023 and June 21, 2023 for an aggregate of \$2,388,590. These Debentures are convertible into units at a rate of \$3.00 per unit at the holder's option at any time prior to payment in cash. The Debentures mature on April 24, 2026. The Debentures bear interest at 5% per annum, accruing daily, compounding annually on the date on which the first Debenture of the Series CD-2023 debentures was issued (the "Date of First Issuance") and payable on each anniversary of the Date of First Issuance and at the Maturity Date or conversion, such interest

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

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payments to be made at the Company's option either (i) by payment in cash (other than in the event of a conversion) or (ii) by the issuance of Units at a deemed value of \$3.00 per unit. Each unit will be comprised of one (1) multiple-voting share and one (1) share purchase warrant enabling its holder to acquire one further multiple-voting share from treasury upon payment of \$3.00 exercisable at any time on or before the earlier of (i) the third anniversary of the maturity date or (ii) two (2) business days after completion of a take-over bid or a merger, amalgamation, arrangement or other form of business combination as a result of which the shareholders of the Company immediately prior to such bid or business combination do not own a majority of votes attaching to the voting securities of the Company or of the resulting issuer or do not have the power to elect a majority of the directors of the Company or of the resulting issuer, as the case may be, after completion of such bid or business combination. On maturity, the Company may pay the principal of the Debentures in cash or, at the Company's option, in replacement debentures having the same terms as the Debentures except (a) the maturity date of the replacement debentures will be the earlier of (i) two (2) years after the maturity date of the Debentures and (ii) two business days after a change of control of the Company, (b) the expiry date of the warrants comprising part of the units issuable for payment of interest or on conversion will be the maturity date of the replacement debentures, and (c) the conversion rate for the replacement debentures will be the lesser of (i) \$3.00 per unit and (ii) the 30-day (ending on the maturity date of the Debentures) volume-weighted average trading price of the MVS and the Company's SVS on the Canadian Securities Exchange and any other securities exchange where such SVS and MVS are listed and posted for trading as of the maturity date of the Debentures (the SVS adjusted for the then applicable exchange ratio between SVS and MVS, currently 100 SVS for each MVS).

There is also a series of unsecured convertible debentures (the "Debentures") outstanding which were issued on August 2, 2024 and August 15, 2024 for an aggregate of \$2,500,150. These Debentures are convertible into units at a rate of \$1.20 per unit at the holder's option at any time prior to payment in cash. The Debentures mature March 31, 2028 (the "Maturity Date") and are (a) repayable at any time in cash on not less than 30 days' notice (other than in the event that any of the holders elects to convert) or (b) convertible into units (each a "Unit") at the Company's option at any time after August 2, 2025. The Debentures bear interest at 5% per annum, accruing daily, compounding annually on March 31 of each year and payable on each such March 31 anniversary date and at the Maturity Date or conversion. Payments of interest may, at the Company's option, be made either (i) by payment in cash (other than in the event of a conversion) or (ii) by the issuance of Units at a deemed value of \$1.20 per Unit. Each Unit will be comprised of one (1) CACR.A multiple-voting share and one (1) share purchase warrant enabling its holder to acquire one further CACR.A multiple-voting share from treasury upon payment of \$1.20, exercisable at any time on or before the earlier of (i) March 31, 2029 or (ii) two (2) business days after completion of a take-over bid or a merger, amalgamation, arrangement or other form of business combination as a result of which the shareholders of the Company immediately prior to such bid or business combination do not own a majority of votes attaching to the voting securities of the Company or of the resulting issuer or do not have the power to elect a majority of the directors of the Company or of the resulting issuer, as the case may be, after completion of such bid or business combination.

**Secured Convertible Promissory Note outstanding:** There is a single secured convertible promissory note outstanding which was issued in the principal amount of \$34,500,000 on September 1, 2022. It bears interest at 6% compounded annually and is due on September 1, 2026. Interest is payable quarterly in arrears on the last day of each of the months of February, May, August and November commencing on November 30, 2022 in cash or, at the option of KWG, in Multiple Voting Shares at their volume-weighted average trading price on the five trading days prior to the payment date. The principal may be converted by the holder at any time, in whole or in part, into Multiple Voting Shares for \$4.6916 per share from the issue date to September 1, 2023; for \$4.4783 per share from September 2, 2023 to September 1, 2024; or for \$4.2651 per share from September 2, 2024 to the maturity date.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

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**Other convertible securities:** The Company and its subsidiary, Canada Chrome Corporation ("CCC"), entered into an agreement in January 2021 with the President and Chief Operating Officer of CCC whereby he may, over the two-year term of the agreement, earn \$70,000 per month which monthly salary may, at his option, be tendered for (all of which has been earned as of January 2023) which salary may, at his option, be tendered for 244,400 common shares of CCC, representing a 10% interest in CCC as at the date of the agreement, for the purpose of which the total value of CCC was deemed to be \$16.8 million. Alternatively, all or any part of any unpaid salary may be tendered by him for payment in Multiple Voting Shares of the Company at \$1.00 per share at any time on or before January 18, 2024. He has earned \$1,680,000 under this agreement, which amount is unpaid. On January 19, 2024, the Company amended its agreement with the President and Chief Operating Officer of CCC (Note 22(ii)) as follows:

- (a) he will continue as the sole director of CCC;
- (b) his right to tender unpaid compensation to CCC in exchange for up to 244,400 CCC shares will be extended to the following expiry dates:
  - (i) in respect of \$800,000 of compensation earned by him in 2021, the expiry date will be the earliest of December 31, 2024, a change of control of CCC or a change of control of KWG; and
  - (ii) in respect of \$880,000 of compensation earned by him in 2022 and January 2023, the expiry date will be the earliest of December 31, 2025, a change of control of CCC or a change of control of KWG; and
- (c) in the event that he tenders unpaid compensation to CCC and receives CCC Shares in exchange therefor:
  - (i) he will have the right, exercisable on or before the applicable expiry date for acquiring such CCC Shares, to tender such CCC Shares to KWG and receive 6.874 MVS at a deemed price of \$1.99 per MVS in exchange for each CCC share tendered by him; and
  - (ii) KWG will have the right to tender 6.874 MVS to him at a deemed price of \$1.99 per MVS in exchange for each CCC share held by him. A total of 1,680,000 MVS are issuable pursuant to the foregoing tender rights and have been reserved for issuance in respect thereof.

An aggregate of 1,680,000 Multiple Voting Shares were originally reserved in 2021 and continue to be reserved for issuance for this contingency.

### **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; the filing of assessment credits for exploration work on mineral exploration claims to extend their respective anniversary dates and avoid forfeitures; 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## - QUARTERLY HIGHLIGHTS

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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 or 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, including the Company's annual information form, is available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).