KWG RESOURCES INC.

(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009

This management's discussion and analysis (the "MD&A") follows rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the annual and quarterly financial statements and should be read in conjunction with those statements. It represents the view of management on current activities and past and current financial results of the Company, as well as an outlook of the activities of the coming months.

DATE

This MD&A for the period ended September 30, 2009 is dated November 24, 2009.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, and there can be no assurance that they will prove to be accurate. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements. The risk and uncertainties are further described in this MD&A and include risks inherent to mining exploration and development of its chromite, nickel, base metal group and the diamond group properties, fluctuating prices of base metal, operating hazards and risks, management and control, title to assets, government regulation, environmental factors, land claims, and the Company's ability to raise new capital when required. The Company cautions that this list of risks and uncertainties is not exhaustive.

NATURE OF ACTIVITIES

KWG Resources Inc., ("KWG" or the "Company"), is an exploration stage company with interest in two group of properties in Ontario, Canada: The chromite, nickel, base metal group held by its wholly-owned subsidiary, Canada Chrome Corporation ("CCC"), and the diamond group held by its wholly-owned subsidiary, Debuts Diamonds Inc. ("DDI"). KWG has no income from production since all its properties are at the exploration stage.

RECENT DEVELOPMENTS AND OUTLOOK

KWG has redirected its strategic objective to the development of the chrome project in northern Ontario. Significant recent developments since the second quarter 2009 MD&A dated June 30, 2009 are discussed below under the following headings:

- **(A) Amendment to Option Agreement For McFaulds Joint Venture Property With Freewest Resources Canada Inc. and Spider Resources Inc.;**
- **(B) Termination of Area Of Interest With Spider;**
- **(C) Appointment of New Chief Financial Officer;**
- **(D) KWG subsidiary Canada Chrome Corporation acquires the services of Krech Ojard to stake possible routes for railway development;**
- **(E) Engagement of Investor Relations Professionals; and**
- **(F) KWG Board Awards Stock Options.**

(A) Amendment to Option Agreement for McFaulds Joint Venture Property with Freewest Resources Canada Inc. and Spider Resources Inc.

On September 14, 2009 KWG announced that KWG, Freewest Resources Canada Inc. and Spider Resources Inc. have amended their December 2005 Option Agreement with respect to Freewest's McFaulds joint venture property located in Ontario. Each of KWG and Spider has to date earned a 25% interest in the McFaulds joint venture property.

Under the Amended Option Agreement, Freewest has granted additional options to KWG and Spider under which each can earn an additional 5% undivided interest (10% in the aggregate) in the McFaulds joint venture property by incurring an additional $7.5 million in expenditures ($15 million in the aggregate) by March 31, 2012. Each of KWG and Spider can acquire: (i) an additional 1.5% interest in the McFaulds joint venture property by incurring $2.5 million in expenditures by March 31, 2010, which KWG and Spider have committed to spend; (ii) an additional 1.5% interest in the property by incurring an additional $2.5 million in expenditures by March 31, 2011; and (iii) an additional 2% interest in the property by incurring an additional $2.5 million in expenditures by March 31, 2012. If either KWG or Spider elects not to exercise any portion of its option under the Amended Option Agreement, the other has the right to exercise the option in its place.

Alternatively, if one or more of the optionees incurs at least $5 million in expenditures and delivers a positive feasibility study to the two other parties on or before March 31, 2012, such optionee or optionees, as the case may be, will be deemed to have earned the aggregate 10% interest in the McFaulds joint venture property, notwithstanding that less than $15 million of expenditures were incurred prior to that date. Any decision to undertake a positive feasibility study must be made by the operator of the McFaulds joint venture project, who must notify Freewest of any such decision on or before March 31, 2011.

The Amended Option Agreement further provides that KWG and Spider will alternate as operator of the McFaulds joint venture project for one-year terms, until March 31, 2012, with Spider acting as initial operator until March 31, 2010. The three parties will decide on the operator for the period after March 31, 2012 by way of majority vote.

The Amended Option Agreement also provides that upon the earlier of the termination of the option period, or KWG and Spider acquiring an aggregate 60% interest in the McFaulds joint venture property, a Joint Venture Agreement among the three parties will automatically enter into effect. The Joint Venture Agreement is a schedule to the Amended Option Agreement.

(B) Termination of Area of Interest with Spider

On September 16, 2009 KWG advised that KWG and Spider have terminated past area of interest agreements. As a result of the termination of these agreements, the parties will no longer be obliged to share acquisitions in any area of interest covered by the agreements, or have any obligation to each other regarding business opportunities in such areas of interest.

To enable KWG and Spider to act independently of each other, the parties have terminated agreements signed between them in April 2003 and May 2006. Following KWG's financial reorganization in 1998, the April 2003 agreement consolidated various arrangements between the parties under a joint venture initially constituted in 1992. When KWG negotiated an option on a block of claims from Freewest Resources Canada Inc in 2005, the area-of-interest provisions of the 2003 agreement dictated that the option be shared with Spider. A further agreement governing the equally-earned optioned interests was completed by the parties in May 2006.

As a result of amendments to the terms of the Freewest Option agreement that the three parties to it announced in individual news releases on Monday, September 14, 2009, the two underlying agreements between KWG and Spider have now been terminated in order to permit the parties to pursue their independent business interests.

(C) Appointment of New CFO

On September 16, 2009 KWG announced that it engaged the auditing and accounting firm of Palmer Reed of Toronto, Canada, to provide accounting, disclosure compliance and tax services for the parent company and its subsidiaries and affiliates, following Leonard Teoli's resignation as the Company's Chief Financial Officer. Palmer Reed's managing partner Thomas E. (Ted) Masters has been appointed Chief Financial Officer of the Company and its subsidiaries.

(D) KWG subsidiary Canada Chrome Corporation acquires the services of Krech Ojard to stake possible routes for railway development;

On September 24, 2009 CCC engaged Krech Ojard & Associates, P.A. of Duluth, Minnesota to provide engineering services for the construction of a new 350km (210 mi) railroad link to the Ring of Fire.

Krech Ojard is a railroad engineering and construction firm that has completed a number of projects with KWG's principal shareholder Cliffs Natural Resources. Krech Ojard identified and field refined a proposed route and undertook additional surveys to determine the final alignment. A feasibility study will then be completed prior to moving into the next phases of the project

(E) Engagement of Investor Relations Professionals

On October 15, 2009 Tydewell Consulting Inc. of Vancouver and Ian Kilgour of Toronto were engaged to provide investor relations services at $5000 and $3000 monthly, respectively. The contracts are for six months expiring on April 15, 2010.

(F) KWG Board Awards Stock Options

On October 15, 2009 the Board of Directors awarded 6,558,500 options to purchase treasury shares at $0.10 each, under the provisions of the Company's Incentive Stock Option Plan. Of the total awards 3,293,500 were allocated to employees 2,365,000 were allocated to Directors and 900,000 were allocated to consultants

Outlook

Exploration Program:

Near the end of the third quarter, personnel and equipment were mobilized to Billiken Management’s McFaulds Lake Camp to resume a core drilling program on the Big Daddy chromium deposit. The $5.7 million program is intent on drilling the entire geophysically-inferred strike length of greater than one kilometre, to a depth of 250 metres, at a hole density of 100 metres and locally at greater density. Preliminary variography indicates that this density is sufficient to establish a 43-101 compliant resource. Recently completed detailed magnetic and gravity surveys will ensure optimum drill hole location. The results of a scoping level metallurgical study, conducted by SGS Lakefield, were received prior to the commencement of drilling. The report confirmed that high value chromite concentrate can be produced from the Big Daddy.

In addition to drilling the Big Daddy, targets representing both magmatic copper-nickel deposit type, and volcanogenic copper-zinc deposit type, will be drill tested. The existing geophysical data will be supplemented by detailed Pulse EM surveys.

Other activity during the quarter included staking railroad corridors from the CNR line near Nakina to the Ring of Fire. The corridors are high ground consisting of glacio-fluvial deposits. The company engaged Krech Ojard & Associates, P.A. of Duluth, Minnesota to provide engineering services for the construction of the 350km railroad. Detailed topographic surveys, and sampling for soil testing commenced.

Overall Performance - Financial

During the third quarter ended September 30, 2009, the Company improved its financial situation with the closing of a private placement with total subscriptions of $1,437,500. The net proceeds of the private placement have been used to finance the exploration work on the Freewest Option in the *Ring of Fire,* to identify a proposed route for a railroad link to the *Ring of Fire* and for working capital. The proceeds from the FT Units will be used for eligible flow-through exploration expenses and will be renounced for the 2009 taxation year.

The Company has maintained its focus on its strategic planning to develop what it expects could become a North American ferro-chrome supplier deposit as well as a route to export the materials. Exploration activities on the Freewest optioned properties have been steady and progress is being made to understand the value of the deposit.

KWG's railway infrastructure project has been well timed and the need for a railway in the Ring of Fire seems highly economic. KWG continues to raise funds for its subsidiary Canada Chrome Corporation to investigate and explore and initiate an engineering plan.

Liquidity & Capital Resources

The main source of financing for KWG is the issuance of equity shares. 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.

On September 30, 2009, the Company had a working capital deficiency of $112,824 (working capital was $1,294,914 as at December 31, 2008) including $1,546,006 in cash. This deficiency was due mainly to the purchase of a 1% net smelter royalty the terms of which include the requirement of a $1,000,000 payment in a year. The company expects to fund this through the acquirement of additional equity. During the quarter, the Company raised $1,437,500 through a private placement of both flow-through and non-flow through shares. The Company forecasts operating expenses of approximately $2.7 M for 2009. KWG has adequate working capital to finance its corporate and administrative activities in 2009 along with part of its planned exploration program. However, the Company will look at raising additional financing dedicated to its upcoming exploration programs.

Results from Operations - Third quarter 2009 vs 2008

During the three-month period ended September 30, 2009 the Company incurred a loss of $948,968 ($0.002 per share) for a cumulative loss of $3,307,378 ($0.01 per share) for the nine-month period ended September 30, 2009 compared to a loss of $332,978 ($0.001 per share) and cumulative loss of $6,437,262 ($0.02 per share) for those same respective periods in 2008.

The period results are explained as follows:

Income

Interest and other income amounted to $885 (cumulative of $18,076 for the nine-month period ended September 30, 2009) compared with $54,070 (cumulative of $124,299) in 2008. The decrease in interest revenue is due to lower interest rates as well as lower cash reserves compared to 2008.

Expenses

Administrative Expenses
During the three-month period ending September 30, 2009 administrative expenses amounted to $848,503 (cumulative of $2,238,567 for the nine-month period ended September 30, 2009) compared

with $320,585 and a cumulative of $684,695 in 2008. The main components of the administrative expenses variance of $527,918 compared to 2008 are explained as follows:

- Included in the third quarter expenses is the aggregate amount of $500,000 paid as a special bonus to certain directors and officers of the Company as a result of accomplishments made during the quarter;

- The Company's wholly owned subsidiary Debuts Diamonds Inc. which became reporting issuer in Ontario in late 2008, incurred administrative and corporate expenses amounting to $31,000 during the quarter compared to $82,000 in 2008;

- Increased consulting fees of $21,000 and professional fees of $60,000 were incurred due to greater involvement of certain officers and outside consultants in relation to the reorganization and operation of the Company, joint-venture set-up and the private placement; and

- Corporate expenses showed a marginal increase in the quarter due to increased overheads in the Toronto office and various filing fees incurred.

Other Expenses
During the quarter, stock compensation costs amounted to $2,943 (cumulative of $43,679 for the nine-month period ended September 30, 2009) ($66,464 and cumulative $374,974 in 2008). No stock options have been granted during the first three quarters of 2009, explaining the decrease in the expenses compared to 2008 whereas 2,979,700 options were granted over the first nine months of 2008. Therefore the 2009 expense only includes the vesting of option granted in previous years in accordance with the Company's vesting policy.

During the quarter, the Company incurred a loss of $96,000 on the exchange and conversion of US dollars, as US dollars lost 9.0% value against the Canadian dollar during the quarter. In 2008, the Company did not carry any US currency.

SUMMARY OF QUARTERLY RESULTS

(Thousands of dollars, except amount per share)

Quarter	Total income ($)	Loss ($)	Loss per share (basic and diluted) ($)
September 30, 2009	1	(949)	<(0.01)
June 30, 2009	14	(1,883)	<(0.01)
March 31, 2009	3	(474)	<(0.00)
December 31, 2008	87	(4,695)	<(0.02)
September 30, 2008	54	(333)	<(0.00)
June 30, 2008	25	(5,673)	<(0.02)
March 31, 2008	45	(431)	<(0.00)
December 31, 2007	25	(492)	<(0.01)
September 30, 2007	3	(219)	<(0.00)

COMMITMENT

Pursuant to flow-through financing agreements closed during the year ended December 31, 2008, the Company must incur $369,808 in Canadian exploration expenses by December 31, 2009. This requirement was met during this quarter. The company is also required to incur $1,000,000 in Canadian exploration expenses by December 31, 2009 pursuant to a flow-through financing agreement signed during this quarter. This requirement has also been fulfilled through expenditures made in the quarter.

RELATED PARTY TRANSACTIONS

Related party transactions occurred in the normal course of business and were recorded at the exchange value, reflecting the consideration determined and agreed to by the parties. In 2009, officers and directors of the company and companies controlled by officers charged consulting fees totalling $399,550, including $250,000 of the aforementioned bonus payment (September 30, 2008 (unaudited) - $84,839) of which $170,000 (September 30, 2008 (unaudited) - $9,198) remained payable at June 30, 2009.

CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted the Section 3064 "Goodwill and Intangible Assets" which established standards for the recognition, measurement, presentation and disclosure of Goodwill and Intangible Assets. Adoption of this standard had no effect on the interim consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008 the Canadian Accounting Standards Board (AcSB) confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011.

The Company has established a changeover plan to adopt IFRS by 2011. Management started the process of assessing accounting policy choices and elections that are allowed under IFRS. Management is assessing the impact of the conversion on our business activities including the effect on information technology and data systems, internal controls over financial reporting and disclosure controls. Management will continually review and adjust the changeover plan to ensure our implementation process properly addresses the key elements of the plan.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Mining Assets: Exploration properties include rights in mining properties and deferred exploration expenses. Exploration costs are deferred until the economic viability of the project has been established, at which time costs are added to mining properties. Costs are written off when properties are abandoned or when cost recovery is uncertain. Management has defined uncertainty as either there being no financial resources available from the Company or its joint venture partners for development of a mining property over a three-year period, or results from exploration work not warranting further investment.

Impairment of long-lived assets: Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable, as identified by comparing their net book value to the estimated undiscounted future cash flows generated by their use and eventual disposal. Impairment is measured as the excess of the carrying value over the fair value, determined principally by discounting the estimated net future cash flows expected to be generated from the use and eventual disposal of the related asset. In the event that the Company has insufficient information about its exploration properties to estimate future cash flows to test the recoverability of the capitalized costs, the Company will test for impairment by comparing the fair value to the carrying amount, without first performing a test for recoverability.

Income Taxes: The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the accounting values and tax values of assets and liabilities using substantively enacted or enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. The Company establishes a valuation allowance against future income tax assets if, based upon available information, it is more likely than not that some or all of the income tax assets will not be realized.

FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter in financial instrument agreements including derivative financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are as follows:

Interest Rate Risk: Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Cash, accounts receivable and accounts payable and accrued liabilities are non-interest bearing.

Credit Risks: It is management's opinion that the Company is not exposed to significant credit risks. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash and accounts receivable. The Company reduces its credit risk by maintaining part of its cash in financial instruments guaranteed by and held with a Canadian chartered bank.

Foreign Exchange Risk: It is management's opinion that the Company is usually not exposed to significant foreign exchange risk as it mainly finances and operates its activities in Canadian dollars. However, since Cliffs Natural Resources became a principal investor during this year, the Company maintains some cash denominated in US dollars and therefore is exposed the US dollar fluctuation. As at September 30, 2009, the Company holds US$932,245 (nil as at December 31, 2008).

Liquidity Risk: Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. As at September 30, 2009, the Company had enough funds available to satisfy its obligations under accounts payable and accrued liabilities. In the past few years, the Company financed its liquidity needs primarily by issuing equity securities. As the Company is currently incurring operating losses, additional capital will be required to continue exploration activities on the properties.

Fair Value: Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments. As at September 30, 2009, all financial instruments (cash, accounts receivable and accounts payable and accrued liabilities) have fair values which approximate their carrying values due to the relatively short period to maturity of the instruments. For temporary investments refer to note 5 of the consolidated interim financial statements.

RISKS INHERENT TO MINING EXPLORATION

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration stage only and are without a known body of commercial ore. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Regulation and Environmental Requirements: The activities of the Company require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters. Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Company is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

Capital Needs: The exploration, development, mining and processing of the Company's properties will require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

Commodity Prices: The market price of the Company's common shares, its financial results and its exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of precious or base minerals.

Uninsured Risks: KWG's business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the KWG's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Land Title: Although KWG has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims against the KWG properties.

OTHER

i. National Instrument 51-102 - Section 5.3

Below is the detailed analysis of exploration expenditures incurred for the nine-month period ended September 30, 2009 and the year ended December 31, 2008.

Cost and deferred exploration expenses	**Nine-month period ended September 30, 2009**	**Year-ended December 31, 2008**
	$	**$**
Balance – Beginning of the period	9,658,935	16,897,432
Acquisition, staking and permits	4,259,212	165,845
Write-down and write-off of mining assets	-	(1,900,130)
	4,259,212	(1,734,285)
Exploration expenses		
Drilling	207,989	2,051,619
Geology	408,330	-
Geophysics	51,511	391,078
Sampling	78,227	118,640
Consulting	90,083	451,672
Field preparation	3,811	5,859
Management	28,142	145,211
Line cutting and road	44,008	154,931
Camp expenses	57,717	105,914
Resource studies	6,187	-
Drafting	377	-
Planning	27,797	-
Write-down and write-off of mining assets	-	(8,929,136)
	1,004,179	(5,504,212)
Balance – End of the period	$14,922,326	$9,658,935

ii. National Instrument 51-102 - Section 5.4

Disclosure of Outstanding Share Data (as at November 24, 2009)

Common shares outstanding: 403,468,877

Warrants and compensation options outstanding: 159,470,028

Each warrant entitles the holder to purchase one common share of the Company at the following prices:

Number of Warrants	***Compensation Options***	***Exercise Price $***	***Expiry Date***
-	3,886,692	0.05	October 2009
-	413,500	0.15	December 2009
-	1,412,465	0.185	December 2009
2,000,000	-	0.10	August 2010
18,475,000	1,847,500	0.05/0.10	December 2010
1,500,000	-	0.10	June 2012
1,000,000	-	0.10	July 2012
6,600,000	-	0.10	September 2012
26,476,923	-	0.10	October 2012
9,375,000	-	0.12	October 2012
4,135,000	-	0.15	December 2012
7,062,325	-	0.18	December 2012
22,224,784	-	0.06/0.13	March 2010-March 2014
9,310,839	-	0.06/0.13	March 2010-March 2014
15,000,000	-	0.10	July 2014
28,750,000		0.10	August 2014
151,909,871	**7,560,157**		

Options outstanding: 23,473,780 - average exercise price of $0.11

Number of Options		**Expiry Date**
530,500		April 2010
7,078,580		November 2010
300,000		April 2011
1,800,000		December 2011
2,690,000		June 2012
1,960,000		September 2012
500,000		October 2012
3,410,000		November 2012
2,000,000		December 2012
2,216,600		February 2013
588,100		May 2013
400,000		October 2013

As at the date of this report, the market value of the common share of the Company was less than the exercise prices of all outstanding warrants and stock options.

ADDITIONAL INFORMATION

Additional information on the Company is available through regular filings of press releases and quarterly financial statements on SEDAR (WWW.SEDAR.COM)