KWG RESOURCES INC.

(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2008

This management's discussion and analysis 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.

1.1 DATE

This management's discussion and analysis (the "MD&A") for the period ended March 31, 2008 is as of May 29, 2008.

1.2 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 the June 30, 2007 annual MD&A and include risks relating to exploration and development of kimberlite host rock and alluvial deposits, fluctuating prices, operating in a foreign country, operating hazards and risks, management and control, title to assets, government regulation, environmental factors, land claims, requirement of new capital and political and economic instability. The Company cautions that this list of risks and uncertainties is not exhaustive.

1.3 NATURE OF ACTIVITIES

KWG Resources Inc., ("KWG" or the "Company"), is an exploration stage company with properties in Ontario, Canada. KWG has two property groups: the diamond group and the nickel and base metal group. In October 2007, KWG incorporated Debuts Diamonds Inc. ("Debuts Diamonds"), as a wholly owned subsidiary to hold KWG's various diamond exploration undertakings. KWG will continue to hold directly the other Ontario mineral properties including the nickel and base metal claims and interests in the McFaulds Lake area, where Noront Resources Ltd. is drilling a significant nickel and copper discovery.

KWG has no income from production since all its properties are at the exploration stage.

1.4 RECENT DEVELOPMENTS & OUTLOOK

On April 22, 2008 KWG set the date for the KWG annual meeting as June 20, 2008. On May 1, KWG has received the first assays from the drilling on the Freewest claims that began in the 1Q of fiscal 2008. On April 28, 2008, KWG completed the transfer of the diamond group claims to its subsidiary, Debuts Diamonds Inc., "Debuts". The following two sections describe (a) Chromitite discovery on Freewest claims and (b) Transfer of diamond claims to Debuts.

(a) Chromitite discovery on Freewest claims

In March 2008, KWG Spider commenced drilling on the Freewest Option property' ("Freewest Option"), in the James Bay Lowlands region of Northern Ontario. The Freewest option is located approximately 15 kilometres southwest of the McFaulds Lake volcanogenic massive sulphide occurrences of Spider and KWG and approximately 3.6 kilometres northeast of the Eagle One magmatic massive sulphide discovery of Noront Resources Ltd. ("Noront"). Spider is the operator of Freewest Option and KWG's interest in this joint venture project was estimated at 50.64% on March 31, 2008.

The focus of the 2008 KWG and Spider diamond drilling program is around a 2006 discovered chrome-nickel-platinum group element occurrence in peridotite that has many similarities to the new Eagle Two discovery of Noront. The 2006 discovery hole contained 4.05% chrome and 0.17% nickel over a core length of 16.85 metres and values of platinum, palladium, rhodium & ruthenium.

The estimated budget for the 2008 program is $2.4 million, the cost of which will be shared equally between KWG and Spider. In March and April of 2008, Spider as operator, drilled 7 holes for a total of 2,184 meters. Diamond drilling is temporarily curtailed due to the arrival of spring in the James Bay Lowlands and will resume after breakup.

Assays from the first 2008 hole FW-08-05 returned Chromitite, (Chrome Oxide, Cr_2O_3), grades as high as 35.6% over 7.5 metres, other layers show enrichment in Platinum and Palladium as high as 1.0 g/t (Pt + Pd) over 4.3 metres as well as enrichment in Nickel as high as 0.25% Nickel over 3 metres. KWG regards the Chromitite assay results as significant because this chrome-PGE-nickel discovery was the first of its kind in the McFauld's Lake area of the Sachigo Greenstone Belt.

The assay results for Hole FW-08-05 are summarized in the following table:

Hole #	Unit	from	to	length	Chrome	CR2O3	Nickel	Platinum	Palladium
		(m)	(m)	(m)	(%)	(%)	(%)	(g/t)	g/t)
FW-08-05	Lower Cr1	75.0	77.0	2.0	1.4	2.0	0.15	0.03	0.05
	Lower Cr2	160.7	165	4.3	1.5	2.2	0.11	0.42	0.58
	Lower Cr3	174.0	183.2	9.2	10.21	14.94	0.21	0.15	0.34
FW-08-05	Middle Cr1	192.0	195	3.0	2.2	3.2	0.25	0.097	0.199
	Middle Cr2	208.5	210.4	1.9	12.5	31.1	0.19	0.11	0.21
	Middle Cr3	222.6	225	2.4	0.84	1.23	0.24	0.05	0.13
FW-08-05	Upper Cr	240.0	305.0	65.0	10.6	15.5	0.15	0.1	0.11
including	Upper Cr2	251.2	279.0	27.8	15.53	22.7	0.17	0.1	0.17
also incl.	Upper Cr4	291.4	298.9	7.5	24.4	35.6	0.11	0.09	0.03

The above table of analyses suggests several chromitite layers all of which have different metal content as would be expected in a layered complex. Some of the layers exhibit enrichment in chrome with many values in excess of 10% as high as 35.6% Cr2O3 over 7.5 metres, while others are enriched in platinum and palladium (Pt + Pd values as high as 1 g/t) and yet others are enriched in Nickel with values greater than 0.2%. Once additional assay information is available from the other holes drilled in this immediate area, the lithogeochemical signature of the individual chromitite layers should be traceable from hole to hole and section to section to facilitate a better understanding of this layered complex.

The host peridotite contains variable amounts of magnetite as disseminations and seams and elicits a strong magnetic signature. The magnetic high has dimensions of 400 metres by 400 metres and due to both these dimensions, and the peridotite setting similarity to Noront's Eagle One MMS discovery (located 3.6 km to the SE), as well as the newly discovered Eagle Two sheared massive sulphide occurrence, (located 2 km to the SE of Eagle One) which also contains chromitite layering; this occurrence has become a very attractive exploration target for additional work directed at chrome-PGE-nickel mineralization. Noront's peridotite sill, announced on April 2, is rendered by airborne geophysics to continue to the east-north-east of their Eagle One occurrence towards and through the Freewest Option property of Spider and KWG as well as to the east-south-east of Eagle Two.

Once the assays for the other six holes drilled on the Freewest option are available, KWG would have additional information to determine the possible extent of the Chromitite discovery.

(b) **Transfer of diamond claims to Debuts**

On April 28, 2008, KWG completed the transfer of the diamond group claims to its subsidiary, Debuts. as a wholly owned subsidiary to hold KWG's various diamond exploration undertakings. KWG will continue to hold directly the other Ontario mineral properties including the nickel and base metal claims and interests in the McFaulds Lake area, where Noront Resources Ltd. is drilling a significant nickel and copper discovery.

KWG transferred to Debuts the MacFadyen Kimberlites and adjoining Pele and Uniform Surround claims, the Wawa Joint Venture and the Kyle Joint Venture details of which were described in the KWG 2007 annual MD&A dated April 24, 2008. In addition, KWG transferred its diamond rights in the Diagnos Initiative claims to Debuts.

The six Diagnos Initiative claims are located in the McFaulds Lake area of the Porcupine Mining District and consist of claims: P-4204937 to P-4204942, the "Diagnos claims"; KWG is transferring to Debuts only the right to explore and mine for diamonds on the Diagnos claims and KWG will retain all other mineral rights on the Diagnos claims. The Diagnos claims are subject to the Joint Venture Agreement between KWG Resources Inc. and Spider Resources Inc. dated as of May 15, 2006 and on March 31, 2008, Debuts held a 50.60-percent interest in the Diagnos claims.

For transferring the diamond claims to Debuts, KWG received $7-million consisting of 35-million Debuts common shares valued at $0.20 each and 35-million Debuts warrants each of which entitles the holder to purchase one Debuts common share at $0.30 until April 1, 2009. In conjunction with the acquisition of the five mineral claim groups on April 28, 2008, KWG purchased 5-million Debuts flow-through common shares at $0.20 each for total of $1-million. In addition, KWG invested $500,000 to purchase 2,500,000 Debuts common shares at $0.20 and 2,500,000 Debuts warrants each of which entitles the holder to purchase one Debuts common share at $0.30 until April 1, 2009. KWG's purchase of Debuts shares is to provide Debuts with adequate working capital for a small summer bulk sampling program on the MacFadyen Kimberlite claims in 2008.

KWG is exploring the merits of distributing the Debuts Diamonds shares, as a tax-free dividend to its shareholders later in 2008 after the transfer of the diamond group properties to Debuts Diamonds. The purpose of separating the diamond from the nickel and base metal prospects is to facilitate financing and enhance shareholders' value.

1.5 OVERALL PERFORMANCE - FINANCIAL

While conditions for financing small business in 2008 are unlikely to match those of 2007, local conditions and metal prices are a major factor for small exploration companies such as KWG. Strong metal prices, especially for nickel in 2007, helped KWG raise about $6.5-million from the sale of treasury shares and warrants in fiscal 2007. On December 31, 2007, KWG had 262,863,821 common shares issued. In the first quarter of 2008, KWG issued 796,000 shares for the exercise of warrants; KWG received $69,230 or about 9-cents a share. On March 31, 2008, KWG had $4,623,156 cash and cash equivalents which compared to $5,472,150 on December 31, 2007.

1.6 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 March 31, 2008, KWG had working capital of $5,000,384 compared to $318,671 on March 31, 2007. The 2008 working capital includes $4,623,156 in cash (March 31, 2007 (unaudited) - $478,673) of which $2,628,365 is reserved for exploration expenses to be made in Canada before December 31, 2008 (March 31, 2007 (unaudited) – $418,691). Cash required for annual operating activities is in the order of approximately $600,000; while the working capital available for non-exploration amounts to $1,994,791. KWG has adequate working capital to finance its activities in 2008.

1.7 RESULTS FROM OPERATIONS

The loss for the period ended March 31, 2008 amounted to $431,047 ($0.01 per share) compared to $124,891 ($0.01 per share) in 2007. The following are the main variances of results from operations:

(i) *Interest income – $44,619 (1Q 2007 - $115)*

KWG had larger amounts to invest in the first quarter of 2008 than it had in the first quarter of 2007.

(ii) ***Administrative expenses - $136,438 (2007 - $109,880)***

KWG had slightly higher administration expenses in the first quarter of 2008 compared to the first quarter of 2007 because of increased business activity.

(iii) ***Stock compensation costs - $221,539 (2007 - $15,126)***

Stock compensation cost is a non-cash item. While the first quarter of 2008 stock compensation was higher than first quarter of 2007, actual cash outlay was not affected.

(iv) ***Write-off of mining claims - $116,065 (1Q 2007 - $nil)***

In 2008, KWG abandoned the Geraldton claims; this is a non-cash item and there was no actual cash loss.

1.8 SUMMARY OF QUARTERLY RESULTS

(Thousands of dollars, except amount per share)

Quarter	Total income ($)	Loss ($)	Loss per share (basic and diluted) ($)
March 31, 2008	45	(431)	<(0.01)
December 31, 2007	25	(492)	<(0.01)
September 30, 2007	3	(219)	<(0.01)
June 30, 2007	-	(226)	<(0.01)
March 31, 2007	-	(125)	<(0.01)
December 31, 2006	-	(307)	<(0.01)
September 30, 2006	1	(157)	<(0.01)
June 30, 2006	120	(89)	<(0.01)

1.9 FIRST QUARTER RESULTS

Administrative costs during the first quarter of 2008 amounted to $136,438 (2007 - $109,880). The increase is mainly attributable to an increase in activities.

1.10 COMMITMENT

In 2008, the Company and two co signatories (the “Original Lessees”) subleased the premises for the last year of the original lease. The Original Lessees remain jointly responsible until the expiry of the original lease in February 2009

1.11 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. The Company is related to Diagem Inc. (‘’Diagem’’) and to St.Genevieve Resources Ltd. (‘’St.Genevieve’’) as a result of the two directors for Diagem and two officers and one director for St.Genevieve.

(i) In 2008, the Company and Diagem shared offices and management and personnel services. The expenses are currently charged by one of the under tenant. The Company charged to Diagem as at March 31, 2007 (unaudited) - $11,661 for its share of these expenses, of which an amount remain receivable at March 31, 2007 (unaudited) - $8,298. Charges were made at cost which represents the exchange value of the transactions.

(ii) In 2008, the Company and St. Geneviève shared offices and management and personnel services. The expenses are currently charged by one of the under tenant. The Company charged to St. Geneviève as at March 31, 2007 (unaudited) - $21,855 for its share of these expenses, of which an amount remain receivable at March 31, 2007 (unaudited) - $19,275. Charges were made at cost which represents the exchange value of the transactions.

(iii) In 2008, officers and companies controlled by officers were paid consulting fees totaling $22,672 (March 31, 2007 (unaudited) – $25,955) of which $8,409 remained payable at March 31, 2008 (March 31, 2007 (unaudited) - $14,634) and directors of the Company and a company controlled by a director of the Company were paid $15,000 (March 31, 2007 (unaudited) - $15,000) for professional consulting services.

1.12 CHANGES IN ACCOUNTING POLICY

On January 1, 2008 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 3862, ''Financial instruments – Disclosures'', and 3863 – ''Financial instruments Presentation'', Section 1535, ''Capital disclosures'', Section 1400, ''General standards of Financial Statements Presentation''.

Under Section 3862, ''Financial instruments – Disclosures'', and 3863 – ''Financial instruments Presentation'' replace handbook Section 3861, "Financial instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Under Section 1535, ''Capital disclosures'' establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data what the entity regards as capital, whether the entity has complied with any capital requirements, and if it has not complied, the consequences of such non-compliance. As a result of the adoption of this new standard, the Company has added the entity's objectives under note 7 of the interim consolidated financial statements. The new requirements are effective for interim periods beginning on or after October 1, 2007.

Under Section 1400, ''General standards of Financial Statements Presentation'' was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

1.13 NATIONAL INSTRUMENT 52-109 – CERTIFICATES OF INTERIM FILING

The Chief Executive Officer and Chief Financial Officer have signed certificates that, among things, report on the design and effectiveness of disclosure controls and procedures and the design of internal controls over financial reporting.

The Company's management has a process to evaluate the effectiveness and the design of the aforementioned controls and procedures, and is satisfied, as at March 31, 2008, that these are adequate for ensuring that complete and reliable financial information is produced.

1.14 INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for external purposes in accordance with Canadian generally accepted accounting principles. As at March 31, 2008, the Chief Executive Officer and Chief Financial Officer evaluated the design of the Company's internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that design of internal control over financial reporting was effective as at March 31, 2008 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There have been changes in the Company's internal control over financial reporting that occurred during the most recent interim period ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The company has implemented additional controls related to the approval of assumptions and additional review of non-monetary transactions.

1.15 OTHER

(i) National Instrument 51-102 - Section 5.3

Below is the detailed analysis of exploration expenditures incurred in 2008 and 2007.

Cost and deferred exploration expenses

	2008 $	2007 $
Balance - Beginning of period	16,897,432	15,611,907
Acquisition, staking and permits	27,604	72,891
Write-off of mining assets	(115,765)	-
Exploration expenses		
Drilling	325,170	820,802
Geophysics	10,875	73,494
Sampling	-	101,872
Consulting	24,697	35,310
Field preparation	2,311	29.939
Management	26,409	29,459
Line cutting	-	55,050
Camp expenses	-	56,108
Permits	-	10,600
Write-off of mining assets	(300)	-
	301,001	1,212,634
Balance - End of period	17,198,433	16,897,432

(ii) National Instrument 51-102 - Section 5.4

Disclosure of Outstanding Share Data (as at May 29, 2008)

Common shares outstanding: 263,659,821

Warrants and compensation options outstanding: 86,243,465

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
5,500,000	-	0.10	December 2008
891,310	-	0.10	February 2009
11,000,000	1,000,000	0.10	March 2009
5,172,250	500,000	0.10/0.05	April 2009
1,500,000	-	0.10	June 2009
1,106,000	-	0.10	July 2009
106,000	-	0.10	August 2009
6,706,000	-	0.10	September 2009
26,476,923	3,886,692	0.10	October 2009
9,375,000	-	0.12	October 2009
4,135,000	413,500	0.15	December 2009
7,062,325	1,412,465	0.18/0.185	December 2009

Options outstanding: 25,886,580 - average exercise price of $0.11

Number of Options	Expiry Date
700,000	September 2008
685,900	July 2009
980,500	April 2010
7,278,580	November 2010
600,000	April 2011
1,940,000	December 2011
2,950,000	April 2012
2,100,000	September 2012
500,000	October 2012
3,760,000	November 2012
2,000,000	December 2012
2,391,600	February 2013

Additional information

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