KWG RESOURCES INC.

(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 March 31, 2009 is dated May 28, 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, fluctuating prices, operating hazards and risks, management and control, title to assets, government regulation, environmental factors, land claims, and requirement of new capital. 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 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 last 2008 year end MD&A dated March 16, 2009 are discussed below under the following headings:

(A) **Cliffs Green B.V. completes purchase of US$3,500,000 of KWG units;**

(B) **Amendment to the Freewest option agreement;**

(C) **Completion of the gravimetric and magnetic ground geophysical survey**;

(D) **Micon NI 43-101 technical report on the Bid Daddy Chromite deposit filed**;

(E) **Election of KWG directors at April 15, 2009 annual meeting; and**

(F) **Migration to TSX Venture Tier 1 listing.**

(A) Cliffs Green B.V. completes purchase of US$3,500,000 of KWG units

On April 15, 2009 the disinterested shareholders of the Company approved the conversion of the US$$1,033,398 debenture held by Cliffs Green B.V. following the exercise of its option to purchase securities of the Company (refer to section "Overall Performance – Financial" of this MD&A.

Cliffs is an international mining company, the largest producer of iron ore pellets in North America and a major supplier of metallurgical coal to the global steelmaking industry. It operates six iron ore mines in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. Cliffs also wholly-owns Portman Limited, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. In addition Cliffs has a 30% interest in the Amapá Project, a Brazilian iron ore project, and a 45% economic interest in the Sonoma Project, an Australian coking and thermal coal project.

(B) Amendment to the Freewest option agreement;

On March 27, 2009, the Company negotiated an amendment to the Freewest option agreement whereby the option earn-in calls for a $15 million, three-year commitment. As a result of this amendment, the Company no longer is required to prepare a bankable feasibility study within 18 months, as had been called for in the 2005 agreement, upon successful completion of documentation evidencing such amendment and the receipt of all required approvals. Under the amendment, KWG would have options for up to a $7.5 million commitment over the next three years, of which $2.5 million would be required to be spent before March 31, 2010.

(C) Completion of the gravimetric and magnetic ground geophysical survey;

KWG Resources Inc., Spider Resources Inc. and Freewest Resources Canada Inc. have completed ground geophysical surveying on their jointly owned Big Daddy chrome deposit. Spider and KWG recently completed their initial earn-in on the 1,248 hectare (78 claim units) property from Freewest. At present Spider and KWG share a 50-per-cent interest (25 per cent each) while Freewest holds a 50-per-cent interest in the property. The gravimetric and magnetic ground survey was designed to outline and delineate the geophysically inferred extent of the chromium enriched deposit. The results of the geophysical surveys infer that the 2006 to 2008 drill program, consisting of 14 drill holes, had only tested the extreme southwest portion of the deposit over a strike length of 400 metres (drill Section 9+00NE to drill Section 13+00NE). The gravimetric survey results when coupled with the magnetic survey results infer that the favourable area of mineralization may extend to drill section 20+00NE and beyond (faulting and/or levelling errors may cause some displacement at line 20+00NE and points farther northeast).

As previously announced on December 15, 2008 and January 15, 2009, diamond drilling by the KWG/Spider JV on the Freewest option property has identified a northeast trending zone of continuous chromite mineralization that extends from local grid line 9+00 metres NE to 13+00 metres NE along a strike length of 400 metres. The most northeasterly section drilled in 2008, and reported Jan. 15, 2009, included two holes on Section 12+00NE, where hole FW-08-22 encountered 42.08 per cent Cr_2O_3 over 34.8 metres, and hole FW-08-23 that undercut hole 22 encountered 34.96 per cent Cr_2O_3 over 42 metres. Plotting of the mineralized zone suggests varying dips between 70 degrees to the northwest to vertical dipping. Chromium mineralization consists of varying widths of a variable tenor, in many instances high tenor of chrome, forming a series of stacked beds. Additional drilling will be required to confirm continuity of the beds from section to section and to the northeast. The deposit remains open to depth and is now geophysically inferred to extend to the northeast for a further 700 metres.

The Big Daddy chromite deposit is located approximately 3.6 kilometres northeast of Noront Resources Ltd.'s Eagle One magmatic massive sulphide (nickel copper and PGM), or five km northeast of Noront's Blackbird (chromite) discoveries, as well as four km southwest of Freewest's Black Thor chromite discoveries.

(D) Filing of the Micon NI 43-101 technical report on the Bid Daddy Chromite deposit

On April 16, 2009, the joint venture partners filed the National Instrument 43-101 technical report on the Big Daddy chrome project as prepared by Micon International Ltd. The report is now filed on Sedar and can be downloaded on the Company's website.

Micon recommends a database compilation of completed drilling in view of an initial resource estimate and propose a defined diamond drilling campaign of the targets identified through the recent completed ground geophysical surveying.

(E) Election of KWG directors at April 15, 2009 annual meeting

A the the annual and special meeting of shareholders held on April 15, 2009, Messrs. Michel Côté, Douglas M. Flett, Michael S. Harrington, Leonard Teoli, Dr. Mousseau Tremblay and Frank C. Smeenk were reelected and Mr. Richard P. Fink as elected to the Board of the Company.

Mr. Richard P. Fink has a Master's degree in geology from Washington University and an MBA, International Program, from Baldwin-Wallace College. He has 40 years of experience in the natural resources industry in a wide variety of operating, engineering, and technical positions. Mr. Fink is currently General Manager – Acquisitions & Development, at Cliffs Natural Resources, an Ohio corporation, the principal shareholder of KWG.

Following the annual meeting, Mr. Michael S. Harrington was elected Chairman of the Board of Directors and Mr. Frank C. Smeenk was appointed President and Chief Executive Officer of the Company. Mr. Leonard Teoli was appointed Chief Financial Officer and Ms. Luce Saint-Pierre, Secretary. Following his appointment as Chief Financial Officer, Mr. Teoli resigned from the Board.

(F) Migration to TSX Venture Tier one listing

On May 26, 2009, the Company migrated to Tiers 1 of the TSX Venture Exchange.

Outlook

Exploration Program:

The joint venture recently established a new technical advisory committee to the joint venture, consisting of two representatives of each of KWG, Spider and Freewest. Future plans for the Big Daddy Chromite deposit project were discussed and presented to the joint venture management committee on April 16, 2009, which includes a detail drilling proposal, where holes are proposed along the strike length of the Big Daddy chromite deposit toward the northeast at an initial section spacing of 200 metres, followed by infill as needed to 100 metres density or whatever drill space density is required to provide for NI-43-101 compliant resource estimation. This summer program planning is well under way and final approval will be forthcoming.

OVERALL PERFORMANCE - FINANCIAL

During the first quarter ended March 31, 2009, the Company significantly improved its financial situation with the closing of an important private placement.

As fully described in the year-end MDA filed on March 16, 2009, on that same day, Cliffs B.V. exercised the Option granted by the Company pursuant to the Option Agreement dated January 20, 2009 between the Company and Cliffs Natural Resources and acquired:

(1) 50,448,987 units of the Company (each a "Unit") at a subscription price of US$0.048893 per Unit, with each Unit comprised of one (1) common share in the capital of the Company (each a "Common Share") and approximately 0.44 of a non-transferable Common Share purchase warrant of the Company (each such whole common share purchase warrant, a "Warrant"), with each Warrant entitling Cliffs to purchase one (1) Common Share at US$0.05 during the first year after issuance thereof and US$0.10 thereafter. Each Warrant would be exercisable for a period of 20 business days following the issuance by the Company of five (5) Common Shares upon the exercise of any of the warrants, options and other rights to purchase or obligations to issue Common Shares outstanding as at the date of execution of the Option Agreement, and would terminate on the fifth anniversary of the date of issuance of the Warrants; and

(2) a non-transferable, non-interest bearing, secured convertible debenture of the Company in the principal amount of US$1,033,398, such amount being equal to the difference between US$3.5 million and the aggregate subscription price of US$2,466,602 payable for the Units above (the “Debenture”). On April 15th, 2009 as prescribed by the TSX Venture Exchange (the “TSXV”), the Company received the approval of the disinterested shareholders of the Company (the “Shareholder Approval”) to the issuance of the Units upon conversion of the Debenture. Therefore on April 15th, 2009, the Debenture was converted automatically and without any further action on the part of the Company or Cliffs into Units at the rate of US$0.048894 per Unit resulting in a further issuance to Cliffs of 21,135,069 Units comprised of 21,135,069 Common Shares and 9,310,839 Warrants.

Following the conversion of the Debenture, Cliffs now holds 71,584,056 Common Shares and 31,535,623 Warrants, representing approximately 19.9% of the outstanding Common Shares of the Company, on a fully diluted basis.

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, 2009, the Company had a working capital of $ 3,443,001 ($1,294,914 as at December 31, 2008) including $4,780,580 in cash of which approximately $86,000 was reserved for exploration expenses to be made in Canada before December 31, 2009. Subsequent to March 31, 2009 quarter end, the Company’s working capital was increase by $1.3 M following the conversion of the debenture by Cliffs Green B.V. on April 15th, 2009. The Company forecasts operating expenses of approximately $1.5 M for 2009. KWG has adequate working capital to finance its corporate and administrative activities in 2009 along with its planned exploration program. However, the Company will look at opportunities to raised additional financing to increase its capital resources.

RESULTS FROM OPERATIONS-FIRST QUARTER 2009 VS 2008

During the three-month period ended March 31, 2009 the Company incurred a loss of $ 474,576 ($0.0 per share) ($431,047 in 2008 ($0,0 per share)). This loss includes the recording of a future income tax recovery in the amount of $105,000 (nil in 2008) related to the renunciation to investors of resource expenditure deductions for income tax purposes. In accordance with its accounting policy, the related charge was accounted for as an increase in the deficit through share issue expenses.

The quarterly loss increase is mainly due to an increase in administrative expenses.

The period results are explained as follows:

Income

Interest income amounted to $3,165 compared with $44,619 in 2008. This decrease in interest revenue is due to a lower average level of cash on hand during the period compared to 2008 and lower interest rates.

Expenses

Administrative Expenses

Administrative expenses amounted to $480,064 in 2009 compared with $136,438 in 2008. The main components of the variance compared to 2008 are explained as follows;

Increased administrative and corporate expenses amounting to $106,491 incurred by the Company’s wholly owned subsidiary Debuts Diamonds Inc. which became reporting issuer in Ontario in late 2008.

Increased salaries of $9,400 and increased consulting fees charged by officers and directors of the Company in the amount of $46,430 due to increase activities in relation to the joint-venture set-up and the Cliff Natural Resources private placement.

Professional expenses and consulting fees includes increased audit fees by $15,250 due to major subsequent event related to the Cliff private placement and increased provision for 2009 audit compared to 2008, increased legal fees by $64,296 compared to 2008 due to the KWG-SPIDER-FREEWEST joint-venture discussions, the proposed transaction regarding the dividend of the Debut Diamond shares and other corporate matters, increase investor relation fees of $22,500 due to the consulting agreement signed for 2009 and other administrative consulting for $14,450.

Stock exchange fees increased by $18,245 compared to 2008 due to the increased number of shares outstanding following the first quarter private placement of units. Information to shareholders and other corporate fees increased by $15,068.

Annual meeting costs increased by $8,500 since this year meeting was a general and special meeting. Travel expenses and promotion costs increased by $12,900 due to increase activities.

Also during the quarter the Company moved head quarter offices in Montreal which resulted in other administrative expenses.

Other Expenses

During the quarter, stock compensation costs amounted to $29,466 ($221,539 in 2008). No stock options were granted during the quarter explaining the decrease in expenses compared to 2008 when 2,391,600 options were granted. 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 recorded an unrealized loss on investment in the amount of $47,500 representing the difference between the market value and the purchase price following the completion by SMD Mining Corporation, a subsidiary of Debut Diamond Inc, of the committed acquisition of common shares of Strike Minerals Inc.

During the quarter, there was no write-off of mining assets whereas in 2008, the loss included write-off of mining assets of $116,065 related to the the Geraldton claims.

SUMMARY OF QUARTERLY RESULTS

(Thousands of dollars, except amount per share)

Quarter	Total income ($)	Loss ($)	Loss per share (basic and diluted) ($)
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)
June 30, 2007	-	(226)	<(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 of which approximately $282,000 had been incurred as at March 31, 2009.

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. During the three-month period ended March 31, 2009, officers and companies controlled by officers charged consulting fees totalling $70,952 (March 31, 2008 - $22,672) of which $31,898 (March 31, 2008 - $8,409) remained payable at March 31, 2009 and directors of the Company and a company controlled by a director of the Company charged $58,300 (March 31, 2008 - $15,000) for professional consulting services and directors fees of which $13,741 (March 31, 2008 - $nil) remained payable at March 31, 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, accounts payable and accrued liabilities and convertible debenture 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 normally t exposed to foreign exchange risk. As at March 31, 2009, following the transaction with Cliffs, the financial assets and financial liabilities denominated in U.S. dollars were as follows:

Cash in the amount of US$3,565,150 and convertible debenture in the amount of US$1,033,398. As the Company operates mainly in CDN dollars, management will convert US funds into CDN on a short term basis based on cash needs and upon exchange rate expectations.

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 March 31, 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 March 31, 2009, all financial instruments (cash, accounts receivable, accounts payable and accrued liabilities and convertible debenture) 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 three-month period ended March 31, 2009 and the year ended December 31, 2008.

Cost and deferred exploration expenses	**Three-month period ended March 31, 2009**	**Year-ended December 31, 2008**
	$	**$**
Balance – Beginning of the period	9,658,935	16,897,432
Acquisition, staking and permits	7,042	165,845
Write-down and write-off of mining assets		(1,900,130)
	7,042	(1,734,285)
Exploration expenses		
Drilling	824	2,051,619
Geology	148,709	-
Geophysics	23,527	391,078
Sampling	1,881	118,640
Consulting	27,008	451,672
Field preparation	3,515	5,859
Management	5,440	145,211
Line cutting and road	27,882	154,931
Camp expenses	52,463	105,914
Write-down and write-off of mining assets	-	(8,929,136)
	291,249	(5,504,212)
Balance – End of the period	9,957,226	9,658,935

ii. National Instrument 51-102 - Section 5.4

Disclosure of Outstanding Share Data (as at May 28, 2009)

Common shares outstanding: 359,718,877

Warrants and compensation options outstanding: 115,720,028

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
108,159,871	**7,560,157**		

Options outstanding: 23,868,880 - average exercise price of $0.11

Number of Options	Expiry Date
395,100	July 2009
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)