

PRESS RELEASE

No. 131

KWG

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **671,518,941**

KWG PROVIDES BIG DADDY RESOURCE UPDATE

Montreal, Canada – July 4, 2012 – **KWG Resources Inc.** (TSXV: KWG) has taken delivery of a 43-101 compliant resource estimate from Sibley Basin Group. The resource estimate is an update based on a 42-hole core-drilling program totaling 13,459 metres completed in March, 2012, and managed by the project operator, Cliffs Chromite Far North Inc. The objective of the program was to upgrade resources to the indicated and measured categories, suitable for use in mine design.

At a 15% cutoff, the measured resource is 29.5 MT, grading 29% Cr₂O₃, the indicated resource is 7.9 MT grading 26.7% Cr₂O₃, and the inferred resource is 4.8 MT grading 25.0% Cr₂O₃. The previous resource estimate prepared by Micon International (KWG PR, May 3rd, 2010) also modeled the deposit at a 15% cutoff and produced an indicated resource of 26.4 MT grading 39.37% Cr₂O₃. The Micon indicated resource corresponds to the Sibley combined measured and indicated of 37.4 MT grading 28.5% Cr₂O₃. The lower grade and higher volume of the new model contemplates the use of a less selective approach to mining and incorporates lower grade material, resulting in a lower average grade. Moe Lavigne, VP Exploration and Development stated, *“Decisions on selectivity of mining will be subject to change during ramp-up to production and during production as the market conditions dictate”*.

The most significant difference between the two resource estimates is in the inferred category. The Micon model extrapolated the depth continuity to 250 to 300 m beyond the drilling intercepts while the new model extrapolates the resource to only 50 m beyond drilling. For the purpose of mine planning, this conservative approach is more prudent.

KWG President Frank Smeenk stated, *“We are pleased to note that this updated resource calculation has now confirmed a Measured resource category, an important step in determining feasibility of the Big Daddy deposit. The overall size of the deposit has increased without drilling deeper. We are now presented with different options as to how best to mine the Big Daddy, including the possibility of ore sorting or selectively mining the high grade massive domains with the potential for high grade direct ship, lumpy ore.”*

The report entitled “National Instrument 43-101 Technical Report, Big Daddy Chromite Deposit, McFauld’s Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Technical Report” has an effective date of June 1, 2012. The report has a signing date of June 27, 2012. The full report will be filed within 45 days on SEDAR along with the requisite material change report.

The Sibley Basin Group staff responsible for this resource estimate is Mr. Alan Aubut, a Qualified Person as defined in NI 43-101, who is independent of KWG Resources Inc., and who has approved the contents of this press release.

Directors Elected: At the Annual Meeting of KWG Shareholders held last Wednesday, June 27, 2012, Douglas Flett, Rene Galipeau, Thomas Pladsen, Frank Smeenk and Cynthia Thomas were re-elected as Directors. Mr. Galipeau was then re-appointed as the Chairman of the Board and Mr. Smeenk was re-appointed as the Company's President and Chief Executive Officer.

About KWG: KWG has a 30% interest in the Big Daddy deposit. KWG also owns 100% of Canada Chrome Corporation which has staked claims and conducted a \$15 million surveying and soil testing program for the engineering and construction of a railroad to the Ring of Fire from Exton, Ontario where the Trans Canada line of the Canadian National Railway can be connected.

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