

PRESS RELEASE

KWG

No. 105

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **636,878,941**

KWG GROOMS DEBUT DIAMONDS INC WITH ACQUISITIONS AND FINANCINGS BEFORE DIVIDEND

Montreal, Canada, July 6, 2011 – **KWG Resources Inc.** (TSXV: KWG) is pleased to announce a number of initiatives by its subsidiary **Debut Diamonds Inc.** (“Debut”, formerly Debut Diamonds Inc.) in preparation for the distribution by KWG of the Debut shares as a dividend to the holders of KWG shares at a record date to be determined.

- ***Debut to analyze glacial tills recovered from Canada Chrome claims along 330 kilometers***
- ***New high-sensitivity-resolution airborne magnetic survey to be conducted on Victor area claims***
- ***Option to acquire 70% interest in 33 new diamond targets near Nakina to see drilling***
- ***KWG to exchange shares with Debut for \$2.1 million***
- ***Debut to complete \$2.8 million flow-through private placement***

Debut to JV with KWG to analyze Canada Chrome till samples

KWG agreed to provide access to the valuable geotechnical database covering a 330 kilometer north-south transect through the base-metal-rich and diamond-bearing area from the *Ring of Fire* to Nakina. The database was created as a result of a mechanized-auger soil sampling program conducted by Golder Associates that collected nearly 6000 soil samples from 811 borings on claims staked by KWG subsidiary Canada Chrome Corporation. Debut will process the glacial till horizons at its cost under a reciprocal joint venture agreement, to recover heavy and indicator minerals. Diamond discoveries following from the analysis of these samples will be the property of Debut while metal discoveries resulting from the work will be the property of KWG. The analysis is expected to be completed in the next number of months at a budget of \$1 million.

New high-sensitivity-resolution magnetic survey to be completed at Victor area claims

Debut also contracted recently for completion of a new high-sensitivity/high-resolution airborne magnetic survey this summer over the entire MacFadyen area claim blocks, adjacent to the De Beers Victor Mine, at a budget of \$1 million.

Option on 33 new diamond targets north of Nakina to be earned by drilling this summer

Debut has also agreed to acquire a 70% operating interest in a group of 28 claim blocks which each contain potential kimberlite pipe targets as determined by analysis of airborne magnetic data north of Nakina generated in 2010 by the Ontario Geological Survey. The area of the claim blocks straddles the Canada Chrome line of claims. Under an agreement with the vendors, Debut will issue 1.5 million shares, pay \$30,000 plus 1.7 million KWG shares, and incur a total of \$750,000 of exploration expenditures for an option to acquire the interest. Debut must pay \$25,000 and issue 600,000 shares in each of the following two years to exercise the option. In order to complete the exploration expenditure a program is planned for later this summer to recover at least one drill core sample from each of 33 high priority targets to determine if they are kimberlites and diamondiferous.

KWG and Debut to exchange treasury units for \$2.1 million

To acquire the KWG shares needed for the Nakina area option and increase its working capital, Debut will complete an exchange of treasury units with its parent KWG Resources Inc. under which Debut will issue 7 million treasury units valued at \$0.30 each in exchange for 21 million KWG treasury units valued at \$0.10 each. The Debut units will each comprise one new treasury share and one share purchase warrant; each Debut warrant may be exercised to acquire an additional Debut treasury share upon payment of \$0.40 at any time within 5 years. The KWG units will each comprise one new treasury share and one share purchase warrant; each KWG warrant may be exercised to acquire an additional KWG treasury share upon payment of \$0.15 at any time within 5 years. The transactions are subject to Board and regulatory approvals being first received.

Debut to complete \$2.8 million flow-through private placement

To fund the exploration programs Debut agreed to complete private placements of 8 million flow-through units at \$0.35 each. Each unit will comprise one new treasury share and one-half share purchase warrant; each whole warrant may be exercised to acquire an additional Debut treasury share upon payment of \$0.45 at any time within 2 years.

KWG to set record date for distribution of Debut share dividend

As part of these transactions, Debut's shares will be listed for trading on the Canadian National Stock Exchange under trading symbol DDI and the company will make application to the TSX Venture Exchange for the listing of its shares. When conditional listing approval has been received, KWG will establish a record date to determine its shareholders entitled to receive a dividend of some or all of the 38.5 million shares of Debuts then held by KWG. It is anticipated that these will be distributed to those KWG shareholders as a dividend of not less than one share of Debut for every 20 shares of KWG held.

For further information, please contact:

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Forward-Looking Information

This news release contains or refers to forward-looking information. All statements, other than statements of historical fact that address activities, events or developments that KWG believes, expects or anticipates will or may occur in the future are forward-looking information. Such forward-looking information includes, but is not limited to, statements regarding the processing of the glacial till and recovery of heavy and indicator minerals, completion of a new airborne magnetic survey this summer, acquisition of a 70% operating interest in a group of 28 claim blocks and incurring \$750,000 of exploration expenditures to acquire the option, the completion of a share exchange between KWG and Debut, the completion by Debut of private placements of flow-through shares, listing of Debuts shares on the Canadian National Stock Exchange and on the TSX Venture Exchange, and the dividend of Debuts shares by KWG to its shareholders.

This forward-looking information reflects the current expectations or beliefs of KWG based on information currently available to it. In connection therewith, certain factors and assumptions have been considered, including (without limitation) completion of the acquisitions, exploration programs, share exchanges, private placements, share listings and the dividend distribution. Although KWG believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future actions and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results to differ materially from the conclusions or forecasts 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 KWG. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the acquisitions and exploration programs, share exchanges, private placements, share listings and dividend distribution not being completed and considerations and risks normally incidental to exploration and development of, and production from, mineral properties and/or adverse changes in securities markets, economic and general business and financial conditions.

Forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, KWG disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.