

## PRESS RELEASE

No. 38

**KWG**

Symbol on TSX-Venture Exchange: **KWG**  
Shares issued and outstanding: **374,718,877**

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### KWG ANNOUNCES NON-BROKERED PRIVATE PLACEMENT

Montréal, Canada – August 4<sup>th</sup>, 2009– **KWG Resources Inc. (TSX-V: KWG)** (“KWG” or the “Company”) announces a proposed non-brokered private placement (the “Private Placement”) of a maximum of \$1,437,500 of units of securities of the Company comprised of (a) up to 20,000,000 “flow-through” units (each, an “FT Unit”) at a price of \$0.05 per FT Unit, with each FT Unit comprised of one common share of KWG (each, a “Common Share”) to be issued on a “flow-through” basis and one Common Share purchase warrant (each, a “Warrant”) exercisable at a price of \$0.10 per Warrant to acquire one Common Share for a period of 5 years from the date of the issuance the Warrant (the “FT Offering”); and (b) up to 8,750,000 non-“flow-through” units (each, a “Unit”) at a price of \$0.05 per Unit, with each Unit comprised of one Common Share and one Warrant (the “Unit Offering”).

The net proceeds of the proposed Private Placement will be used to finance the exploration work on the Freewest Option in the **Ring of Fire** and for working capital. The proceeds from the FT Offering will be used for eligible flow-through exploration expenses and will be renounced for the 2009 taxation year. Two directors of the Company have indicated they will each subscribe for 5 million FT Units with the balance of the FT Offering to be subscribed by non-insiders of the Company. It is expected that the Unit Offering will be subscribed by Cliffs Greene B.V. (“Cliffs”), an affiliate of **Cliffs Natural Resources Inc. (NYSE: CLF) (Paris: CLF)**, in order to maintain its 19.9% equity interest in KWG following the Private Placement and KWG’s recent acquisition of a royalty interest. The expected participation of Cliffs and the two directors in the Private Placement will constitute a “related party transaction” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). However, the Company expects that it will be exempt from both the formal valuation and minority shareholder approval requirements of MI 61-601 in connection with the Private Placement because neither the fair market value of the securities to be issued, nor the consideration for such securities, is expected to exceed 25% of the Company’s market capitalization as calculated in accordance with MI 61-601.

The Private Placement remains subject to the approval of the TSX Venture Exchange.

#### **Forward Looking Information:**

*This press release contains certain “forward-looking statements”. 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 (including, without limitation, statements relating to the Private Placement are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of KWG based on information currently available to KWG. Forward-looking statements are subject to a number of significant risks and uncertainties and other factors that may cause the actual results of KWG to differ materially from those discussed in the forward-looking statements, 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 failure to complete the Private Placement.*

*Any forward-looking statement 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 statement, whether as a result of new information, future events or results or otherwise. Although KWG believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guaranteed of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

**About KWG Resources Inc.**

KWG Resources is a mineral exploration company with extensive claim holdings in the James Bay Lowlands of Northern Ontario, Canada, where important discoveries of nickel and chrome have been made recently in the *Ring of Fire*. KWG has an equal joint venture interest in a large claim block in the central part of the discovery area, with Spider Resources Inc. The joint venture is developing the Big Daddy chromite deposit adjacent to the Black Thor and Black Label chromite discoveries of Freewest Resources.

- 30 -

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