

PRESS RELEASE

KWG

No. 65

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **577,741,471**

**KWG RESOURCES INC. RESPONDS TO COMMENTS BY CLIFFS NATURAL
RESOURCES INC.**

Montréal, Canada - May 28, 2010 - **KWG Resources Inc.** (“**KWG**” or the “**Company**”) noted the press release issued by Cliffs Natural Resources Inc. (“**Cliffs**”) with respect to the announcement of the proposed merger between KWG and **Spider Resources Inc.** (“**Spider**” – TSXV:SPQ).

The proposed merger between Spider and KWG is a logical next step in the continued exploration and development of their jointly held mineral projects in Northern Ontario and represents the culmination of a partnership that has endured for over 18 years. KWG believes that this combination creates value for both sets of shareholders by securing control of their respective assets, and in particular a majority interest in the Big Daddy Deposit. The merger as announced has been structured to ensure each shareholder group will hold an equivalent interest in the assets to what they hold today, but with additional scale, market liquidity, and ultimate control over the assets. The combined company will then have the flexibility to develop the Big Daddy deposit, as well as its other assets, to maximize value to its combined shareholder base. KWG will be communicating additional details about the merger to its shareholders in the coming weeks.

As previously disclosed, the Board of Directors of KWG has appointed a Special Committee of independent directors to evaluate any proposal made by Cliffs. Until a formal offer has been received, which would include conditions to the bid and timing, it would be inappropriate for KWG to comment. The board, and its advisors, will give all due consideration to the offer if and when formally made, and will respond at that time. In the meantime, KWG urges its shareholders not to take any action with respect to the announced proposal by Cliffs.

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 statements contained in this news release regarding the completion of the of the proposed merger with Spider (the “**Merger**”), including the anticipated benefits of the Merger, such as increased market liquidity, value and flexibility to develop the Big Daddy deposit, and future plans and objectives of KWG. This forward-looking information reflects the current expectations or beliefs of KWG based on information currently available to it. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of KWG to differ materially from those 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 failure of KWG and Spider to negotiate and enter into a definitive agreement in respect of the Merger; delays in obtaining or failure to obtain required regulatory and shareholder approval for the Merger; alternative transactions involving third parties; the failure to achieve any of the anticipated benefits from the Merger; demand for ferrochrome by global integrated steel producers; the impact of consolidation and rationalization in the steel industry; the grade and recovery of ore varying from estimates; delays in, or the failure to, develop the projects of KWG and Spider caused by unavailability of equipment, labour or supplies, weather and climatic conditions, labour disputes, or other factors; ability to access capital markets; inflation; changes in exchange rates; fluctuations in commodity prices; and other factors. Any forward-looking information speaks only as of the date on which it is made. Although KWG believes that the assumptions inherent in the forward-looking information are

reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This news release, required by applicable Canadian securities law, is not for distribution to U.S. news services or for dissemination in the United States, and does not constitute an offer of the securities described herein. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States, or to or for the benefit of U.S. persons, unless registered or exempt therefrom.

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