

**Form 51-102F3**

**MATERIAL CHANGE REPORT UNDER SECTION 7.1(1) OF  
NATIONAL INSTRUMENT 51-102 AND SECTION 5.2 OF  
MULTILATERAL INSTRUMENT 61-101**

**Item 1 Name and Address of Company**

KWG Resources Inc. (the “Company”)  
600 de Maisonneuve West  
Suite 2750  
Montreal, QC H3A 3J2

**Item 2 Date of Material Change**

December 28, 2011

**Item 3 News Release**

The news release announcing the distribution of the shares of Debut Diamonds Inc. owned by the Company to its shareholders as a special dividend in kind was disseminated through the facilities of CNW Group on December 23, 2011.

**Item 4 Summary of Material Change**

On December 28, 2011, the Company distributed to its shareholders as a special dividend-in-kind from its capital all of the 38,210,934 common shares of Debut Diamonds Inc. that it held.

**Item 5 Full Description of Material Change**

5.1 Full Description of Material Change

On December 28, 2011, KWG distributed to its shareholders a special dividend-in-kind from its capital consisting of 38,210,934 common shares of Debut Diamonds Inc. (“Debuts”) representing 75.35% of the issued and outstanding shares of Debut.

Following the distribution, KWG held no common shares of Debuts and 16,702,666 warrants (76.96% of the warrants outstanding).

5.2 Disclosure for Restructuring Transactions

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

This report is not being filed on a confidential basis.

**Item 7            Omitted Information**

No information has been omitted.

**Item 8            Executive Officer**

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Luce L. Saint-Pierre  
Corporate Secretary  
(514) 866.6001 ext. 230

**Item 9            Date of Report**

January 5, 2012