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 30, 2011

Item 3 News Release

The news releases announcing the closing of the private placement were disseminated through the facilities of CNW Group on December 30, 2011.

Item 4 Summary of Material Change

The Company has closed a non-brokered private placement and issued 17,500,000 units at a price of $0.10 per unit for aggregate gross proceeds of $1,750,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

(i) The Company has closed a non-brokered private placement through the sale of 17,500,000 flow-through units at a price of $0.125 each for aggregate gross proceeds of $1,750,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one non flow-through common share at a price of $0.12 until June 30, 2014. The Company paid a finder's fee of $75,000 and issued 750,000 compensation options to a registrant in connection with the private placement. Each compensation option entitles the holder to purchase one common share of the Company for $0.12 until June 30, 2014. All securities issued in connection with the private placement are subject to a four-month statutory hold period, which will expire on May 1, 2012.

Certain directors and officers of the Company subscribed for 2,500,000 units for $250,000. The participation of such subscribers in the private placement constitutes a "related party transaction" under Multilateral Instrument 61-101- Protection of Minority Security Holders in Special Transactions ("MI 61-101"), but KWG was exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the private placement as neither the fair market value of the securities issued, nor the consideration for such securities, in so far as it involves interested parties, exceeded 25% of KWG's market capitalization as calculated pursuant to MI 61-101. KWG completed the subscription within 21 days of the date the board of directors approved the private placement.

(ii) In addition, the following disclosure is required under Multilateral Instrument 61-101 - *Take-Over Bids and Special Transactions* ("MI 61-101").

(a) a description of the transaction and its material terms:

On December 30, 2011, Company closed a non-brokered private placement through the sale of 17,500,000 flow-through units. All units were issued at a price of $0.10 each for gross proceeds of $1,750,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one non flow-through common share at a price of $0.12 until June 30, 2014.

(b) the purpose and business reasons for the transaction:

The purpose of the transaction was to raise proceeds to be used by the Company to fund its half of the current drilling program at the Big Daddy deposit being conducted by Cliffs Chromite Far North Inc. (formerly Spider Resources Inc.) as the operator. The gross proceeds will be used for "Canadian exploration expense" as defined in the *Income Tax Act* (Canada) and will be renounced for the 2011 taxation year.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

See paragraph (b) above.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Frank Smeenk, a director and President and Chief Executive Officer of the Company, purchased 2,000,000 units.

Maurice Lavigne, Vice President of Exploration and Development of the Company, purchased 300,000 units.

Rene Galipeau, a director of the Company purchased 200,000 units.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

As a result of these participations in the Offering as described above, the percentage of securities of the Company beneficially owned or controlled by the above named subscribers is as follows:

- Frank C. Smeenk: approximately 1.5% of the outstanding shares and 7.9% of the outstanding warrants and compensation options.

- Maurice Lavigne: approximately 0.56% of the outstanding shares and 0.49 % of the outstanding warrants and compensation options.

- Rene Galipeau: approximately 0.065% of the outstanding shares and 0.057% of the outstanding warrants and compensation options.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The private placement was unanimously approved by the disinterested directors of the Company. There were no contrary views or disagreements in respect of the private placement.

(f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable. See paragraph (i) below.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:

> **(i) that has been made in the 24 months before the date of the material change report:**
>
> Not applicable.
>
> **(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**
>
> Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

In respect of their purchases pursuant to the private placement, each of Messrs. Smeenk, Lavigne and Galipeau entered into the standard form of subscription agreement used by the Company for the placement of flow-through units. These subscription agreements contain standard terms and conditions typical of similar private placements.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

Under subsections 5.5(a) and 5.7(a) of MI 61-101, the Company is exempted from the requirements under MI 61-101 of having to perform a formal valuation and obtain minority shareholder approval in connection with the transaction, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization, calculated in accordance with MI 61-101.

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