



Dear KWG Shareholder:

Re: KWG Shareholder Meeting on February 29, 2012

Enclosed with this letter are a Notice of Meeting and Management Information Circular together with a Voting Instruction/Proxy form for a meeting of the shareholders of KWG Resources Inc. ("KWG") to be convened in Montreal on February 29, 2012. There are a number of matters that we are asking shareholders to vote on. I thought you might find it helpful to have from me a brief summary of these.

KWG has a great many shares outstanding and for some years these have traded in a range of as little as \$0.05 per share to as much as \$0.14 per share. We propose to let all shareholders wishing to do so acquire with each fifty of their present shares one new multiple-voting share, provided that these may be converted back into the fifty subordinate voting shares at any subsequent time of their choosing. We hope that if enough shareholders elect to convert some of their holdings into multiple-voting shares, these may be separately listed for trading so that they could qualify for broker margin loans. We believe this might have the twofold benefit of increasing demand while reducing the supply of the subordinate voting shares.

If the meeting approves the multiple-voting share proposal it will then be necessary to make a few technical changes to KWG's Stock Option Plan. Accordingly, we are asking you to approve those enabling amendments and also adopt the plan for the ensuing year.

You are also being asked to approve a change of jurisdiction so that the law governing KWG's constitution will be the federal Canada Business Corporations Act ("CBCA"). As Quebec recently adopted changes to its company law statute, it is now available to KWG to make this transition easily and so reduce its operating costs by domiciling in Toronto where its management resides. If the meeting approves the change to the CBCA, we have suggested that a new operating Bylaw for the company should also be adopted to conform to the CBCA's provisions.

Also, you are being asked to give the KWG Board of Directors authority to possibly create and issue Special Shares if there is an opportunity to do so. The Special Shares will not have priority to KWG's common shares, but may be created with features that will be useful in further financing the company, or acquiring additional assets. We would hope that the ability to issue Special Shares may help eliminate the need to issue further common shares.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank Smeenck".

Frank Smeenck
President

January 27, 2012