

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, 2012

ITEM 3 News Release

A news release issued in connection with the material change disclosed in this material change report is attached as Schedule “A” and was issued by the Company on May 22, 2013. The news release was distributed through the facilities of CNW Group.

ITEM 4 Summary of Material Change

The Company announced the approval by its board of directors (the “**Board of Directors**”) on May 13, 2013 of an advance notice by-law, which includes a provision that requires advance notice to the Company in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Company other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the Company’s governing law, or (ii) a shareholder proposal made pursuant to the provisions of the Company’s governing law.

ITEM 5 Full Description of Material Change

The Company announced the approval by its Board of Directors on May 13, 2013 of an advance notice by-law, which includes a provision that requires advance notice to the Company in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Company other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the Company’s governing law, or (ii) a shareholder proposal made pursuant to the provisions of the Company’s governing law.

Among other things, the advance notice by-law fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than

40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made no later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the [15th] day following the day on which the first public announcement of the date of the special meeting was made.

The advance notice by-law is effective from May 13, 2013, the date of the Board of Directors' resolutions enacting such by-law until it is confirmed, confirmed as amended or rejected by the shareholders of the Corporation at the next meeting of shareholders. If the advance notice by-law is confirmed or confirmed as amended at the next meeting, it would continue in effect in the form in which it was so confirmed.

If the advance notice by-law is rejected by shareholders at the next meeting, or the directors do not submit the advance notice by-law to the shareholders at the next meeting, the advance notice by-law will cease to be effective from the date of the meeting and no subsequent resolution of the Board of Directors to make, amend or repeal a by-law having substantially the same purpose or effect as the advance notice by-law would be effective until confirmed or confirmed as amended by the shareholders of the Corporation.

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

Not applicable.

ITEM 7 Omitted Information

No information has been omitted from this report on the basis that it is confidential information.

ITEM 8 Executive Officer

For additional information with respect to this material change, the following person may be contacted:

Luce L. Saint-Pierre
Corporate Secretary
Tel: 514-866-6001 ext. 230

ITEM 9 Date of Report

May 23, 2013

PRESS RELEASE

KWG

No. 147

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **691,577,273**

KWG ANNOUNCES ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

Montreal, Canada – May 22, 2013 – **KWG Resources Inc.** (TSXV: KWG) will host its Annual and General Meeting of Shareholders on June 5, 2013 at 11:00am (local time) at Suite 2300, TD Waterhouse Tower, 79 Wellington Street West, Toronto, Ontario (the “Meeting”).

The purposes of the meeting are described in the Notice of Annual and Special Meeting of Shareholders mailed to shareholders May 15, 2013 and available on SEDAR at www.sedar.com. The Notice of Meeting sets out a number of matters that shareholders are being asked to vote on, including two proposed changes to the KWG’s Articles of Incorporation.

KWG has many shares outstanding and for some years these have traded in a range of as little as \$0.04 per share to as much as \$0.14 per share. It is proposed 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*. It is hoped 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.

“This is like rolling up our coins to exchange them for bills”, said KWG President Frank Smeenk. *“You can turn them into coins again whenever you like, but it provides us with a way to reach out to institutional investors without doing a consolidation.”*

Shareholders 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.

In addition, the shareholders are being asked to confirm a by-law (the “Advance Notice By-Law”) recently adopted by the board of directors (the “Board”) that:

- provides that advance notice to the Corporation must be given where nominations of persons for election to the board of directors are made by shareholders of the Corporation other than pursuant to: (i) a requisition to call a shareholders’ meeting made pursuant to the provisions of the Corporation’s governing law, or (ii) a shareholder proposal made pursuant to the provisions of the Corporation’s governing law;
- fixes a deadline by which a registered shareholder may submit director nominations to the Corporation prior to any annual or special general meeting and sets out the specific information that must be included in the written notice to the Corporation for an effective nomination to occur;
- provides that in the case of an annual meeting, notice to the Corporation must be given no fewer than 30 nor more than 65 days prior to the date of the meeting; provided that if the meeting is to be held on a date that is fewer than 50 days after the date on which the first public announcement of the date of the meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement;
- provides that in the case of a special general meeting that is not also an annual meeting, notice to the Corporation must be made no later than the close of business on the 15th day

following the day on which the first public announcement of the date of the special meeting was made; and

- provides that the Board, in its sole discretion, may waive any requirement of the Advance Notice By-Law.

The advance notice by-law is effective from May 14, 2013 until it is confirmed, confirmed as amended or rejected by the shareholders of the Corporation at the Meeting. If the advance notice by-law is confirmed or confirmed as amended at the Meeting of Shareholders, it would continue in effect in the form in which it was so confirmed. If the advance notice by-law is rejected by shareholders, the advance notice by-law will cease to be effective from the date of the Meeting and no subsequent resolution of the Board to make, amend or repeal a by-law having substantially the same purpose or effect as the advance notice by-law would be effective until confirmed or confirmed as amended by the shareholders of the Corporation.

KWG has received conditional approval from the TSX Venture Exchange for the changes to its Articles of Incorporation and the Advance Notice By-Law.

About KWG: KWG has a 30% interest in the Big Daddy chromite deposit and the right to earn 80% of the Black Horse chromite where resources are being defined in a drilling program now under way. KWG also owns 100% of Canada Chrome Corporation which has staked claims and conducted a \$15 million surveying and soil testing program for the engineering and construction of a railroad to the Ring of Fire from Exton, Ontario.

This news release may contain “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of United States federal securities legislation (collectively, “forward-looking statements”). All statements other than statements of historical facts included in this press release, including statements regarding our industry and our prospects, plans, financial position and business strategy, may constitute forward-looking statements. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate as well as beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, prospects, financial position and business strategies. Words such as “may,” “will,” “expect,” “continue,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe” or “seek” or the negatives of these terms or variations of them or similar terminology are intended to identify such forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: our anticipated business strategies; anticipated trends in our business; and our ability to continue to control costs. We can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. For additional information regarding some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements and other risks and uncertainties, and the assumptions underlying the forward-looking statements, you are encouraged to read statements concerning risks located in the Corporation's Management Discussion and Analysis for the year ended December 31, 2012 and the other factors contained in our filings with the Canadian securities regulators. Each of these forward-looking statements speaks only as of the date of this press release. We will not update these statements unless applicable securities laws require us to do so.

For further information, please contact:

Bruce Hodgman, Vice-President
416-642-3575 • info@kwgresources.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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