

PRESS RELEASE

KWG

No. 88

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **623,458,941**

RING OF FIRE CHIEFS INVITED TO JOIN CANADA CHROME BOARD

Montreal, Canada - January 18, 2011 - **KWG Resources Inc.** (TSXV: KWG) has extended invitations to the Chiefs of five First Nations in the *Ring of Fire* area to join the Board of Directors of its subsidiary Canada Chrome Corporation ("CCC").

"Late last year we advised Chiefs Elijah Moonias, Cornelius Wabasse, Sonny Gagnon, Roy Moonias and Lewis Nate that there appeared to be technical and economic merit to proceeding with a feasibility study of the railroad for which we have staked a right-of-way and sampled soil profiles," said KWG President Frank Smeen. *"Should subsequent development ensue which physically affects their traditional lands, there must first be prior consultation and accommodation, as is well understood by all constituencies. The entire Matawa family of First Nations is enthusiastic to see these developments progress. To facilitate and expedite the process, we felt that the extensive consultation necessary could be most effectively undertaken by having the leading members of the five most directly impacted communities participate in the corporate planning from the outset. In this way those who are most affected by these hoped-for developments can become the proponents of them."*

Golder Associates were retained by CCC to conduct testing of the soil profiles from samples taken last winter at 1000-foot intervals along the length of the potential right-of-way. The voluminous data generated from these tests will be incorporated into a design and construction model being prepared by Krech Ojard & Associates, the railroad engineering firm retained by CCC. Estimates for embankment construction may then be combined with estimates for bridge construction to determine a potential total cost estimate and possible construction timetable in a preliminary feasibility study. Such a preliminary study would describe the economic parameters and environmental issues that must be considered in the consultation process.

KWG also advises that its Board of Directors has awarded options to purchase 11 million treasury shares at \$0.10 each under the provisions of the Company's Employee Incentive Stock Option Plan. Of the total awards, 2.5 million were allocated to employees and consultants of the Company and of its subsidiaries, 2.5 million to directors, 2.5 million to directors who are also officers, and 3.5 million to officers of the Company and of its subsidiaries. The options vest over a period of 18 months and are exercisable over a period of five years.

The Company has also extended the completion of its previously announced private placement of flow-through shares to January 31, 2011.

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, but is not limited to, statements regarding KWG's invitation to the Chiefs joining the board of directors of CCC and the completion of the previously announced private placement.

This forward-looking information reflects the current expectations or beliefs of KWG based on information currently available to it. In connection therewith, certain factors and assumptions have been considered, including (without limitation) failure by the Chiefs to accept the invitation to join the CCC board of directors and failure to commence,

complete or attain positive results from the railroad feasibility study, and eventual construction, financing and permitting risks associated with railway construction. Although KWG believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future actions and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results to differ materially from the conclusions or forecasts 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 railroad feasibility study producing unfavourable results, inability to complete the construction of the railroad due to construction problems or inability to obtain required permits, inability to obtain financing from investors, and considerations and risks normally incidental to exploration and development of, and production from, mineral properties and/or adverse changes in securities markets, economic and general business and financial conditions.

Forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws. KWG disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results, or otherwise.

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