

PRESS RELEASE

KWG

No. 109

Symbol on TSX Venture Exchange: **KWG**
Shares issued and outstanding: **636,878,941**

KWG TO SELL 1% NSR TO ANGLO PACIFIC GROUP FOR \$18 MILLION *Ring of Fire Chromite receives international attention*

Montreal, Canada – August 2, 2011 – **KWG Resources Inc.** (TSXV: KWG) has agreed to sell its net smelter royalty interests (“NSR”) in the *Black Thor*, *Black Label* and *Big Daddy* chromite deposits to Anglo Pacific Group PLC (TSX: APY; LSE: APF) for US\$18 million. The sale agreement was completed today.

“The sale of this royalty for \$18 million is another vote of confidence for the future and value of the Ring of Fire and more specifically the value of its chromite deposits,” said KWG President Frank Smeenk.

The sale of the NSR will be effected by way of the sale of shares of 7207565 Canada Inc., the KWG subsidiary that holds the royalty. Half of the purchase price will be paid on closing, with the remaining 50% being held in escrow for a period of three months as security for KWG’s indemnification obligations to the purchaser in connection with the transaction. Closing is subject to satisfaction by both parties of closing conditions customary for a transaction of this type.

KWG has a 28% interest in the *Big Daddy* deposit and may earn an additional 2% interest in it under an option agreement to create a joint venture with Cliffs Natural Resources Inc. (NYSE: CLF; Paris: CLF). 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 where the Trans Canada line of the Canadian National Railway can be connected. KWG’s subsidiary Debut Diamonds Inc. holds nine diamond exploration projects, three of which are presently undergoing assessment programs valued at almost \$3 million.

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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) the satisfaction by both KWG and Anglo Pacific Group of the customary closing conditions in respect of the royalty sale and the payment of the full purchase price. 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 failure of either KWG, Anglo or both to satisfy the customary closing conditions in respect of the royalty sale and claims for indemnification which could diminish the purchase price paid to KWG.

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.