

TORONTO, ONTARIO--(Marketwired - June 2, 2016) - In meetings this week [KWG Resources Inc.](#) (CSE:KWG)(FRANKFURT:KW6) ("KWG") has discussed with the Chiefs of the Webequie and Marten Falls First Nations an outline of principal terms for the possible creation of an equal partnership through which to undertake the development and exploitation of mineral deposits in the *Ring of Fire*.

"A little more than a year ago now, we welcomed the Webequie and Marten Falls First Nations joining forces to act together in concluding a 'Negotiation Protocol Respecting Early Exploration in the Ring of Fire,'" said KWG President Frank Smeenk. "The railroad feasibility study that China Railway FSDI proposes to undertake for us is based on the railroad being part of the large-volume underground chromite mining operations being envisaged to supply a gas reduction processing facility where the chromite would be upgraded to ferrochrome. Those mining and transportation capital assets will be largely located within the traditional territories of Webequie and Marten Falls.

"As we seek offtake terms for this potential new ferrochrome supply, it is crucial that such terms include a floor price which insures these large-volume operations, once begun, can continue without interruption for the many decades possible. To guarantee this we have proposed to transfer our mining claims into a limited partnership provided that Webequie and Marten Falls make an investment into the limited partnership equal to KWG's. We have offered to provide them with a non-recourse loan of \$40 million to facilitate this.

"The shares of the General Partner managing the limited partnership would be equally held by KWG as to half, and Webequie and Marten Falls jointly, as to the other half. Both shareholders would appoint an equal number of Directors but the Chairman of the Board would be a KWG nominee."

Webequie Chief Cornelius Wabasse and Bruce Achneepineskum, Chief Marten Falls FN, have undertaken to study the proposal with their respective councils. The parties have also agreed to discuss at a later date the opportunities for equity participation in KWG subsidiary Muketi Metallurgical LP, which is prosecuting two chromite-refining patent applications in Canada, China, India, Indonesia, Japan, Kazakhstan, South Africa, South Korea, Turkey, and USA.

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. KWG also owns 100% of CCC which has staked claims and conducted a surveying and soil testing program, originally for the engineering and construction of a railroad to the Ring of Fire from Aroland, Ontario. KWG subsequently acquired intellectual property interests, including a method for the direct reduction of chromite to metalized iron and chrome using natural gas. The Company is prosecuting patent applications for both the direct reduction method and for a method of producing high purity chromium metal by continuous smelting.

Cautionary Note Regarding Forward-Looking Statements: This Press Release contains or refers to "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "occur" or "be achieved". All information, other than information regarding historical fact that addresses activities, events or developments that KWG believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information contained in this Press Release is subject to a number of risks and uncertainties that may cause the actual results of KWG to differ materially from those 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. Should one or more of these risks and uncertainties, such as: The proposed partnership with Webequie and Marten Falls First Nations not materializing; the feasibility study by China Railway FSDI not being undertaken; any offtake agreement not being concluded or negotiated; the actual results of current exploration programs; risks normally incidental to exploration and development of mineral properties; the uncertainty of mineral resources estimates; uncertainties in the interpretation of drill results; the possibility that future exploration, development or mining results will not be consistent with expectations; the grade and recovery of ore varying from estimates; the general risks associated with the mining industry; adverse changes in commodity prices; currency and interest rate fluctuations; increased competition and general economic and market factors occur, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

Shares issued and outstanding: 960,868,218

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