

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of CNSX Issuer: KWG Resources Inc. (the "Issuer").

Trading Symbol: KWG

Number of Outstanding Listed Securities: 589,549,206

Date: October 6, 2010

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**KWG has commenced recovery of a 2-tonne bulk sample from the *Big Daddy* chromite deposit under the programs recommended by the Technical Committee to bring forward the understanding of the economic merits of the *Big Daddy***

deposit. The bulk sample will be used for test work to determine the metallurgical properties and indicated beneficiation parameters of the deposit. The sample will be taken with large-diameter HQ core recovered by diamond drilling over the next number of days. The drilling operation is being conducted from the Esker Camp of Freewest Resources Canada Inc. ("Freewest") before the Freewest-contracted crews demobilize their recent campaign of in-fill drilling at the adjacent *Black Thor* chromite deposit.

KWG has retained Behre Dolbear to provide guidance on the metallurgical and beneficiation test work.

KWG has also initiated discussions with Spider Resources Inc. ("Spider") for the planning of the program in the next option period commencing April 1, 2011 and ending March 31, 2012. Under the option agreement's terms, KWG and Spider may each earn a further 2% interest in the *Big Daddy* deposit (to a total interest of 30% each) from Freewest by contributing \$2.5 million to such program, or paying an equal sum in lieu thereof by March 31, 2012. A joint venture will then be formed for the development and mining of the deposit, with mined material being divided in kind to each of the joint-venturers. Spider has confirmed its intention to participate with KWG in completing the final option earn-in program

Provide a general overview and discussion of the activities of management.

The Company's Board of Directors met on August 18<sup>th</sup> at a regularly-scheduled meeting to approve the report of its Audit Committee on the quarterly Financial Statements and Management Discussion and Analysis. The Board again convened for an informal information meeting on September 24<sup>th</sup>.

Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law. **N/A**

Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned. **N/A**

Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship. **See Report on business**

Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced. **N/A**

Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable

together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from, or the disposition to, a Related Person of the Issuer and provide details of the relationship. **N/A**

Describe the acquisition of new customers or loss of customers. **N/A**

Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks. **N/A**

Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs. **N/A**

Report on any labour disputes and resolutions of those disputes if applicable. **N/A**

Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings. **N/A**

Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. **N/A**

Provide details of any securities issued and options or warrants granted. **N/A**

<i>Security</i>	<i>Number Issued</i>	<i>Details of Issuance</i>	<i>Use of Proceeds<sup>(1)</sup></i>

*(1) State aggregate proceeds and intended allocation of proceeds.*

Provide details of any loans to or by Related Persons. **N/A**

Provide details of any changes in directors, officers or committee members. **N/A**

Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*Management has not identified any trends that would impact the Issuer for the time being.*

## **Certificate Of Compliance**

The undersigned hereby certifies that:

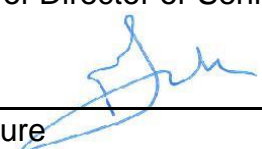
1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in

National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 6, 2010.

Frank C. Smeenk  
Name of Director or Senior Officer

  
Signature

President and CEO  
Official Capacity

<b>Issuer Details</b>		<b>For September Month End</b>	<b>Date of Report YY/MM/D10 10/10/06</b>
Name of Issuer  KWG Resources Inc.			
Issuer Address 2750 – 600 de Maisonneuve West			
City/Province/Postal Code Montréal, Québec H3A 3J2	Issuer Fax No. (514) 866-6193	Issuer Telephone No. (514) 866-6001	
Contact Name Luce L. Saint-Pierre	Contact Position Corporate Secretary	Contact Telephone No. 514-866-6001 ext. 230	
Contact Email Address lsPierre@kwgresources.com	Web Site Address www.kwgresources.com		