

# PRESS RELEASE

**KWG**

No 16

Symbol on TSX-Venture Exchange: **KWG**  
Shares issued and outstanding: **118,737,408**

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## KWG JOINT VENTURE STATUS

Montréal, Canada - October 28<sup>th</sup>, 2005 – As reported on October 18<sup>th</sup>, 2005, **KWG Resources Inc. (TSXV-KWG)** has agreed to resume exploration work on its three joint-venture projects with **Spider Resources Inc. (TSXV-SPQ)**. Programs for each of the James Bay Lowlands Diamond and VMS discoveries are being prepared to commence after freeze-up is sufficiently advanced. In the meantime, a recovery-process testing program has been developed for the Wawa Diamond project, to commence immediately. However, the Joint Venture has not yet approved technical programs for its various James Bay Lowlands assets. These include the McFaulds Lake VMS discoveries, the MacFadyen kimberlite discoveries, and the Kyle kimberlite discoveries.

As also previously reported, the Joint Venture's partners have negotiated terms of an option agreement with **Freewest Resources Canada Inc. (TSXV-FWR)** for each of them to earn an interest in Freewest's mineral claims that are adjacent to the area of the McFaulds Lake discovery. That option agreement is now being finalized and programs dictated by its terms are also being prepared. Funding of these will be a necessary priority of the Joint Venture.

All Joint Venture programs recommended by its exploration manager, must be approved by its management committee. KWG has been appointed by the management committee as Operator of the Joint Venture, consequent on its somewhat larger contribution to the venture's capitalization since 1993. Prior to current year-end adjustments for contributions to previously-completed programs, KWG's cumulative investment totals some \$18.24 million and Spider's totals just under \$18 million.

Yesterday Spider published, in a letter to its shareholders, an excellent technical review of the status of the Joint Venture's various undertakings. As commented on there, the absence of transportation infrastructure in the remote locations of the Joint Venture's discoveries, have currently dictated that mineral resources identified thus far, are uneconomic in the quantities delineated to date. However, the community of earth scientists has been intrigued by the possibility that the very numerous occurrences identified by area claim-holders, to this juncture, may ultimately prove the area justifying the investment to create such infrastructure. The very small portions of this extensive greenstone belt that have now received exploration attention from claim-holders, have proven to be relatively ubiquitously pregnant with metallic mineral concentrations of possible economic interest. Accordingly, the area may be viewed as a potential development frontier, when considered in conjunction with the adjacent construction of the Victor diamond mine and the legitimate claims and aspirations of local area communities.

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### FOR FURTHER INFORMATION, PLEASE CONTACT:

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