

# PRESS RELEASE

No 02

**KWG RESOURCES INC.**  
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Montréal, Québec H3B 1S6

**Symbol on TSX-Venture: KWG**  
**Shares issued and outstanding: 118,337,408**  
**Closing price on January 28, 2005: \$0.19**

## THE FIRST TWO DRILL HOLES OF THE WINTER PROGRAM CUT MASSIVE SULPHIDE AT McFAULD'S LAKE #3

Montréal, Québec – January 31, 2005 - **KWG RESOURCES INC.** (the “Company” or “KWG”) and joint venture partner Spider Resources Inc. announce that the winter drilling program is off to a positive start with the intersection of significant massive sulphide thicknesses in the first two drill holes of the season. Drill-hole McF-05-**58** intersected 12.4 meters (264 m – 276.4 m) and drill-hole McF-05-**59** intersected 15.15 meters (280.85 m – 296.0 m) of massive to semi-massive sulphide mineralization similar in tenor to that observed in drill-hole McF-04-57 where we reported 18.8 meters of 8.02% copper last fall (November 8, 2004).

The two new holes are located on section 7+75 NE a 25 meter southwesterly step-out from drill-hole McF-04-57, and were drilled on an azimuth of 135 degrees. Drill-hole 58 and 59 were drilled at an angle of - 60 degrees and – 70 degrees respectively. Drill-hole 58 was targeted to cut the prospective copper zone at a vertical elevation 25 meters below drill-hole 57 intercept and drill-hole 59 was designed to be a 50 meter under cut of drill-hole 58. The next hole in this section has started this morning, at an initial dip of - 48 degrees to overshoot drill-hole 58 by 50 meters. We await drill-hole survey data to confirm the accuracy of these locations and elevations.

A summary of other drill holes in the vicinity of these new drill-holes are as follows:

McF-04-57: 18.8 meters of 8.02% Copper reported November 8, 2004;  
McF-04-21: 13.8 meters of 5.50% Copper reported March 18, 2004; and  
McF-04-41: 8.0 meters of 6.5% Copper and 3.3% Zinc reported May 11, 2004.

As with these neighboring holes, a preponderance of chalcopyrite has been observed in the new drill-holes, which appear to be confirming the predictions of JVX Geophysical Ltd. from their Down Hole Induced Polarization (DHIP) survey and Dr. James Franklin in his recent study of the deposit.

The Joint Venture is encouraged with these findings and will report the assays as soon as they are received. Additionally, the drill contractor is re-rigging the platform set-up for the fourth hole with a bigger power-pack that will allow for drilling of deeper drill holes.

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### FOR FURTHER INFORMATION, PLEASE CONTACT:

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