

PRESS RELEASE

No 03

KWG RESOURCES INC.
2930 - 630 René-Lévesque Blvd. West
Montréal, Québec H3B 1S6

Symbol on TSX-Venture: KWG
Shares issued and outstanding: 118,337,408
Closing price on February 1, 2005: \$0.20

February 2, 2005 – Montréal, Québec - KWG Resources Inc. ("KWG") and joint venture partner Spider Resources Inc. ("Spider") announce that the time allotted to complete the terms of the merger between the companies has passed. Considerable agreement was achieved on many items; however it was felt that the potential uncertainty created over un-resolved issues was having a negative impact on the value of the shares of both companies, and was shifting an undue amount of focus away from the recent strong results obtained from the joint venture projects themselves.

KWG and Spider will continue to discuss the potential for a merger on an informal basis and may formally revisit the matter at a future date if, and when suitable circumstances permit.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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