

PRESS RELEASE

**KWG & SPIDER TO SPIN OUT
NEW DIAMOND COMPANY**

Toronto, Canada – April 12, 2005 – **KWG RESOURCES INC.** (TSXV-KWG) and **SPIDER RESOURCES INC.** (TSXV-SPQ) announce that they have signed a Letter of Intent today, to create a diamond exploration company from their diamond prospects in Wawa and the James Bay Lowlands of Northern Ontario.

The two companies have invested some \$28 million, since 1992, in the acquisition and exploration of claims, in both areas, that were highly prospective for potential diamond deposits. Very extensive exploration programs conducted over the ensuing thirteen years have yielded a number of discoveries of diamondiferous occurrences. These include the Kyle series of kimberlites 130 km west of the DeBeers Victor Pipe and the MacFadyen kimberlite pipes adjacent to the DeBeers Victor Pipe. A diamond mine is currently under consideration at the Victor Pipe, and the SPQ/KWG JV's adjacent diamondiferous kimberlites are thus hoped to be able to demonstrate economic viability, with additional sampling. In order to finance the cost of these opportunities, the SPQ/KWG JV determined to create a stand-alone new diamond company from these assets.

The terms of the Letter of Intent contemplate that shares of the new diamond company will be issued in exchange for the transfer of the diamond interests. Subject to negotiations of the terms of a final agreement, Spider would receive approximately 49% of the shares of the new company and KWG would receive 51% of the shares of the new company, in proportion to their respective expenditures on the diamond properties to date. Both Spider and KWG are considering the merits of distributing the diamond company's shares to the holders of their own shares, as a dividend in specie.

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