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PRESS RELEASE

A 0.33 carat Diamond Recovered from Wawa Project Bulk Sample

May 17, 2005 – Toronto, Ontario – KWG Resources Inc. ("KWG") and joint venture partner Spider Resources Inc. ("Spider") announce that a 0.33 carat diamond was recovered from one of the bulk samples (BK-9) collected last fall. The diamond is the second largest found yet in the Wawa area after Pele Mountain's 0.75 carat Big Goose. The recovery of this diamond from the formations containing the football-shaped xenoliths supports our hypothesis that these extraordinary rocks are the host units of the diamonds in the Wawa area.

PRELIMINARY RESULTS: The detection of this diamond was reported to the Joint Venture partners in the preliminary receipt of results of the analytical work on the two 10 tonne (BK-8 and BK-9) mini-bulk samples collected from their Wawa diamond project, last fall.

Sample BK – 8 yielded 14 diamonds with the largest having dimensions of 2.51mm by 2.08mm by 1.53mm and weighing 0.061 carat is described as being: white, translucent, and an 85% preserved octahedral crystal.

Sample BK – 9 yielded 10 diamonds. The aggregate carat weight of the 10 diamonds collected from this sample was 0.454 carat. The largest diamond with dimensions of 3.99mm by 3.56mm by 2.75mm and weighing 0.326 carat is described as being off-white, transparent, 99% preserved octahedral surface fragment, twinned, with very significant cleavage. A photograph of this diamond (as well as the other diamonds mentioned herein) is viewable on the KWG website.

The two 10 tonne samples were acquired last fall, from adjacent sites where our previously reported (10kg – 30 kg) grab and channel samples yielded encouraging macro-diamond populations. The BK-8 sample site was located on sample locations LAL 221, LAL 234 and LAL 235 while the BK-9 sample site was located on sample locations sample location LAL 223, LAL 232 and LAL 233.

Mini-Bulk Sample Site Num.	Sample Number	Sample wt (kg)	# of Diamonds	Diamonds Per kg	>1.0 mm	0.8 - 1.0mm	0.5 - 0.8mm	0.2 - 0.5mm
BK-8	LAL-221	10.0	21	2.1	1	2	1	17
	LAL-234	30.1	1632	54.2	14	39	221	1358
	LAL-235	22.6	46	2.0	1	1	10	32
total diamonds from site		62.7	1699	27.1	16	42	232	1407
BK-9	LAL-223	10.0	37	3.7	2	1	7	27
	LAL-232	19.8	117	5.9	9	11	44	53
	LAL-233	22.8	21	0.9	0	1	4	16
total diamonds from site		52.6	175	3.3	11	13	55	96

SAMPLE PROCESSING: Samples BK-8 and BK-9 were blasted from the respective outcrops and individually moved to a crusher in Wawa where they were individually crushed to pass through a 6 mm screen. The screened product(s) were sent to the Lakefield Research Ltd. for processing to recover diamonds with dimensions exceeding 0.85mm only. At Lakefield the samples were screen classified on

6mm, 3mm, 1.5mm and 0.8mm screens with the minus 0.8 mm fraction removed as tailings. Each size fraction was then subjected to high gauss magnetic separation with the non-magnetic fraction being subjected to a heavy liquid (or dense media) separation. The heavy or dense minerals were collected and examined for diamonds. All products from this mini-bulk test were saved for future reprocessing if warranted.

DISCUSSION OF RESULTS: When the Bulk samples were acquired, the significance of the xenolithic material was not understood. The field samples reported in the above table were collected after the bulk samples were extracted and their results previously reported on 20 January 2005, 9 February 2005 and 22 April 2005 revealed the majority of the diamonds are contained in xenoliths.

However since the processing of the bulk samples started shortly after they arrived at Lakefield no special attention was given to the presence or lack of xenolithic material in the two bulk samples since its significance was not known until the beginning of this year. The results summarized in the table above were not available at the time the crushing of the bulk samples started.

To ensure the efficient and representative processing of the two 10 tonne bulk samples the products produced underwent a thorough audit (consisting of systematic sampling), which has aided in understanding the recoverability of diamonds in these rocks. A 32 kg sub-sample of each size fraction underwent caustic dissolution (internal audit by Lakefield on its own processing work) for the recovery of contained diamonds. The following table presents the results of this internal audit:

Sample Description Sample Number / Size Fraction	sample wt (kg)	# of dia.	>.105 (mm)	>.150 (mm)	>.212 (mm)	>.300 (mm)	>.425 (mm)	diam. wt (carat)
SPQ BK-8 (<6mm >3mm)	31.57	332	189	98	35	8	2	0.022
SPQ BK-8 (<3mm >1.5mm)	31.76	204	123	61	15	4	1	0.015
SPQ BK-8 (>0.8mm <1.5mm)	30.15	358	208	124	19	7	0	0.018
SPQ BK-8 (<0.8mm)	31.65	591	325	165	76	19	6	0.049
Total diamonds for the sample	125.13	1485						0.104
SPQ BK-9 (<6mm >3mm)	32.3	130	56	52	17	4	1	0.011
SPQ BK-9 (<3mm >1.5mm)	33.95	104	51	37	12	4	0	0.008
SPQ BK-9 (>0.8mm <1.5mm)	31.73	98	59	27	11	1	0	0.006
SPQ BK-9 (<0.8mm)	33.45	206	109	64	19	8	6	0.025
Total diamonds for the sample	131.43	538						0.050

The audit results confirm that the rock material being processed in the two bulk samples is valid, enriched in diamond, and that the process selected by Lakefield was valid and efficient, since no diamonds were collected on screens with sieve openings greater than 0.425mm in the audit samples.

The diamond results received to date, from samples collected from this particular outcropping area that measures 240 meters long by 10 – 13 meters wide, continue to intrigue management of the joint venture. Representatives of the joint venture have met with representatives of Lakefield regarding the form of the final report from Lakefield that formally presents these test results. It was agreed that in light of all other test results from this specific area and the convincing evidence that diamonds may be encapsulated in nodular xenoliths, Lakefield would be recommending a program that focuses on the extractability of the nodular xenoliths from the host rock that will lead to the efficient recovery of diamonds from the xenoliths. A mineral processing scoping study will also be presented and considered.

As indicated in our earlier news releases of 20 January 2005, 9 February 2005 and 22 April 2005, the original samples (LAL series) were processed by caustic dissolution at the Thunder Bay Diamond Services Lab (formerly the Kennecott Diamond testing facility) in Thunder Bay. The remainder of the processing for diamonds described herein was completed at Lakefield Research Ltd. diamond recovery laboratory in Lakefield, Ontario. The samples reported herein were individually bagged and sealed by James Burns P. Eng. and Independent Qualified Person, and delivered by a bonded carrier to the Mineral Processing Laboratory of Kennecott Canada Exploration Inc., in Thunder Bay, Ontario. There the samples underwent micro diamond recovery and observation (MDob) using Caustic Fusion followed by microscopic examination for micro diamonds, from various sieve sizes of the caustic fusion product. Only

those diamonds that were captured on a 0.15mm sieve or greater were collected and reported. The mini-bulk samples reported herein were also selected and initially processed under the direct auspices of James Burns, P.Eng. and delivered to Lakefield Research's facility in Lakefield where they were processed for diamond content.

The technical information presented herein, was compiled and prepared by Neil Novak, P.Geo., in his capacity as the appointed manager of the KWG – Spider Ontario joint venture.

- 30 -

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