

PRESS RELEASE

No 16

KWG RESOURCES INC.

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

Symbol on TSX-Venture: KWG

Shares issued and outstanding: 97,531,751

Closing price on June 14, 2004: \$0.205

<p>19 DIAMONDS RECOVERED FROM TWO NEW KIMBERLITES ON THE MACFADYEN PROPERTY, JAMES BAY LOWLANDS</p>

Montréal, Québec – June 15, 2004 - **KWG RESOURCES INC.** (the “Company” or “KWG”) and joint venture partner Spider Resources Inc. (“Spider”) announce the preliminary results from the remaining two drill holes completed on the MacFadyen property in the James Bay Lowlands of northeastern Ontario. A total of 19 diamonds were recovered from 149.12 kilograms of kimberlite taken from these two drill holes completed prior to the spring break-up. **Fifteen (15) micro diamonds (0.15 mm to 0.50 mm)** were recovered from 70.91 kilograms of kimberlite (from 62.7 meters to 96.7 meters down-hole) in drill-hole SPQ-04-03, **three (3) micro diamonds (0.15 mm to 0.50 mm)** and **one (1) macro diamond (0.50 mm to 0.80 mm)** were recovered from 78.21 kilograms of kimberlite (from 105 meters to 131.38 meters down-hole) in drill-hole SPQ-04-05.

The presence of diamonds confirms that these two kimberlites are diamondiferous and increase to five the number of diamondiferous kimberlites located on the MacFadyen property. Additional work is required to ascertain the significance of these two new diamond bearing kimberlites.

Drill-hole SPQ-04-01 (the Good Friday kimberlite) previously announced (May 27, 2004) contained 111 micro diamonds (0.15 mm to 0.5 mm), eight (8) macro diamonds (0.5 - 0.8 mm) and two (2) stones were found to be greater than 0.8 mm. The largest (commercial sized) diamond **measured 1.45 mm by 0.96 mm by 0.77 mm and weighed 0.19 carat**. This stone is described as an irregular fragment green colored, transparent diamond.

The second commercial size stone measured 0.96 mm by 0.46 mm by 0.2 mm, weighed 0.02 carat and is described as an irregular fragment, white, transparent diamond. The entire kimberlite sample from drill-hole SPQ-04-01 weighed 0.455 tonne, the average grade of all diamonds (collected on a 0.15 mm screen) recovered was **0.15 carat per tonne**.

All five of the pipes on the MacFadyen property are located within eight kilometers north of the advanced “Victor kimberlite development project” of De Beers Canada Exploration Inc. and 1.5 kilometers east of De Beers’ Tango and Tango Extension Kimberlites.

The drill program was under the field supervision of an Independent Qualified Person (“IQP”) Roger Thomas (M.Sc., P.Eng., P.Geo). Mr. Thomas logged the drill core and selected the samples for diamond content processing that were delivered under seal to a diamond recovery laboratory managed by Kennecott Canada Exploration Inc. (Thunder Bay Mineral Processing Laboratory) for a complete diamond content analysis using caustic dissolution.

FOR FURTHER INFORMATION, PLEASE CONTACT:

MICHAEL NEWBURY, President and Chief Executive Officer

Telephone: (416) 487-4637

Fax: (416) 482-9057

MAURICE MONTPETIT, Investors' relation

Telephone: (514) 987-7263

Fax: (514) 987-1033

Or visit our website: WWW.KWG-RESOURCES.COM

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