

PRESS RELEASE

No 22

KWG RESOURCES INC.

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Symbol on TSX-Venture: **KWG**

Shares issued and outstanding: **100,864,085**
Closing price on August 13, 2004: **\$0.15**

WAWA SPARKLES – 10 SAMPLES CONTAIN MACRO-DIAMONDS

4 HOLES IN MCFAULDS INTERSECT MASSIVE TO SEMI-MASSIVE SULPHIDE MINERALISATION

Montréal, Québec – August 16, 2004 - Joint venture partners KWG Resources Inc. ("KWG") and Spider Resources Inc. ("Spider") announce recent analytical results from surface sampling on their 45 square kilometer Wawa property.

Ten samples each weighing 10 kilograms were selected from the Lalibert 2002-156 site which hosts various phases of the favorable diamond bearing '*tuffisitic breccia*' formation.

All ten samples contained macro-diamonds. A total of 150 diamonds were recovered, (diamonds, collected on a 0.15mm screen) and at least one macro-diamond (dimension in excess of 0.5 mm) was recovered from each sample.

Sample Lalibert – 223 contained 37 diamonds greater than 0.15mm. Ten of these stones had dimensions in excess of 0.5mm, with the largest diamond recovered measuring 1.23mm X 0.89mm X 0.56mm.

A summary of all samples is:

| Sample | Sample wt (kg) | # Diamonds | # Macros |
|---------|-------------------|------------|----------|
| Lal 221 | 10 | 21 | 4 |
| Lal 222 | 10 | 17 | 3 |
| Lal 223 | 10 | 37 | 10 |
| Lal 224 | 10 | 4 | 1 |
| Lal 225 | 10 | 20 | 3 |
| Lal 226 | 10 | 16 | 4 |
| Lal 227 | 10 | 16 | 5 |
| Lal 228 | 10 | 12 | 3 |
| Lal 229 | 10 | 3 | 3 |
| Lal 230 | 10 | 5 | 1 |
| Men 212 | 10 | 2 | 0 |
| Men 215 | 10 | 4 | 1 |
| Men 217 | 10 | 1 | 0 |

These sites were selected based on the results from the analysis of previous geology and sampling conducted during the 2002 field season where **59** diamonds were recovered from sample site Menzies 167, (22 macro-diamonds) and the Lalibert 2002 – 156 reported **215** diamonds (5 macros). The current field program was undertaken in preparation for a bulk sampling of two locations, where the previous collected representative 15-kilogram grab samples of outcrop yielded very high macro-diamond counts.

Both sites under investigation during this recent program were initially stripped and power washed, followed by detailed geological mapping and sampling of the various '*tuffisitic breccia*' phases at each location.

Last years results plus the current sample results confirm the significance of the Lalibert diamond occurrence, this site is now ready for bulk testing. The partners expect to obtain a 5 tonne sample from the Lalibert site later this summer or early fall.

At the Menzies 156 site, 10 samples were collected and 3 contained diamonds, with only one containing a macro-diamond. The current result from the more remote and difficult Menzies site are inconclusive, and more sampling and mapping is recommended. However, a smaller bulk test will be obtained from the Menzies site, focusing on the area where the earlier significant diamond concentrations were noted.

The surface grab samples selected from each site were delivered under seal to Thunder Bay Diamond Testing Laboratory, a wholly owned subsidiary of Kennecott Canada Limited. Each sample was coarsely crushed, thoroughly mixed and a representative 10-kilogram sub-sample was selected and submitted for caustic dissolution for micro-macro diamond recovery. Only those diamonds collected on the 0.15 mm screen were reported.

The results of this mapping and sampling at both sites are being used to locate the specific site for mini-bulk sampling (2 to 5 tonnes). The results of the mini-bulk sampling will provide the basis for a decision to be made to test-mine a much larger bulk sample (50 – 100 tonnes) to determine the commercial (greater than 0.8mm in two dimensions) diamond content of the selected site.

Also during the recent program, concluded in late June, 15 regional prospecting samples were collected by the project geologist (accompanied by Sandor Surmacz, the prospector that originally discovered this diamond property). The samples were processed as described above at the Thunder Bay Laboratory. Of these 15 samples, 13 returned diamonds and 6 of these samples contained one macro-diamond or more. The following table summarizes the results of this regional prospecting program:

| Sample | Weight (kg) | # Diamonds | # Macros |
|---------|----------------|------------|----------|
| Lal 197 | 10 | 20 | 4 |
| Lal 198 | 10 | 4 | 0 |
| Lal 199 | 10 | 1 | 1 |
| Lal 200 | 10 | 3 | 0 |
| Lal 201 | 10 | 2 | 0 |
| Lal 204 | 10 | 6 | 3 |
| Lal 205 | 10 | 10 | 3 |
| Lal 206 | 10 | 8 | 2 |
| Lal 207 | 10 | 1 | 0 |
| Lal 208 | 10 | 1 | 0 |
| Lal 209 | 10 | 9 | 2 |

The more promising of these sites will be visited later this fall to be examined in closer detail. Jim Burns (P.Eng.), the designated Qualified Person (IQP) has mapped and sampled these diamond occurrences and was responsible for the recent field program. The joint venture has approved the expenditure of an additional \$150,000 on this project to the end of the current fiscal year.

OTHER ACTIVITIES

McFauld's Lake: Meanwhile, two diamond drill crews and geologists have been actively exploring the McFauld's Lake VMS project, as well as the MacFadyen kimberlite project in the James Bay Lowlands area of Northern Ontario.

Four diamond drill holes have been completed on the McFaulds #3 VMS occurrence, and all 4 holes have intersected massive to semi-massive sulphide mineralization. Holes McF-04-42, 43, 44 and 45 have intersected 12.55, 4.3, 5.8, and 6.6 meters of mineralization respectively. The type of mineralization

observed in these four holes is similar to the adjacent holes, previously announced. Assay results will be released as soon as they are available.

MacFadyen Project: To date 3 drill holes have been completed on the MacFadyen kimberlite property, located 8 kilometers north of De Beers Victor Mine Project. The drill hole that was started last spring (the continuation is designated as hole #1 for this campaign) was designed to test a deep linear magnetic anomaly, the hole was stopped at 304 meters. No kimberlite or structure was intersected and the magnetic anomaly remains unexplained.

Another near surface anomaly was similarly tested with one vertical hole and no kimberlite was encountered.

The third hole in the program currently drilling is designed to crosscut the vertical discovery hole on the Good Friday kimberlite. This hole is designed to determine the east-west extent of this new kimberlite. A second hole is planned to test the north – south extent of this kimberlite. A fragment of a green diamond found in the Good Friday Pipe is being analyzed to determine its potential original size and significance.

Other nearby magnetic anomalies are being prioritized as potential drill targets.

With the recent financing facilitated by Dundee, the joint venture partners will pursue an aggressive exploration program on all three-project areas (McFaulds, MacFadyen and Wawa) this fall.

Previously the company announced that the Boards of KWG and Spider have agreed in principle to merge subject to regulatory and shareholder approvals. More information will be provided as it becomes available.

Spider Resources Inc. is a tier 2 junior resource company, quoted for trading on the TSX Venture Exchange under the trading symbol "SPQ". There are currently 161,328,479 shares issued in Spider.

- 30 -

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