

## PRESS RELEASE

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**KWG RESOURCES INC.**

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**Symbol on TSX-Venture: KWG**

**Shares issued and outstanding: 100,864,085**  
**Closing price on August 27, 2004: \$0.22**

<p><b>TWO-10 KILOGRAM SAMPLES FROM WAWA PROJECT PRODUCE SIX COMMERCIALY SIGNIFICANT DIAMONDS</b></p>
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Montréal, Québec – August 30, 2004 - **KWG RESOURCES INC.** (the “Company” or “KWG”) and joint venture partner Spider Resources Inc. (“Spider”) announce the recovery of six (6) commercially significant diamonds recovered from the final caustic dissolution of surface sample collected from their jointly held 45 square kilometer Wawa property.

The calculated weights are for the individual diamonds recovered from the Lalibert 2002-156 site in samples Lal 221 and Lal 223. Each sample yielded three commercially significant diamonds having one dimension in excess of 0.8 mm. The combined (calculated) weight of the three diamonds from the representative 10 kilogram sample from location Lal 221 was 0.172 carats, and the combined weight of the three diamonds from the representative 10 kilogram sample from location Lal 223 was 0.116 carats. These two samples were surface grab - chipped across 5 meter channels, and are located 15 meters apart, along the strike of the exposed diamondiferous dyke.

Only macro diamonds retained on 0.600 screen (mm) sieve size or greater are considered when evaluating the economics of a diamond occurrence. Two of the previously mentioned commercially significant diamonds (one from each of the samples) recovered from the Lalibert 2002-156 site are in this category.

Diamonds that are close to this size range (+/-0.6 mm) are typically not weighed with microbalances during the initial laboratory reporting procedures. The laboratories usually provide a calculated octacarat weight for the individual diamonds from a given sample. These are generated by using the digitally measured XYZ dimensions of individual crystals, and then extrapolating a weight formula from the dimension measurements to arrive at a calculated weight in octacarats.

The largest diamond recovered had measured XYZ dimensions of 1.23 X 0.89 X 0.56 mm, while the smaller stone had dimensions of 1.07 X 0.90 X 0.54 mm. These two diamonds have a calculated weight of 0.107 carat and 0.092 carat respectively. The largest diamond by comparison had an actual micro-balance weight of 0.004 carat.

The difference in the “calculated weight” and the actual micro-balance weight of the larger diamond has been explained by the laboratory (Thunder Bay Diamond Services) as being a result of the irregular shape of this individual diamond (not being a perfectly uniform octahedron) and the application of the standard calculation that is based upon a regular uniform rectangular cube formula.

As previously announced (August 16, 2004), a mechanical stripping, power washing, geological mapping and sampling program was completed at the Lalibert 2002-156 site. This particular site is located approximately 1.5 kilometers NNW of the Sandor Occurrence (originally discovered by Sandor Surmacz in 1995, optioned to Spider in 1996).

The joint venture selected this location for detailed sampling based on the 2002 sampling of an area exposed outcrop of dike material where a 15 kilogram sample yielded 215 diamonds including 5 macro diamonds. This year an area (130 meters by 35 meters) was cleared and power washed, geologically mapped and sampled by James Burns (P.Eng.) of Timmins, Ontario, who describes the outcrop area as follows:

*“The dyke has a strike of 315 degrees and a dip of 35 degrees NE. It pinches and swells, has minimum surface width of 10 meters and maximum width in excess of 25 meters, and has an exposed strike length of ~125 meters. The dyke appears to have been intruded at the contact between massive mafic volcanic units to the NE and felsic volcanic units to the SW. It was later intruded by fine grained aplite.”*

He continues:

*“The rock is generally massive and regularly jointed...near the contact it is schistose ... approximately 15 – 20% stretched talc-actinolite xenoliths to 30 centimeters plus 5% country rock and crustal xenoliths are set in a talcose mica-actinolite matrix.”*

Ten samples were selected (channel chip and/or grab samples) from various locations throughout this newly exposed site. The purpose of this sampling was to identify areas within the exposed outcrop of diamond enrichment.

Each sample was then delivered under seal, to Thunder Bay Diamond Services Laboratory where the individual samples were crushed (coarsely), thoroughly mixed and a representative 10 kilogram sub-sample was processed to recover micro and macro diamonds using caustic dissolution.

All ten samples from this site tested positive for macro diamond content with a total of 150 diamonds recovered. Thirty-seven (37) of these stones had dimension in excess of 0.5 mm and as such, are classified as macro diamonds. Six (6) of those diamonds have a dimension in excess of 0.8 mm.

The joint venture partners consider these results to be significantly encouraging to continue with a follow-up program consisting of a bulk sample of approximately 5 to 10 tonnes to be taken from this site later this summer or early fall, focusing on the area where the two high valued samples were taken. A series of short, large diameter drill holes is also being planned to test the down dip extent of this occurrence. Once the results of the next round of testing are available, a decision will be made regarding a much larger sample (50–100 tonnes) for processing for commercial diamond content.

Also recently announced (August 16, 2004) and apart from the Lalibert 2002-156 site sampling, 15 regional prospecting samples were collected by the project geologist (James Burns) in the accompaniment of Sandor Surmacz, the prospector that originally discovered this diamond property.

These 15 samples were processed for their diamond content as above. Thirteen (13) samples contained diamonds and six samples contained one or more macro diamonds. One of these samples, Lal 204, yielded a commercially significant diamond with dimension more than 0.8 mm. This diamond was recovered along with 6 other diamonds (three were greater than 0.5 mm) and it weighed 0.05 carats.

The Lalibert 156 site as well as other promising sites will be revisited later on 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.

All samples were processed by Thunder Bay Diamond Services using standard caustic dissolution techniques.

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