

PRESS RELEASE

No 27

KWG RESOURCES INC.

2930 - 630 René-Lévesque Blvd. West

Montréal, Québec H3B 1S6

Symbol on TSX-Venture:

KWG

Shares issued and outstanding: 101,169,085

Closing price on September 20, 2004: \$0.18

KWG'S PRINCIPAL SHAREHOLDER INCREASES ITS INTEREST

Montréal, Québec – September 21, 2004 - **KWG RESOURCES INC.** (the “Company” or “KWG”) announces that Diagem International Resource Corp. (“Diagem”) (TSXV:DGM), its principal shareholder, has increased its interest in the Company to 36,6% by exercising an option to convert its 8% property interest in the properties of KWG-Spider Joint Venture (the “Joint Venture”).

The 8% interest was earned upon the recent completion by Diagem of a \$2 million flow-through funding of the Joint Venture's main diamond and base metal projects in Ontario, Canada. These projects include drilling at the McFauld's Lake Volcanogenic Massive Sulphide discovery, drilling of newly discovered diamondiferous kimberlite bodies, North West of DeBeers' Victor Kimberlite Pipe, and processing of diamond samples from the Wawa area.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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