

# PRESS RELEASE

No 31

**KWG RESOURCES INC.**

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

**Symbol on TSX-Venture: KWG**

**Shares issued and outstanding: 112,534,252**  
**Closing price on October 29, 2004: \$0.17**

## A SIGNIFICANT MACRO DIAMOND WEIGHING 0.0765 CARAT RECOVERED FROM MACFADYEN #2 KIMBERLITE BULK SAMPLING OF WAWA DIAMOND OCCURENCES STARTED

Montréal, Québec – November 1, 2004 - **KWG RESOURCES INC.** (the "Company" or "KWG") and joint venture partner Spider Resources Inc. announce the recovery of yet another significant diamond weighing 0.0765 carat from drill holes completed during the recently completed drill campaign on claims held by the joint venture the James Bay Lowlands area of Northern Ontario.

Results from caustic dissolution processing for diamond content for holes SPQ-04-09, 11 and 12 are as follows:

KIMBERLITE	HOLE	WEIGHT (kg)	MICROS (<0.5mm)	MACROS (0.5 - 0.8)	COMM. (>0.8mm)	TOTAL
<b>Good Friday</b>	SPQ-04-09	155.10	15	2	1	18
<b>MacFadyen #1</b>	SPQ-04-11	240.62	25	6	1	32
<b>MacFadyen #2</b>	SPQ-04-12	4.94	1	0	1	2

Comm. = Commercial Stones >0.08mm

The largest diamond recovered was from the MacFadyen #2 kimberlite: this diamond had a measured weight of **0.0765 carat** with dimensions of 2.1 mm X 1.9 mm X 1.3 mm. It is an intact octahedroid, transparent diamond. It is worthy to note that the recovery of a diamond of this size from only **4.94 kilograms** of kimberlite sample is a very rare event. The sample represents a small kimberlite dyke separate from the main MacFadyen #2 structure previously announced (June 15, 2004) from which **15** micro-diamonds were recovered from 70.91 kilograms of kimberlite from the main mass from 62.7 meters to 96.7 meters down-hole. Statistically, these events suggest the presence of a good macro diamond population in this kimberlite and the other related kimberlites nearby on the joint venture property.

Similarly (previously announced on June 15, 2004), the Good Friday Kimberlite yielded anomalous macro diamonds, "... *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.*"

These results are sufficiently encouraging to warrant further drilling on the MacFadyen kimberlite pipe cluster during the forthcoming winter drill program.

Nine (9) drill holes totaling 1,380 meters were completed during the current program. The Joint Venture confirms that it now controls five (5) diamondiferous kimberlites on their MacFadyen claim group located eight (8) kilometers from the De Beers Victor Mine Project.

A second attempt was made to intersect the deep magnetic target on the MacFadyen property. This latest hole is located between the MacFadyen #1 and the Good Friday kimberlite at a vertical elevation of - 300 meters. Hole number SPQ-04-14 was stopped short of target at 180 meters core length (on the way to 330 meters core length) when the weather conditions made it unsafe to continue and adequately service the drill site. Drilling will resume on the MacFadyen project early in the New Year, with the completion of drill hole SPQ-04-14 and the testing of other targets as recommended or required.

The rate of drilling production on this project was plagued with difficulty in drilling through the Paleozoic limestone – sandstone rock near the five (5) kimberlites already discovered on the joint venture property a few kilometers north of the De Beers Victor project.

### **WAWA PROJECT UPDATE**

Two 10-tonne samples are being extracted where previous surface stripping – mapping – sampling has discovered an area where six (6) commercially significant size diamonds (contained in two 10-kilogram samples) were found in surface exposures as previously announced (August 30, 2004). The commencement of the mini-bulk sampling has started under the auspices of James Burns P.Eng. (IQP) and it is estimated to be completed within two weeks. Then the samples will be shipped to the Lakefield Research's Mineral Processing Laboratory in Lakefield, Ontario where the samples will be analyzed for commercial sized diamonds, using a multi-staged rolls crushing extraction process, followed by high gauss magnetic separation of the crushed product(s). The non-magnetic concentrate from each size fraction will be subjected to caustic dissolution and microscopic examination for diamonds in excess of 0.8 mm in two dimensions only.

The results of the two mini-bulk samples will determine the next phase of exploration, diamond drilling of the new Lalibert occurrence undercutting the mini-bulk sample area will be part of the program.

### **QUALITY CONTROL AND QUALITY ASSURANCE**

The kimberlite core samples were individually pailed and sealed and delivered by a bonded carrier to the Kennecott Canada Exploration Inc. Mineral Processing Laboratory in Thunder Bay, Ontario where the samples underwent micro diamond analysis 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 0.15 mm sieve or greater were collected and reported. The two mini-bulk samples will be processed at Lakefield's diamond processing laboratory in Lakefield, Ontario.

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### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

**FRANK C. SMEENK**, President and Chief Executive Officer  
Telephone: (416) 642-3575

**MAURICE MONTPETIT**, Investors' relation  
Telephone: (514) 987-7263  
Fax: (514) 987-1033

Or visit our website: [WWW.KWG-RESOURCES.COM](http://WWW.KWG-RESOURCES.COM)

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