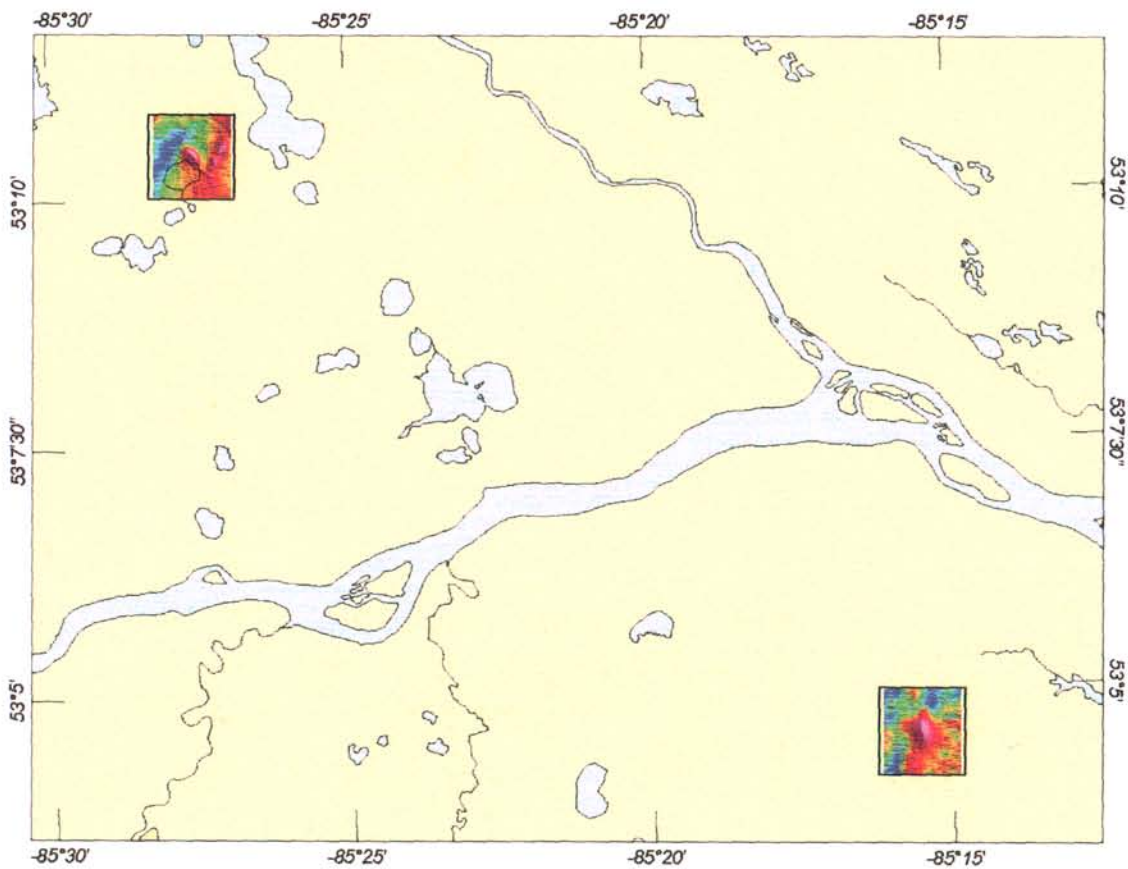


Spider Resources Inc. and KWG Resources Inc.

Compilation and Interpretation Report of Two Ground Magnetic Surveys in the James Bay Lowlands, Northern Ontario

2.32913



Report By

Scott Hogg & Associates Ltd.

August 2006



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Maps at 1:2500 scale included with this report:

Kyle 2	Total Magnetic Field Contour Map Total Magnetic Field Posted Readings
Kyle 5	Total Magnetic Field Contour Map Total Magnetic Field Posted Readings

1. Introduction

Throughout the early 1990s, KWG Resources Inc. (KWG) and Spider Resources Inc. (Spider) were exploring for diamond in the James Bay Lowlands of Ontario. By the end of 1996, the group had discovered seven kimberlites. Two were located in the vicinity of DeBeer's 'Victor' Pipe as part of a post-Paleozoic swarm. The remaining five were discovered approximately 100 km to the west, beneath (and thus, predating) the Paleozoic cover. These older kimberlites were designated Kyle 1 through Kyle 5. In the summer of 2004, the mining claims covering two of the discoveries (namely Kyle 2 and Kyle 5) lapsed. The kimberlites were subsequently restaked and the two claims were registered on September 1st, 2004.

To locate the bodies for future drill testing, two ground magnetic surveys were carried out. In February 2006, Greenstone Exploration Inc. (Greenstone) of Beardmore, Ontario, was contracted to perform the line cutting and surveying. Scott Hogg & Associates Ltd. (SHA) of Toronto, Ontario were contracted to compile, process and interpret the data.

Line cutting began on February 25th 2006 and the magnetic surveys were completed on March 18th 2006. On the Kyle 2 grid, twenty-two lines, totaling 34.2 km were cut. On the Kyle 5 grid, twenty-one lines, totaling 37.8 km, were cut. Magnetic profile data was delivered to the offices of SHA in July 2006. This report contains technical details of the survey, compilation and interpretation.

2. Location and Access

The claims are located north of Missisa Lake in the James Bay Lowlands of Ontario. Spider and KWG operated a base camp on the north shore of McFauld's Lake, located approximately 50 km SW of the claims (See Figure 1). Main access to the project area for personnel and equipment was achieved via McFauld's Lake camp by floatplane.

Two independent camps were setup within each of the two new claims. Access to each of these smaller camps was gained by helicopter, based at the McFauld's Lake camp, and snowmobile. Movement around the survey grids was achieved by snowmobile alone.

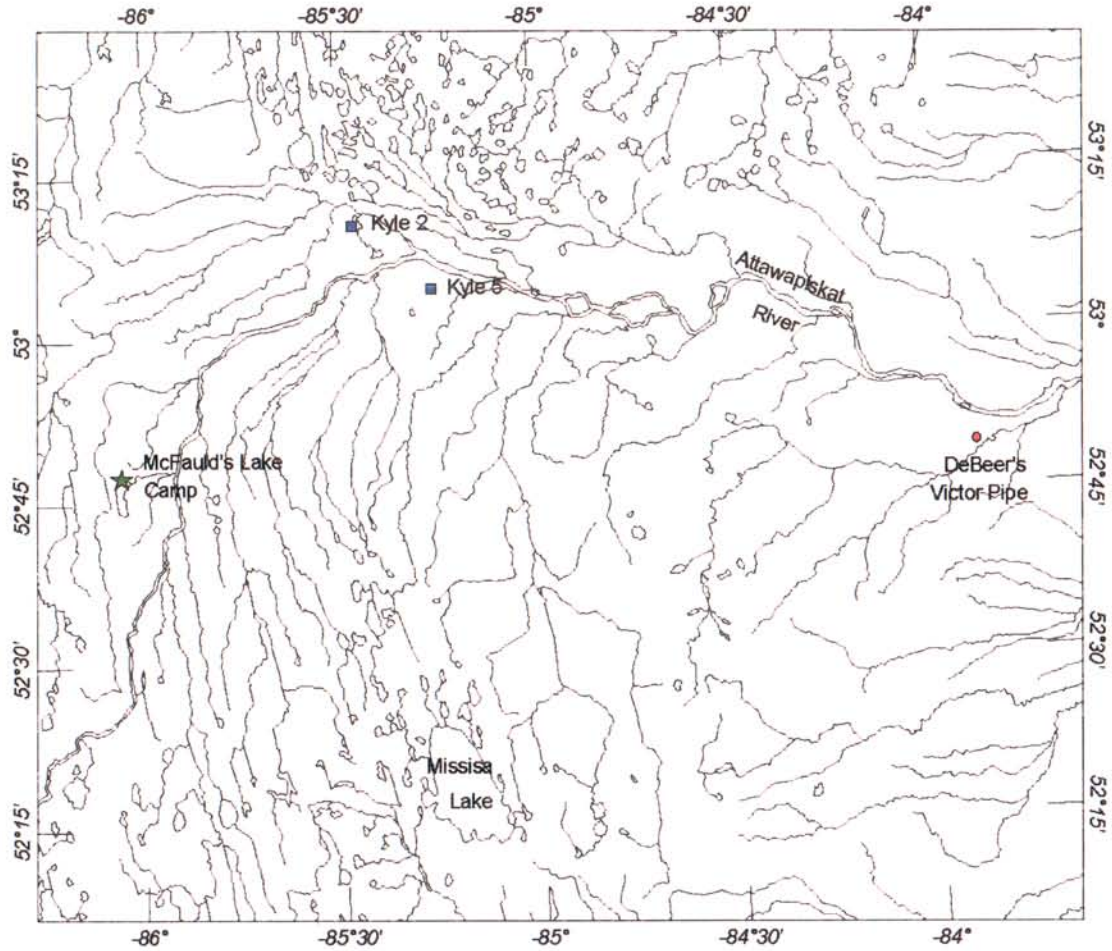


Figure 1 - Project Location Map

3. Mineral Claims

The two mineral claims covered by the surveys are:

3008386 (Kyle 5)
and 3008387 (Kyle 2).

4. Geology

The two survey areas are located within the James Bay Lowlands, an area covered by Paleozoic sedimentary rock. In the vicinity of the surveys, the Paleozoic cover, with added glacial overburden cover, may be on the order of 100 metres.

5. Ground Survey Grids

Line cutters mobilized to the first camp at Kyle 2 on February 25th, 2006. A UTM reference point was chosen for the survey grid's origin using regional aeromagnetic data and twenty-two lines, totalling 34.2 km were cut. Survey line direction was north-south and the nominal line spacing was 100m, with 50m infill lines in the immediate vicinity of the airborne anomaly. A total of 31.4 km were surveyed by magnetometer.

The crew then moved to the Kyle 5 camp and twenty-one lines, totaling 37.8 km, were cut. As with Kyle 2, survey line direction was north south and the nominal line spacing was 100m, with 50m infill lines in the immediate vicinity of the airborne anomaly. A total of 35 km were surveyed by magnetometer.

Figure 2 shows the relative locations of the two surveys and their respective layouts.

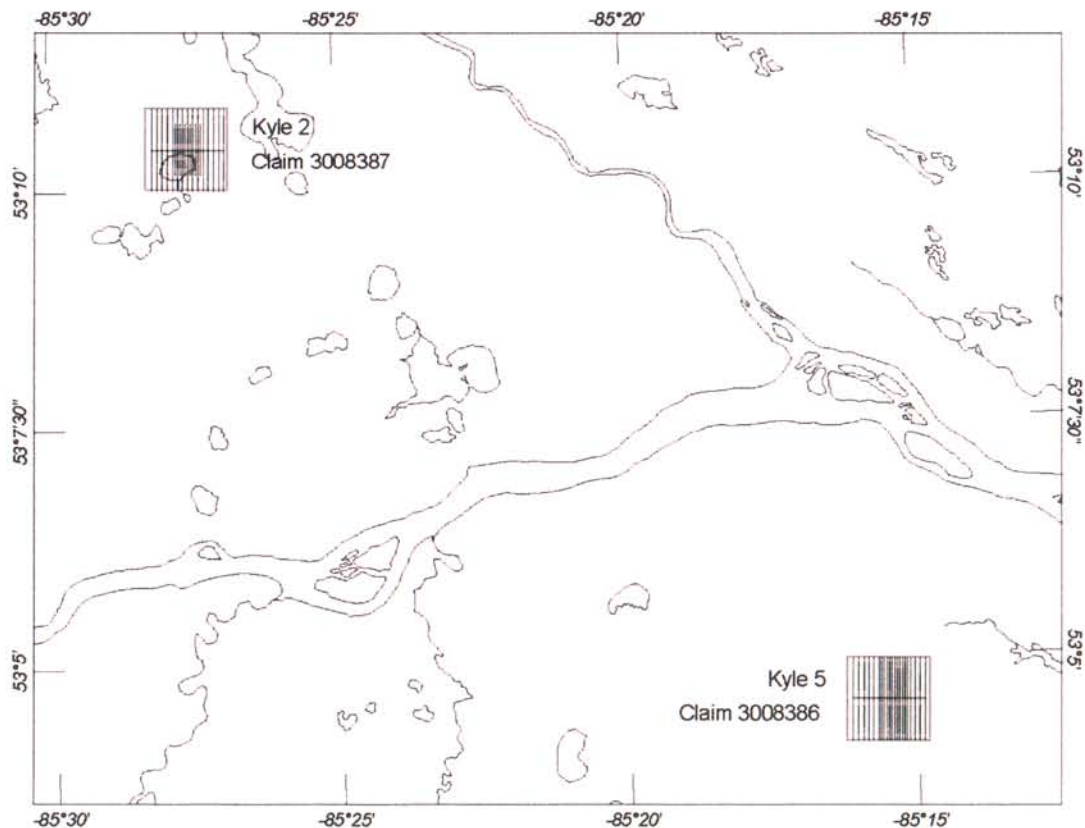


Figure 2 - Ground Survey Grids

6. Ground Magnetic Survey

The Kyle2 survey was carried out on March 13th and 14th using two Scintrex MP3 proton precession magnetometers. Readings were taken at 12.5 metre intervals along line and recorded digitally by the instrument. A third MP3 magnetometer, at a fixed location at the camp, recorded diurnal magnetic variation and a correction was applied in the field.

The Kyle 5 survey was carried out in the same fashion during the period March 16th to March 18th. The corrected digital magnetic files for each survey were recorded on CD and sent to the offices of Scott Hogg & Associates Ltd. in Toronto for compilation and analysis.

The line and station coordinates of each grid were offset by the UTM coordinate of the respective grid's origin. The data was gridded using a bi-cubic spline algorithm and contour maps of the gridded data were generated. Claim outlines were obtained from the MNDM Internet website and included within each map presentation.

The two magnetometer operators were Mike Peplinski and Tony Auger.

7. Magnetic Modeling and Interpretation

Total magnetic field profile data was modelled for each grid. The model results and interpretation are summarized below.

7.1 Kyle 2

The total magnetic field anomaly of Kyle 2 is a 500nT well-isolated feature adjacent to a WSW-ENE trending linear. The anomaly is slightly elongated with a NW-SE strike azimuth. Two magnetic profiles were modelled and a summary is presented below. The models are included as an appendix to this report.

Line	Depth (m)	Width (m)	Easting (m)	Northing (m)	Station	Dip (°)	Susceptibility (emu)
650	69	83	602,950	5,892,781	56 N	78	0.00645
700	66	81	603,000	5,892,769	44 N	75	0.00679

Dip is measured from the NE horizon.

The UTM coordinates were derived by the GPS grid offset described in section 6.

The Kyle 2 body models as a steeply dipping feature with a full-width of 81 to 83 metres and a depth of 66 to 69m. The magnetic susceptibility is 0.00645 to 0.00679. The modelled depth is consistent with the expected basement depth for this part of the Lowlands. The susceptibility is at the high end expected for kimberlite.

Figure 3.1 shows the total magnetic field image of Kyle2. The modelled body widths are indicated in blue and an interpreted body outline is shown in black.

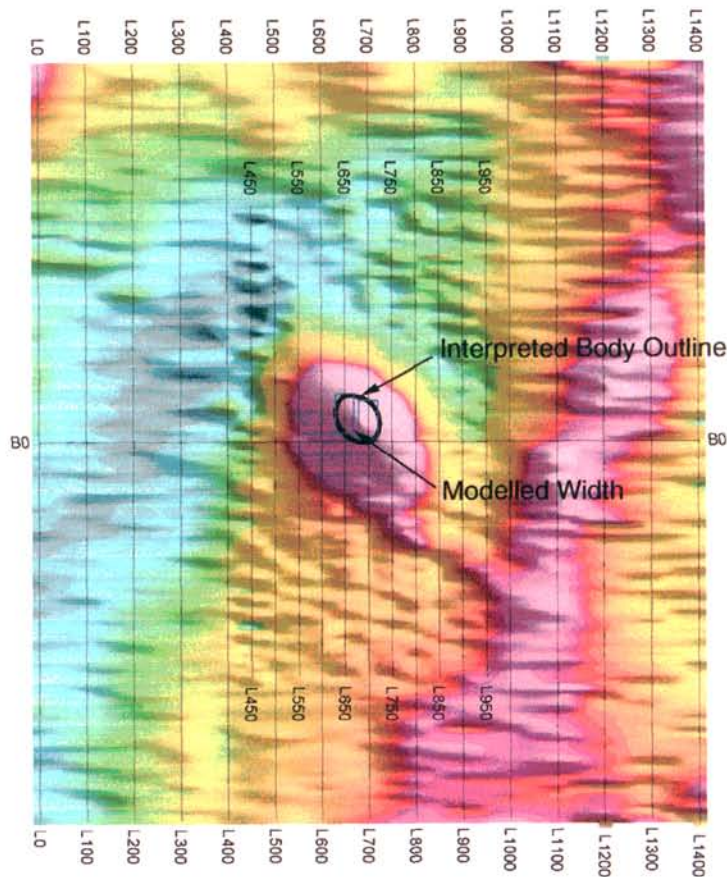


Figure 3.1 - Kyle 2 Total Magnetic Field

7.2 Kyle 5

The total magnetic field anomaly of Kyle 5 is a 170nT well-isolated feature. The anomaly is elongated with a N-S strike direction. Five magnetic profiles were modelled and a summary is presented below. The models are included as an appendix to this report.

Line	Depth (m)	Width (m)	Easting (m)	Northing (m)	Station	Dip (°)	Susceptibility (emu)
650	120	260	616,600	5,882,119	44 N	94*	0.00180
700	121	268	616,650	5,882,125	50 N	104*	0.00207
750	133	352	616,700	5,882,083	8N	76*	0.00175
Base	101	118	616,619	5,882,075	669 E	72 ⁺⁺	0.00234

* Dip is measured from the North horizon.

++ Dip is measured from the East horizon.

The UTM coordinates were derived by the GPS grid offset described in section 6.

Lines 650 and 700 pass directly over the body and their model results are consistent with one another. They place the Kyle 5 body at a depth of approximately 120m with a width of 260 to 268 m and a susceptibility of 0.0018 to 0.00207 emu. The depth is in line with expectation, and the magnetic susceptibility is reasonable for kimberlite. The

deeper and wider solution for line 750 suggests that this profile passes off the eastern edge of the body. The base line (i.e. east-west) profile. Indicates an approximate 75 dip in the eastern direction.

Figure 3.2 shows the total magnetic field image of Kyle5. The modelled body widths are indicated in blue and an interpreted body outline is shown in black.

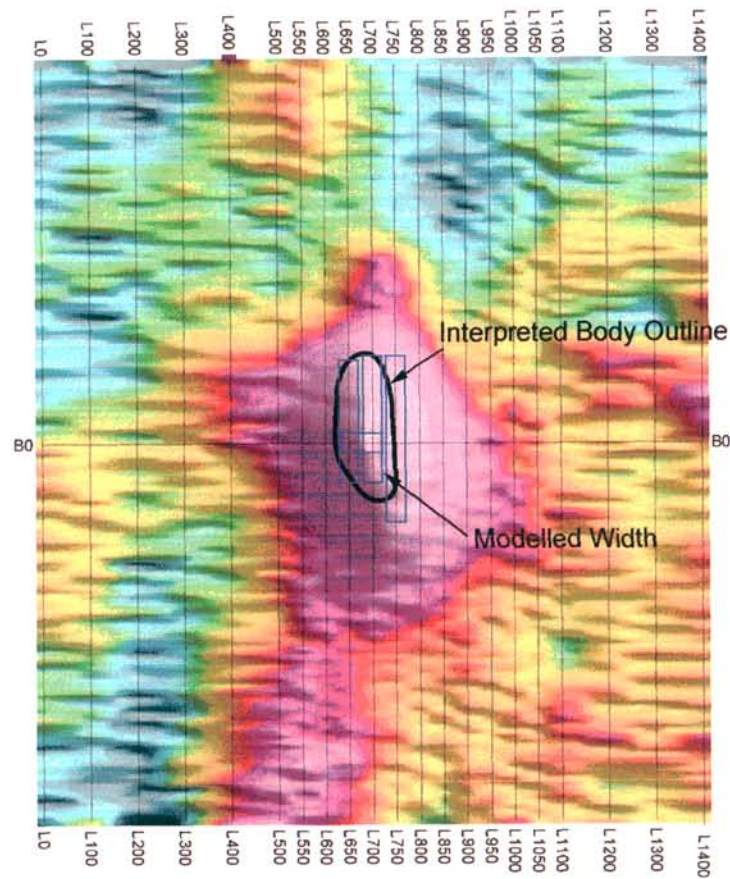


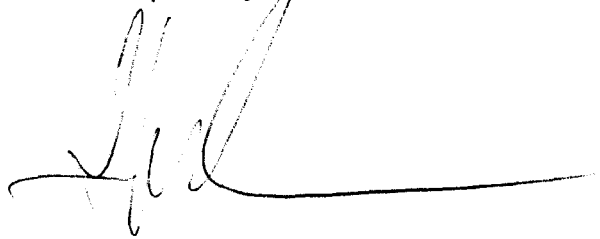
Figure 3.2 - Kyle 5 Total Magnetic Field

8. Recommendations

Kyle 2 models with a with a slight Northeast dip. A vertical drill hole collared between lines 650 and 700 (i.e. line 675) at a northing of 50m will encounter the body at a depth of approximately 65 to 70 metres. According to the GPS offset of the grid origin, the UTM location of the hole should be 602,925 E by 5,892,775 N.

Kyle 5 is elongated in a North-South direction, with an easterly dip. A vertical drill hole collared between lines 650 and 700 (i.e. line 675) at a northing of 50m will encounter the body at a depth of approximately 120 metres. According to the GPS offset of the grid origin, the UTM location of the hole should be 616,625 E by 5,882,125 N.

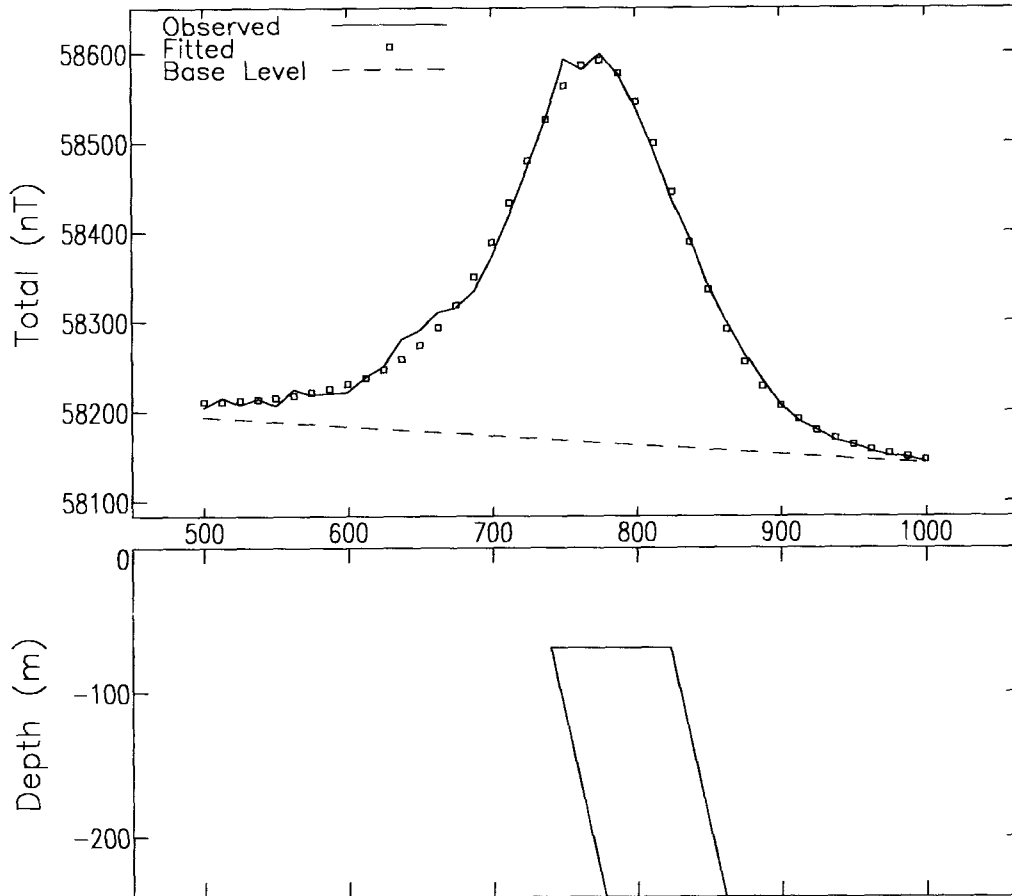
Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Steve Munro', with a long horizontal flourish extending to the right.

Steve Munro, B. Sc
Scott Hogg & Associates Ltd.
August 21, 2006

Appendix - Magnetic Models

Kyle 2 Ground Mag
Line 6+50 East



MODEL PARAMETERS:

Model Type		Tabular2
Depth	F	69.1 m
Half Width	F	41.6 m
Half Length	X	50.0 m
Offset	X	0 m
Dip	F	78 deg
Thickness	F	4942 m
Susceptibility	F	0.00645 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	781.2832 m
Cross Position	X	602950 m
Base Level	F	58164.38 nT
Base Slope	F	-.1038537 nT/m

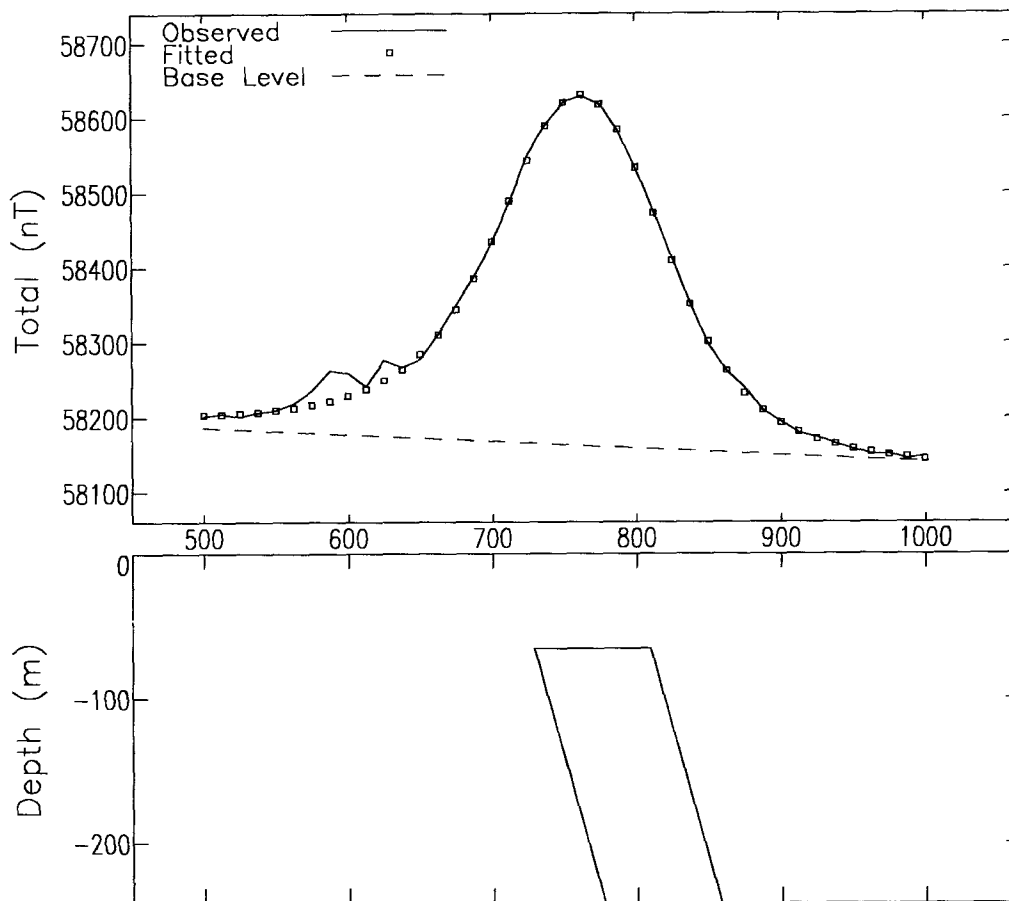
GEOMAGNETIC FIELD:

Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	2 m
Strike Perp	35 deg
Line Direction	0 deg
Main Direction	0 deg
Main Offset	5892000 m
Cross Direction	90 deg
Cross Offset	

Kyle 2 Ground Mag
Line 7+00 East



MODEL PARAMETERS:

Model Type		Tabular2
Depth	F	65.6 m
Half Width	F	40.4 m
Half Length	X	50.0 m
Offset	X	0 m
Dip	F	75 deg
Thickness	L	4996 m
Susceptibility	F	0.00679 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	768.9839 m
Cross Position	X	603000 m
Base Level	F	58161.84 nT
Base Slope	F	-0.0919577 nT/m

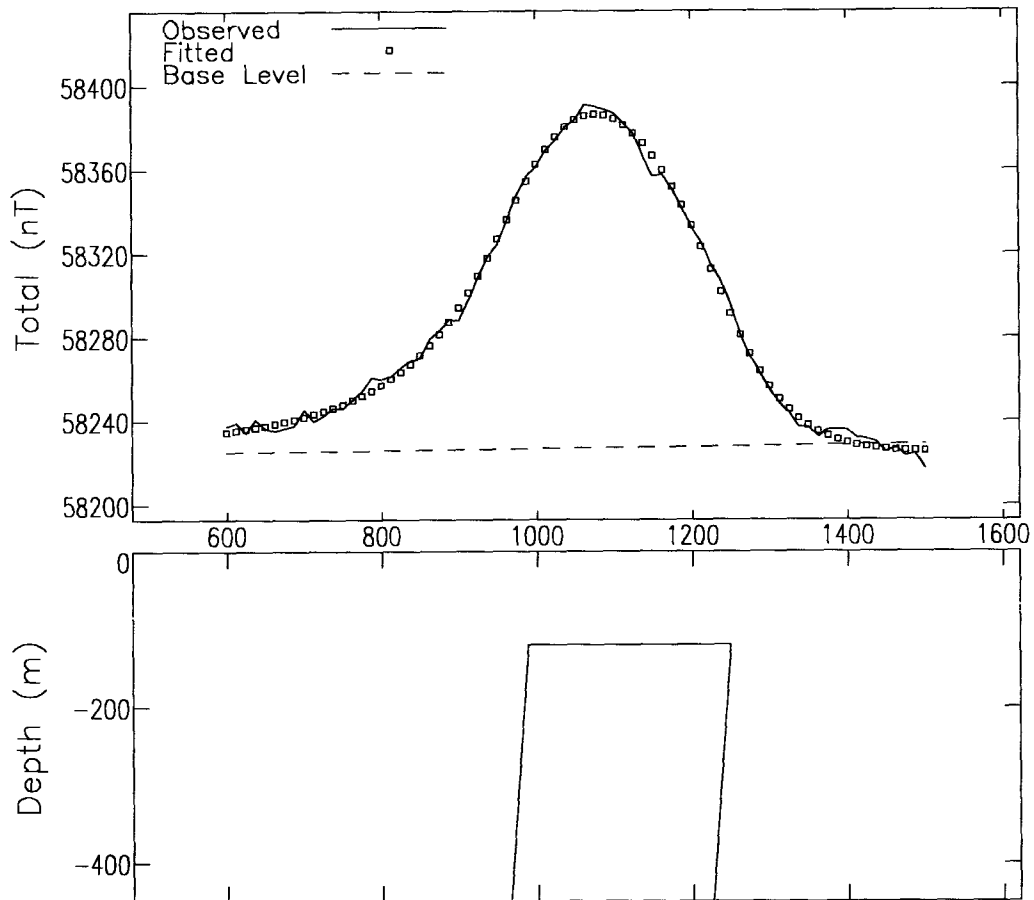
GEOMAGNETIC FIELD:

Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	2 m
Strike Perp	35 deg
Line Direction	0 deg
Main Direction	0 deg
Main Offset	5892000 m
Cross Direction	90 deg
Cross Offset	

Kyle 5 Ground Mag
Line 6+50 East



MODEL PARAMETERS:

Model Type	F	Tabular2
Depth	F	120 m
Half Width	F	130 m
Half Length	X	75.0 m
Offset	X	0 m
Dip	F	94 deg
Thickness	F	1556 m
Susceptibility	F	0.00180 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	1118.522 m
Cross Position	X	616600 m
Base Level	F	58227.42 nT
Base Slope	F	.0043948 nT/m

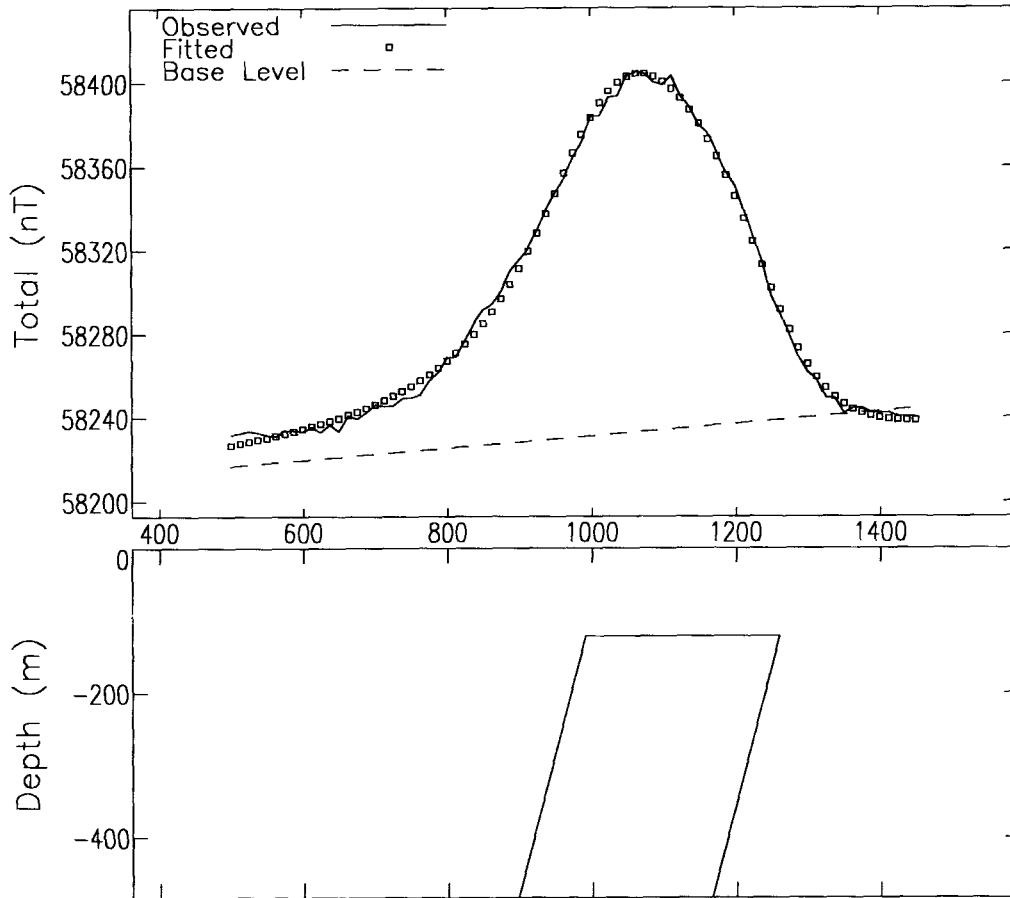
GEOMAGNETIC FIELD:

Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	2 m
Strike Perp	0 deg
Line Direction	0 deg
Main Direction	0 deg
Main Offset	5881000 m
Cross Direction	90 deg
Cross Offset	

Kyle 5 Ground Mag
Line 7+00 East



MODEL PARAMETERS:

Model Type		Tabular2
Depth	F	121 m
Half Width	F	134 m
Half Length	X	70.0 m
Offset	X	0 m
Dip	F	104 deg
Thickness	F	2001 m
Susceptibility	F	0.00207 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	1125.491 m
Cross Position	X	616650 m
Base Level	F	58234.98 nT
Base Slope	F	.0289709 nT/m

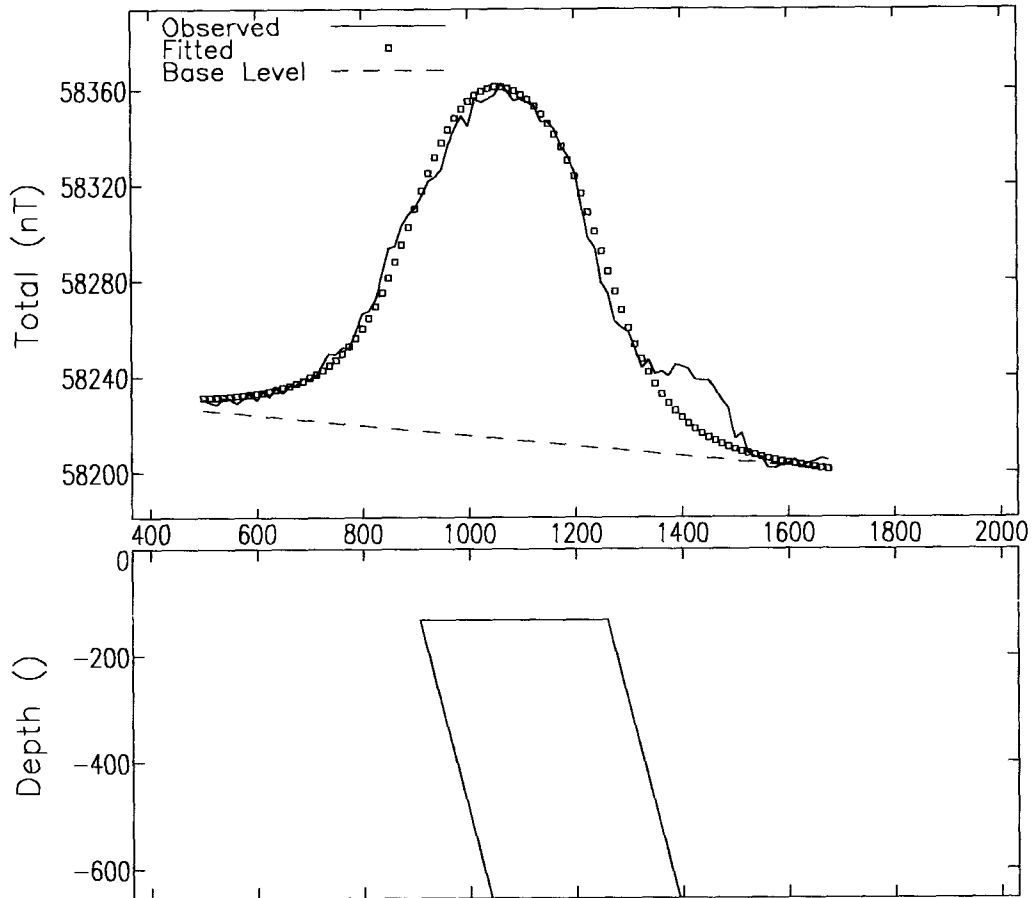
GEOMAGNETIC FIELD:

Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	2 m
Strike Perp	0 deg
Line Direction	0 deg
Main Direction	0 deg
Main Offset	5881000 m
Cross Direction	90 deg
Cross Offset	

Kyle 5 Ground Mag
Line 7+50 East



MODEL PARAMETERS:

Model Type		Tabular2
Depth	F	133
Half Width	F	176
Half Length	X	70.0
Offset	X	0
Dip	F	76 deg
Thickness	F	2043
Susceptibility	F	0.00175 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	1082.632
Cross Position	X	616700
Base Level	F	58213.6 nT
Base Slope	F	-.0212949 nT/

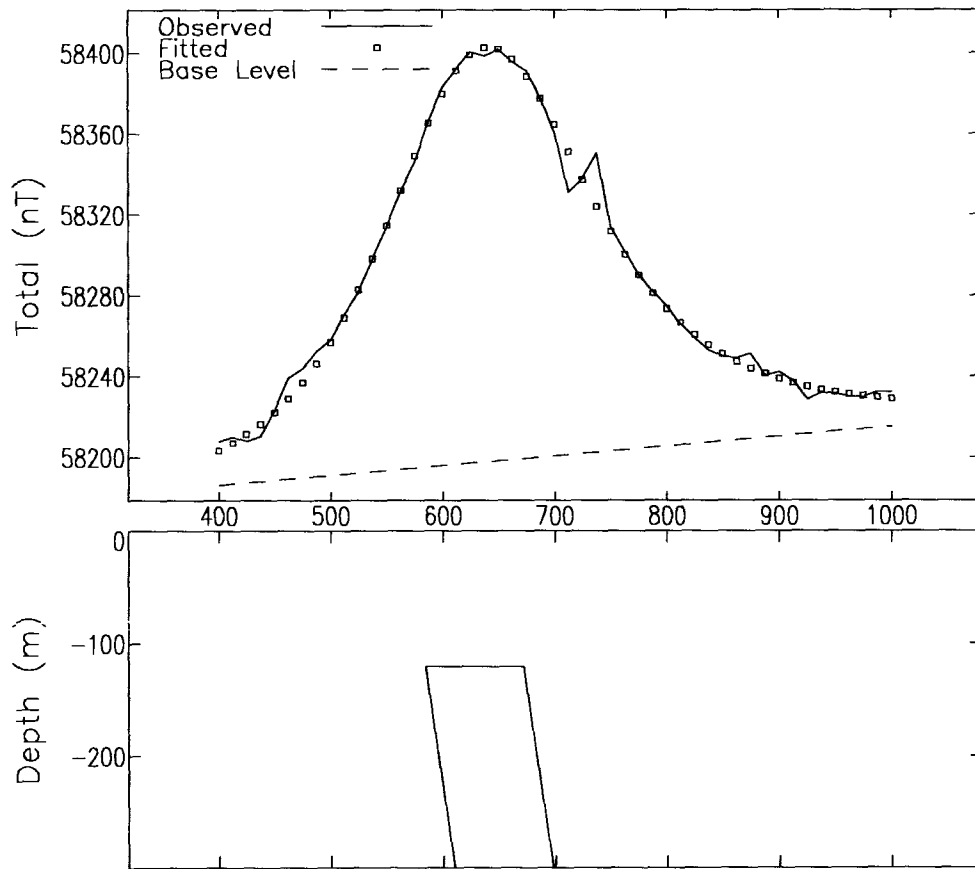
GEOMAGNETIC FIELD:

Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	2
Strike Perp	0 deg
Line Direction	0 deg
Main Direction	0 deg
Main Offset	5881000
Cross Direction	90 deg
Cross Offset	

Kyle 5 Ground Mag
Base Line 0+00 North



MODEL PARAMETERS:

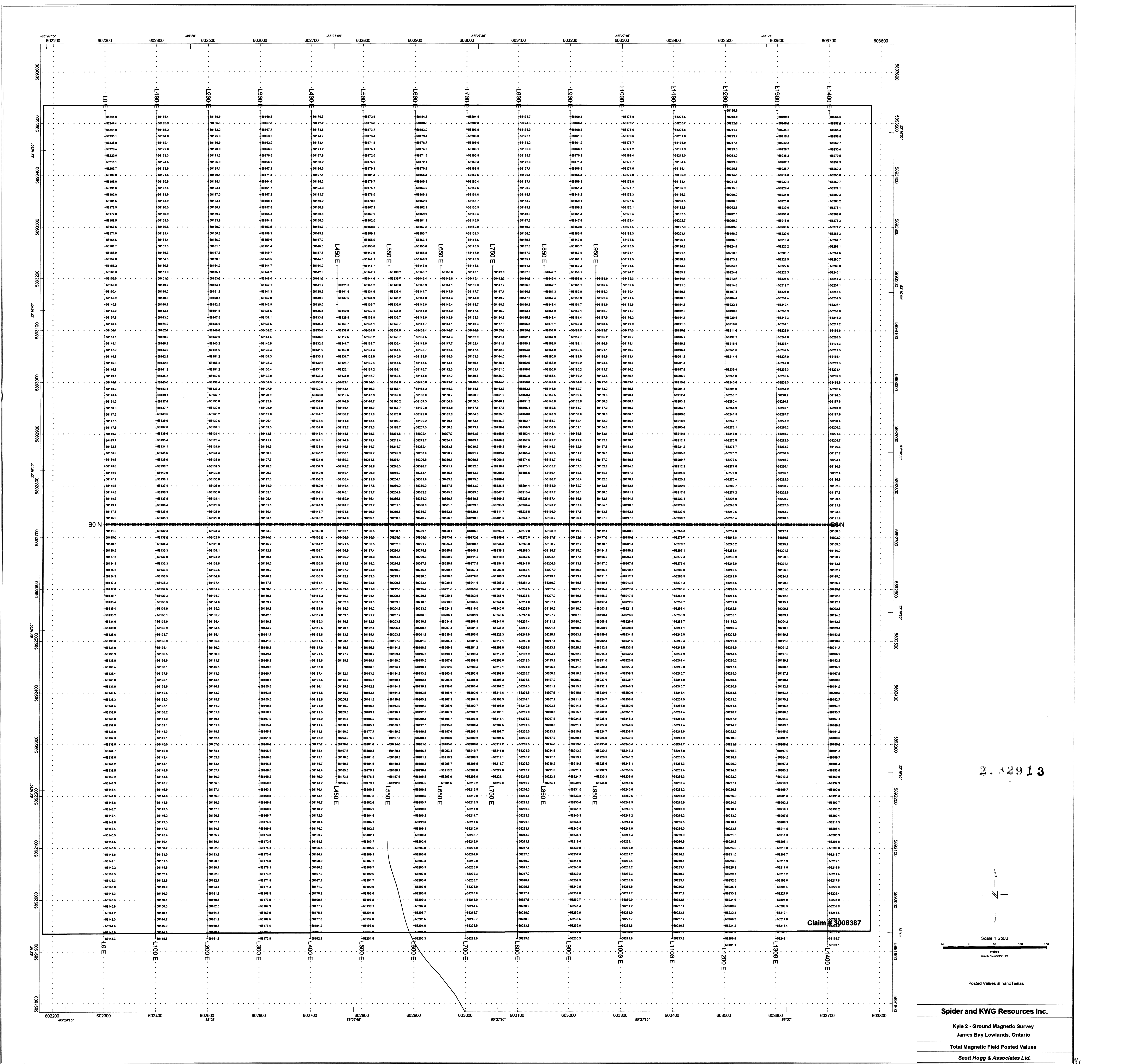
Model Type	F	Tabular2
Depth	F	121 m
Half Width	F	43.9 m
Half Length	X	135 m
Offset	X	0 m
Dip	F	82 deg
Thickness	F	2003 m
Susceptibility	F	0.00365 emu
Remnance Ratio	X	0
Remnance Incl	X	0 deg
Remnance Decl	X	0 deg
Main Position	F	627.8892 m
Cross Position	X	5882075 m
Base Level	F	58197.24 nT
Base Slope	F	.0484672 nT/m

GEOMAGNETIC FIELD:

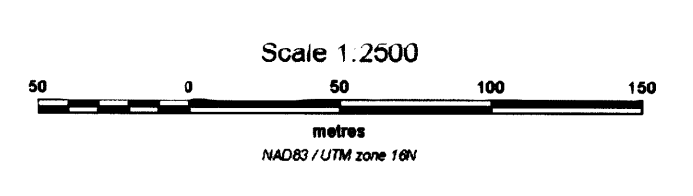
Field Strength	58850 nT
Inclination	78 deg
Declination	-9 deg

COORDINATES:

Sensor Height	0 m
Strike Perp	90 deg
Line Direction	90 deg
Main Direction	90 deg
Main Offset	616000 m
Cross Direction	0 deg
Cross Offset	

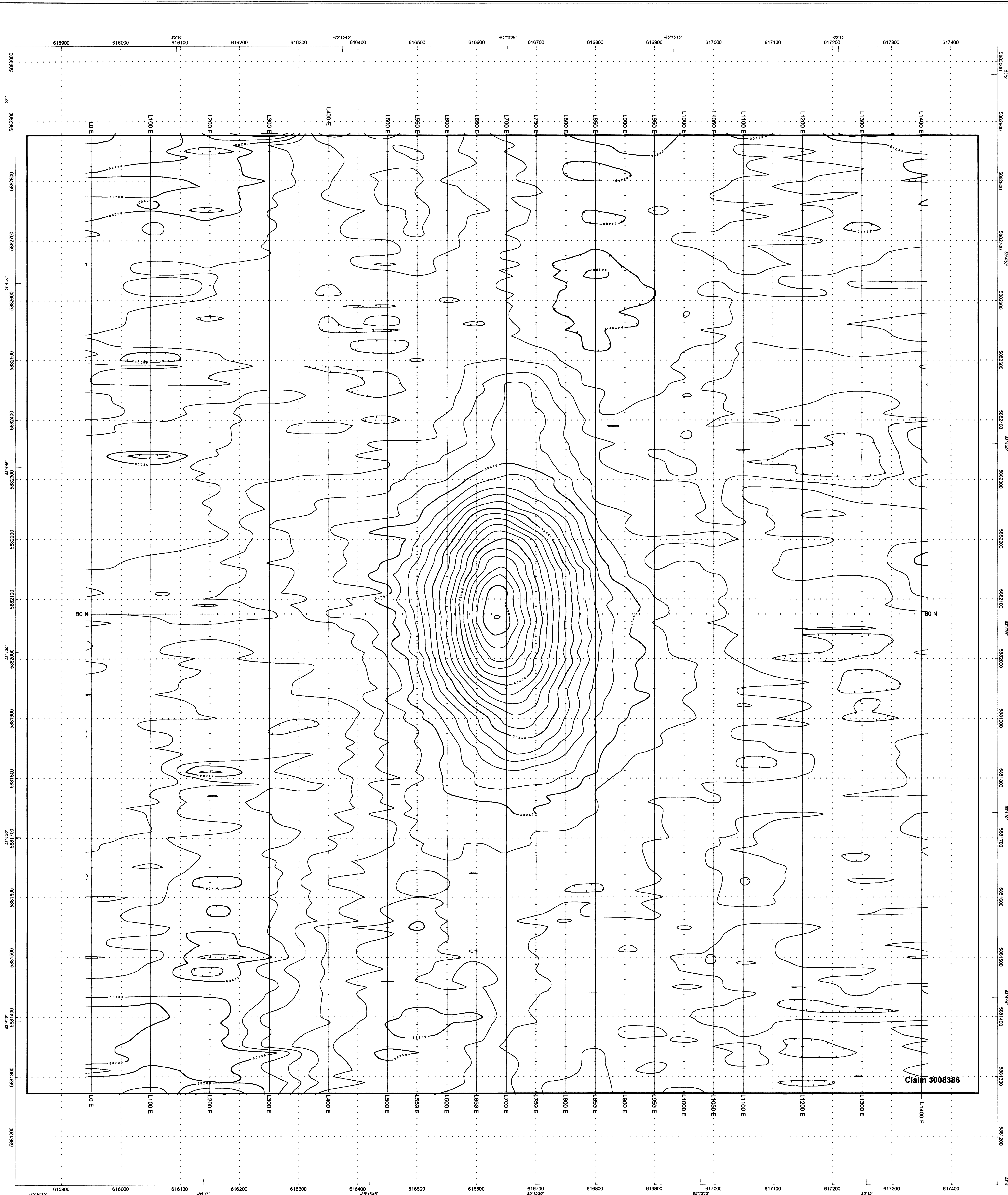


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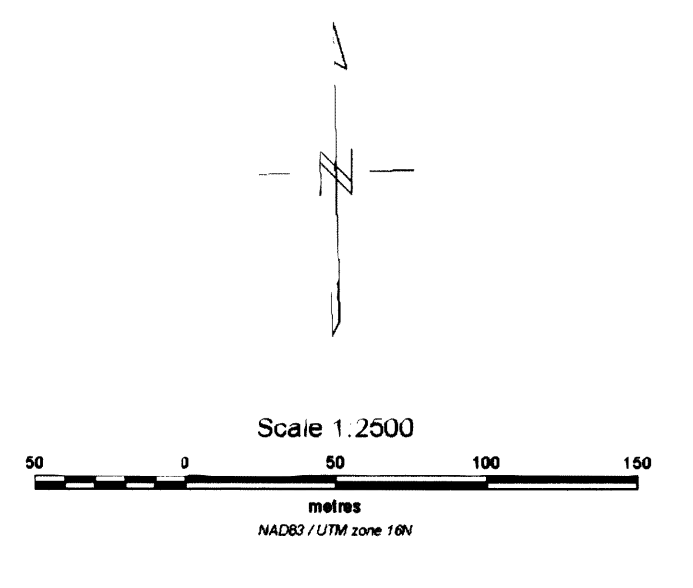


Posted Values in nanoTeslas

Spider and KWG Resources Inc.
Kyle 2 - Ground Magnetic Survey
James Bay Lowlands, Ontario
Total Magnetic Field Posted Values
Scott Hogg & Associates Ltd.

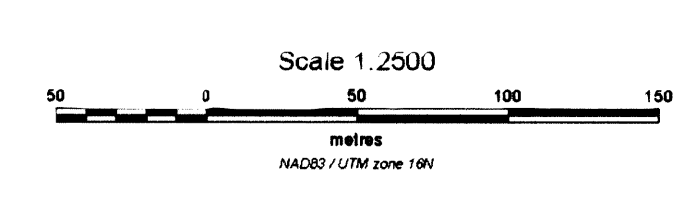
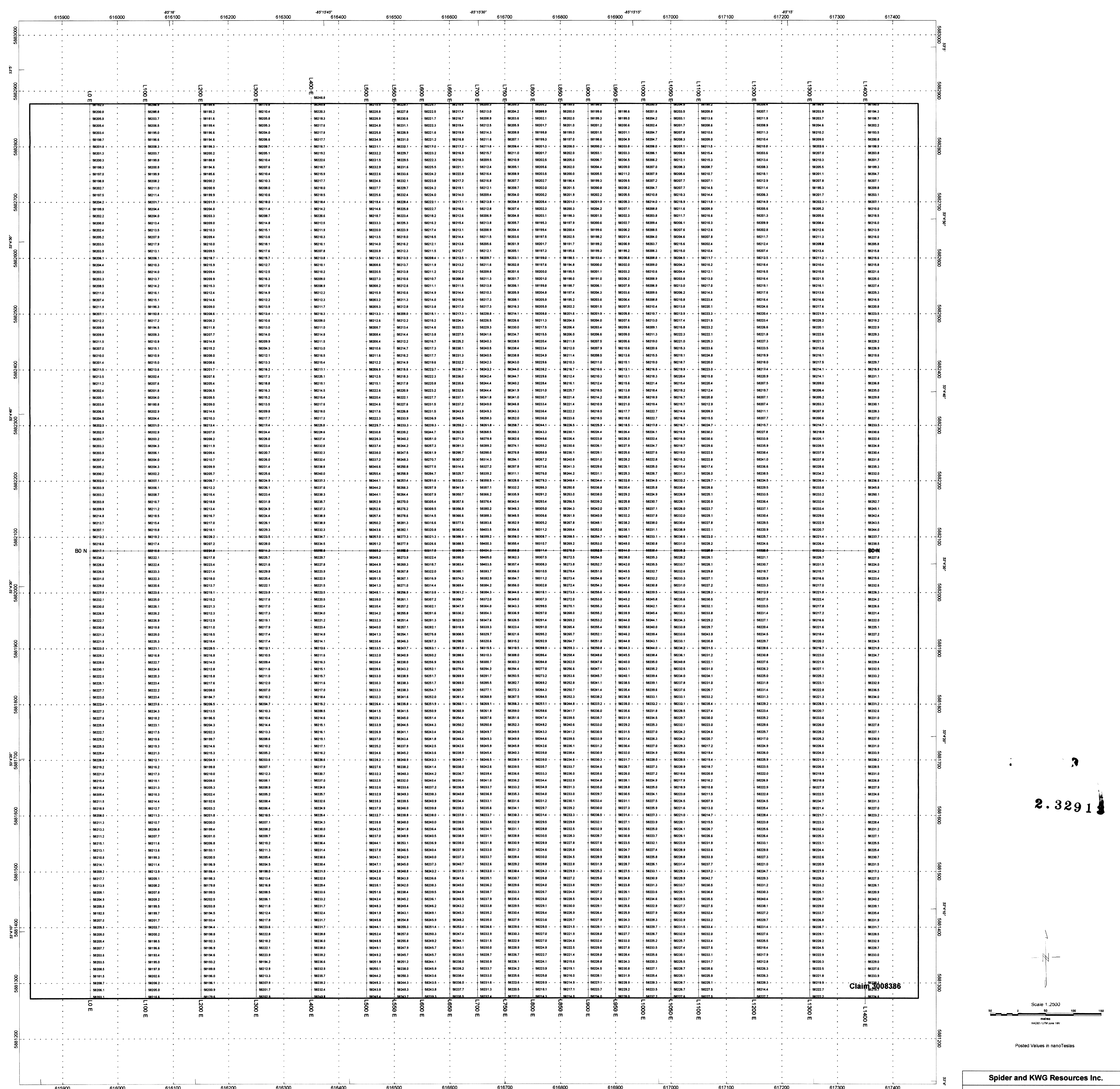


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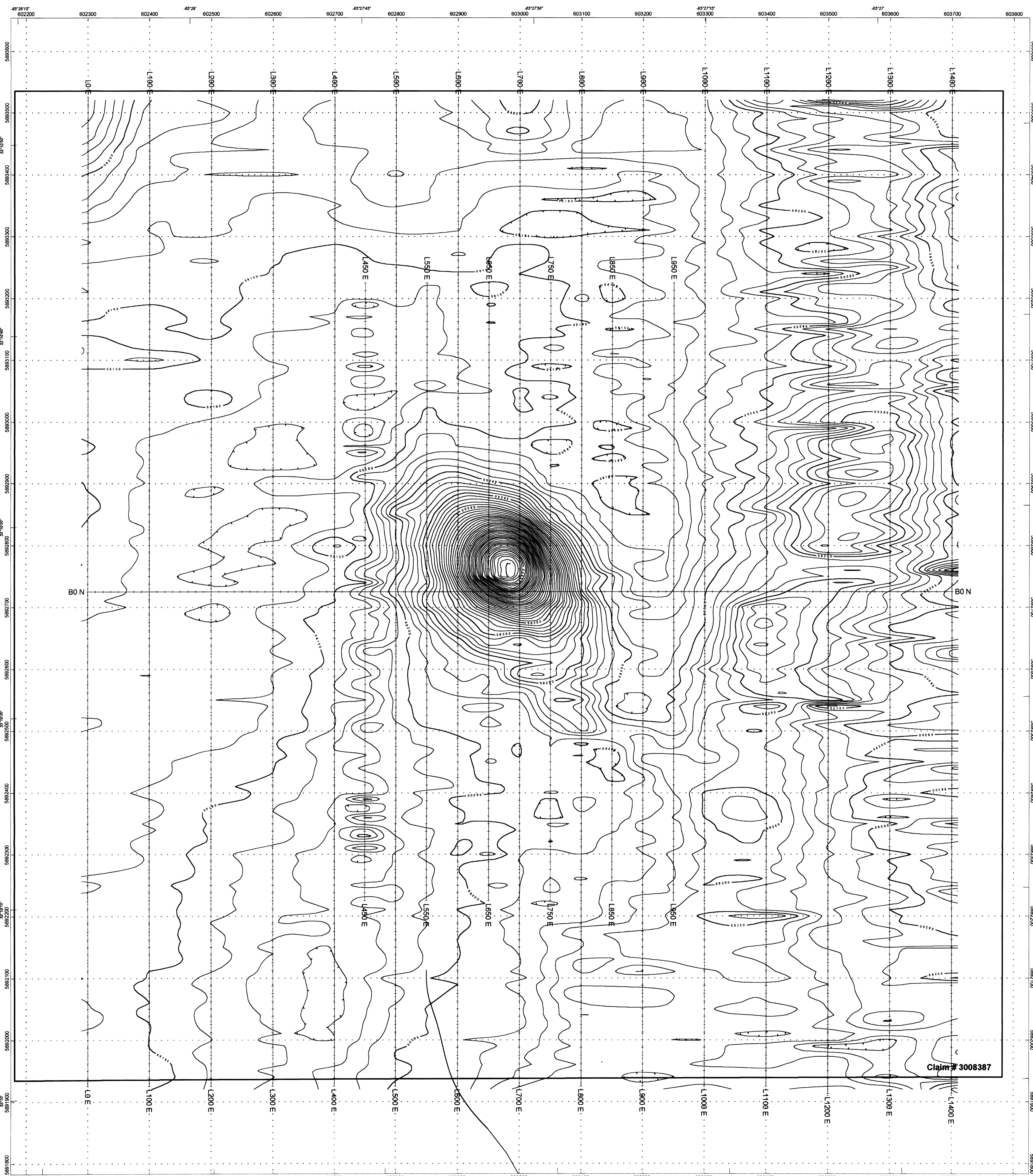
Contour Intervals: 10 and 50 nanoTeslas

Spider and KWG Resources Inc.
 Kyle 5 - Ground Mag Grid
 James Bay Lowlands, Ontario
 Total Magnetic Field Contours
 Scott Hogg & Associates Ltd.



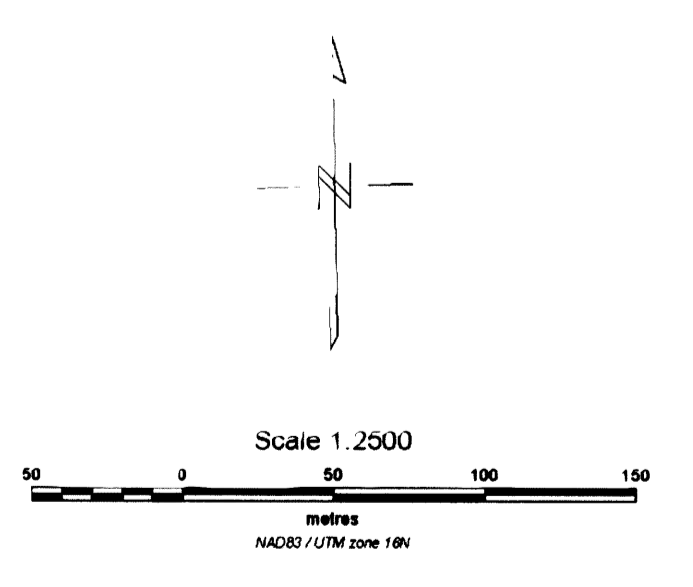
Posted Values in nanoTeslas

Spider and KWG Resources Inc.
Kyle 5 - Ground Mag Grid
James Bay Lowlands, Ontario
Total Magnetic Field Posted Values
Scott Hogg & Associates Ltd.



Claim # 3008387

2.32913



Contour intervals: 10 and 50 nanoTeslas

Spider and KWG Resources Inc.
Kyle 2 - Ground Magnetic Survey James Bay Lowlands, Ontario
Total Magnetic Field Contours
Scott Hogg & Associates Ltd.