

REPORT

ON A

GROUND MAGNETIC SURVEY

BY

HUSSEY GEOPHYSICS INC.

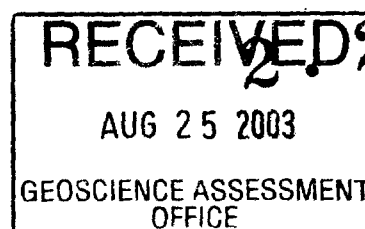
FOR

KWG RESOURCES INC.

and

SPIDER RESOURCES INC.

AUGUST 2003



Prepared by Steve Munro,
August 20, 2003



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List of Maps Accompanying This Report

Total Magnetic Field Contour Map

Total Magnetic Field Posting Map

1 Introduction

A ground magnetic survey was carried out over a group of five claims held jointly by Spider Resources Inc. (Spider) and KWG Resources Inc. (KWG) in the Attawapiskat River area of the James Bay Lowlands in Ontario during the month of August, 2003. Billiken Management of Toronto, on behalf of KWG and Spider contracted Hussey Geophysics Inc. of Timmins to perform the line cutting and surveying. Scott Hogg & Associates Ltd. of Toronto were contracted to compile and process the data and produce maps.

Line cutting began on August 5, 2003 and the magnetic survey was completed on August 15, 2003. Data was delivered to SHA in progress, via email, and final maps were delivered on August 20, 2003. This report contains technical details of the survey.

2 Location and Access

Spider and KWG operate a base camp on the north shore of McFauld Lake. Access to the lake is by floatplane only. The surveyed claim group (MacFadyen Block) is located 140 kilometers away near the Attawapiskat River. See Figure 1. Access to the claim group is by helicopter only.

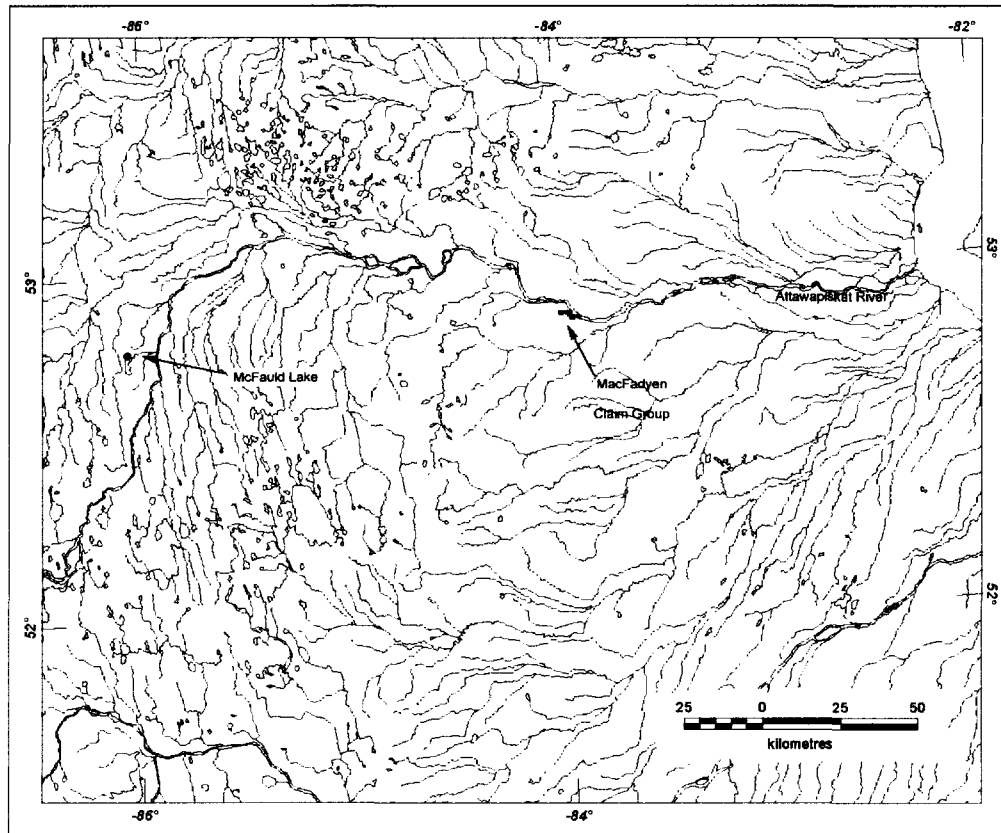


Figure 1 - Property Location Map

A crew of four men from Hussey Geophysics Inc. (Hussey) arrived at the McFauld Lake camp on August 3, 2003. The following day, they were ferried to the claim site where they set up a small camp on the shore of the Attawapiskat River. Abitibi Helicopters Ltd. of La Sarre, Quebec, provided helicopter service.

3 Survey

Line cutting began on August 5, 2003. A North-West to South-East base line was established and survey lines were cut in a perpendicular direction at a nominal spacing of 100m. At the location of known kimberlite pipes, infill lines were added at a spacing of 50m. Stations were picketed at a spacing of 25m. GPS Readings were taken at the start and end of each line and also along each base line.

3.1 Personnel

Hussey's crew consisted of the following four men:

John Hussey
Bruce Pigeon
John Gull
Steve Polson

3.2 Equipment

Two magnetometers were used during the survey:

GEM Overhauser 64-550 and
GEM Overhauser 66-556

4 Compilation

Completed survey data files, containing line, station and magnetic field profiles, were sent to Scott Hogg & Associates Ltd. via email. GPS coordinate data was merged with the line-station-profile data and UTM coordinates for each station were linearly interpolated. The UTM coordinates were projected in zone 17, using the NAD83 datum.

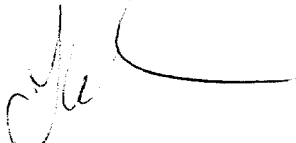
The profile data was visually inspected and noise spikes were removed. A bicubic spline gridding algorithm was used to produce a total field grid. The total field grid was contoured and profile levels were adjusted to reduce errors due to diurnal variation. A final grid was produced at a cell size of 10m. The grid was contoured at a 2nT interval

and plotted at a scale of 1:5000. Posted values of the total magnetic field were also plotted at the same scale.

5 Claims

The survey covered 5 claims held jointly by KWG Resources Inc. and Spider Resources Inc. They are 1189377, 1189378, 1189379, 1189380 and 1189381. The claim boundaries were digitized from claim maps taken from the MNDM website. The claim outlines are included in each map presentation.

Respectfully Submitted,

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

Steve Munro



43B13NW2012 2.26130

BMA 528 834

020

REPORT

ON A

GROUND MAGNETIC SURVEY

BY

HUSSEY GEOPHYSICS INC.

FOR

KWG RESOURCES INC.

and

SPIDER RESOURCES INC.

Over claims

1189377, 1189378, 1189379, 1189380 and 1189381

AUGUST 2003

Prepared by Steve Munro,
August 20, 2003

Revised: December 2, 2003

2.26130

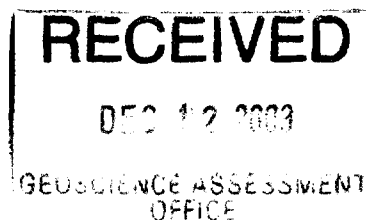


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List of Maps Accompanying This Report

Total Magnetic Field Contour Map

Total Magnetic Field Posting Map

1 Introduction

In August 1992, Spider Resources Inc. (Spider) staked a group of five claims in the Attawapiskat River area of the James Bay Lowlands in Ontario. In early 1994 two kimberlite bodies named MacFadyen #1 and MacFadyen #2 were identified on the property by follow up of a detailed high resolution helicopter magnetic survey. In 1995, a ground magnetic survey was carried out in the vicinity of the kimberlite pipes. This magnetic data was interpreted by Scott Hogg & Associates Ltd. (SHA) in July 2001, and the results are summarized in a report entitled The Interpretation of a Ground Magnetic Survey over the MacFadyen 1&2 Kimberlites in the James Bay Lowlands, Ontario. SHA identified three new targets in the immediate vicinity of the two known kimberlites

A decision was made to extend the ground magnetic coverage to full cover the property and identify other kimberlite targets that might exist. Since it was uncertain as to whether the 1995 grid could be accurately relocated it decided to establish a new property wide grid that would permit accurate drill siting and relative positioning of new and old information.

In August 2003, Billiken Management of Toronto, on behalf of KWG and Spider contracted Hussey Geophysics Inc. of Timmins to perform the line cutting and surveying. SHA was contracted to compile, process and interpret the data.

Line cutting began on August 5, 2003 and the magnetic survey was completed on August 15, 2003. Fifty-eight lines were cut, with a total length of 61.1 km. Magnetic profile data was delivered to SHA in progress, via email, and final maps were delivered on August 20, 2003. This report contains technical details of the survey and compilation.

2 Location and Access

The claim group is located near the near the Attawapiskat River in the James Bay Lowlands, Ontario. Spider and KWG operated a base camp on the north shore of McFauld's Lake, located approximately 140km WSW of the claim group (Figure 1). Access to the camp on McFauld's Lake is by floatplane only. Access to the claim group was gained by helicopter, based at the McFauld's Lake camp.

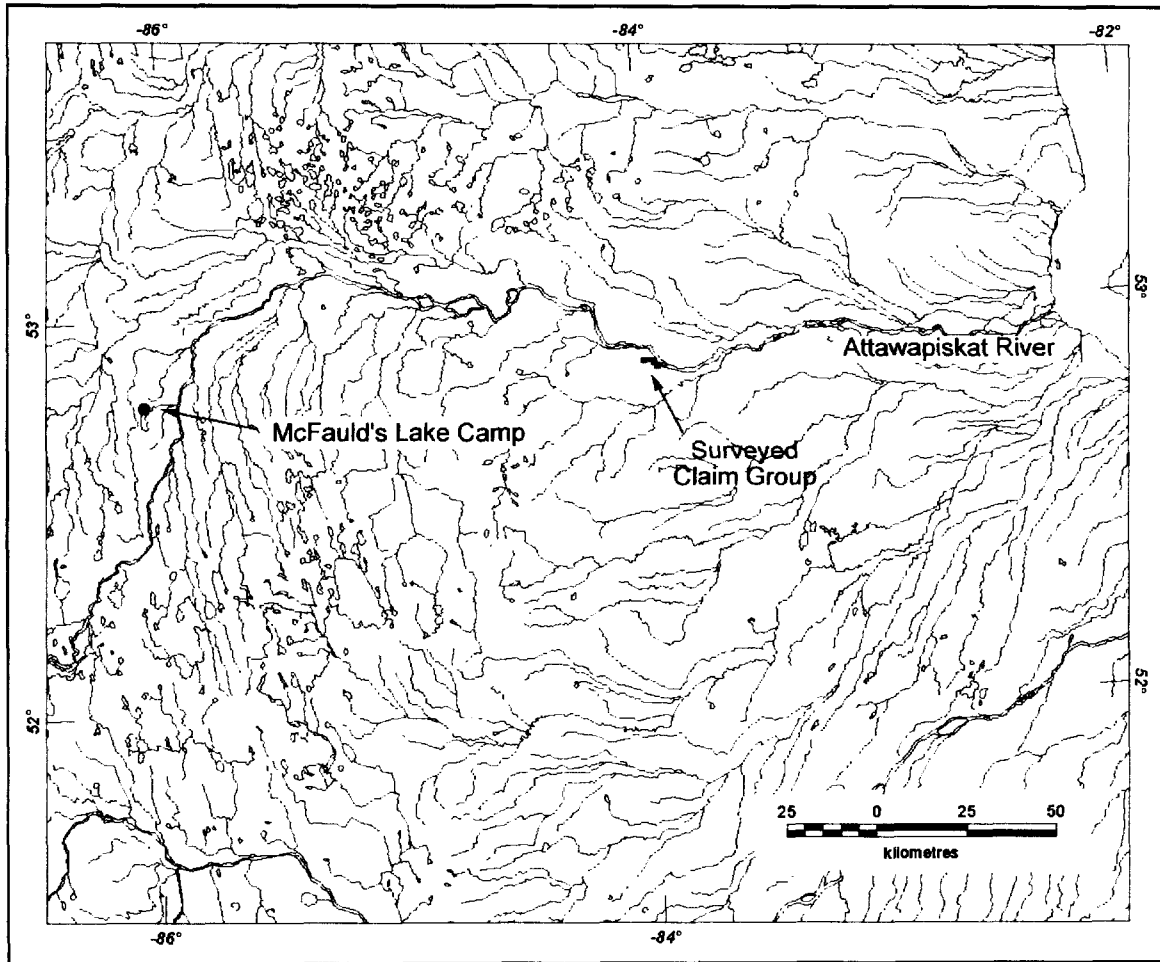


Figure 1 - Property Location Map

3 Claims

The survey covered 5 claims held jointly by KWG Resources Inc. and Spider Resources Inc. They are 1189377, 1189378, 1189379, 1189380 and 1189381. The claim boundaries were digitized from claim maps taken from the MNDM website. The claim outlines are included in each map presentation.

4 Survey

4.1 Logistics

A crew of four men from Hussey Geophysics Inc. (Hussey) arrived at the McFauld's Lake camp on August 3, 2003. The following day, they were ferried to the claim site where they set up a small camp on the shore of the Attawapiskat River. Abitibi

Helicopters Ltd. of La Sarre, Quebec, provided helicopter service. A plan map of the claim group is shown in figure 2.

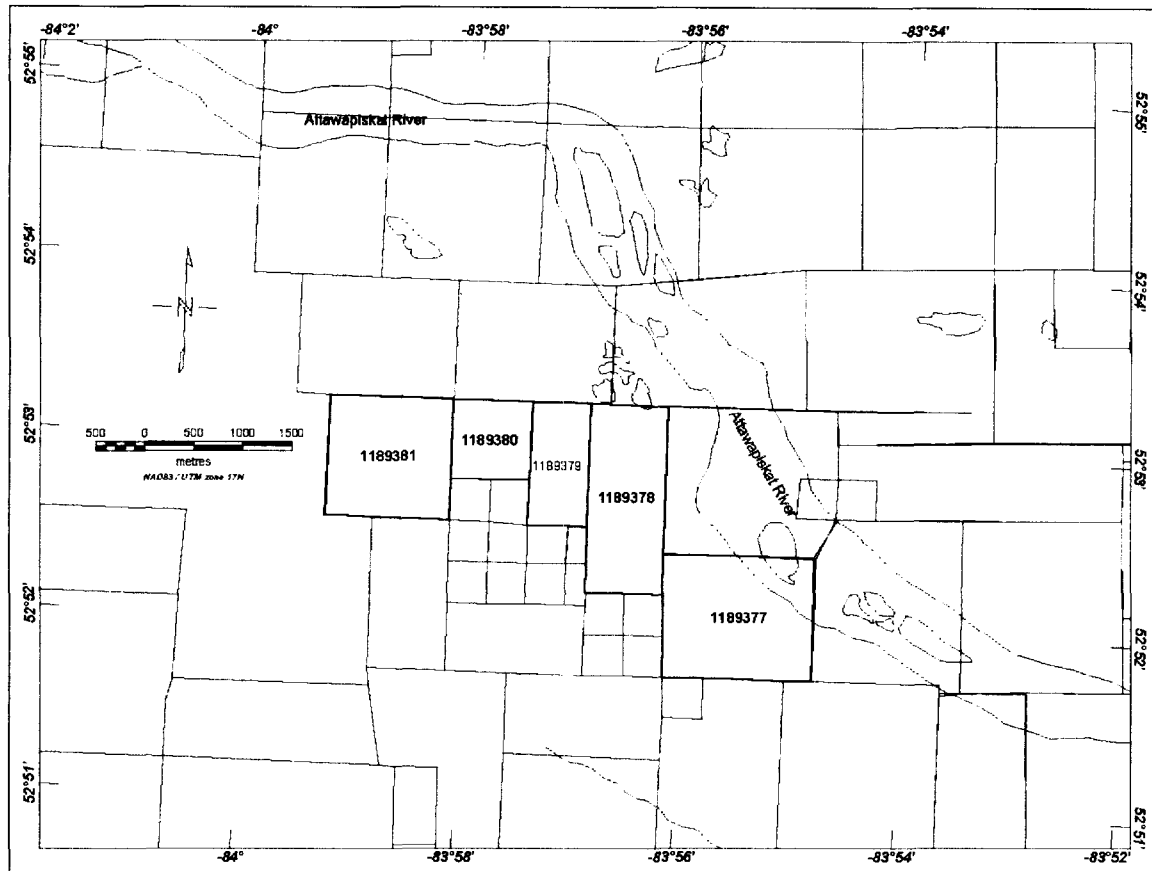


Figure 2 - Claim Group Plan Map

Line cutting began on August 5, 2003. A North-West to South-East base line was established and 58 survey lines were cut in a perpendicular direction at a nominal spacing of 100m. At the location of known kimberlite pipes, infill lines were added at a spacing of 50m. Two intended infill lines could not be cut, however, due to flooding. These lines were to be between lines 11400 and 11500 (i.e. line 11450) and between lines 11500 and 11600 (i.e. line 11550). Stations were picketed at a spacing of 25m. GPS Readings were taken at the start and end of each line and also along each base line. In total, 61.1 line kilometers were cut. See Figure 3

Magnetic field readings were measured at each station and recorded. The magnetic values were corrected in the field for diurnal drift and stored as a standard ASCII text file.

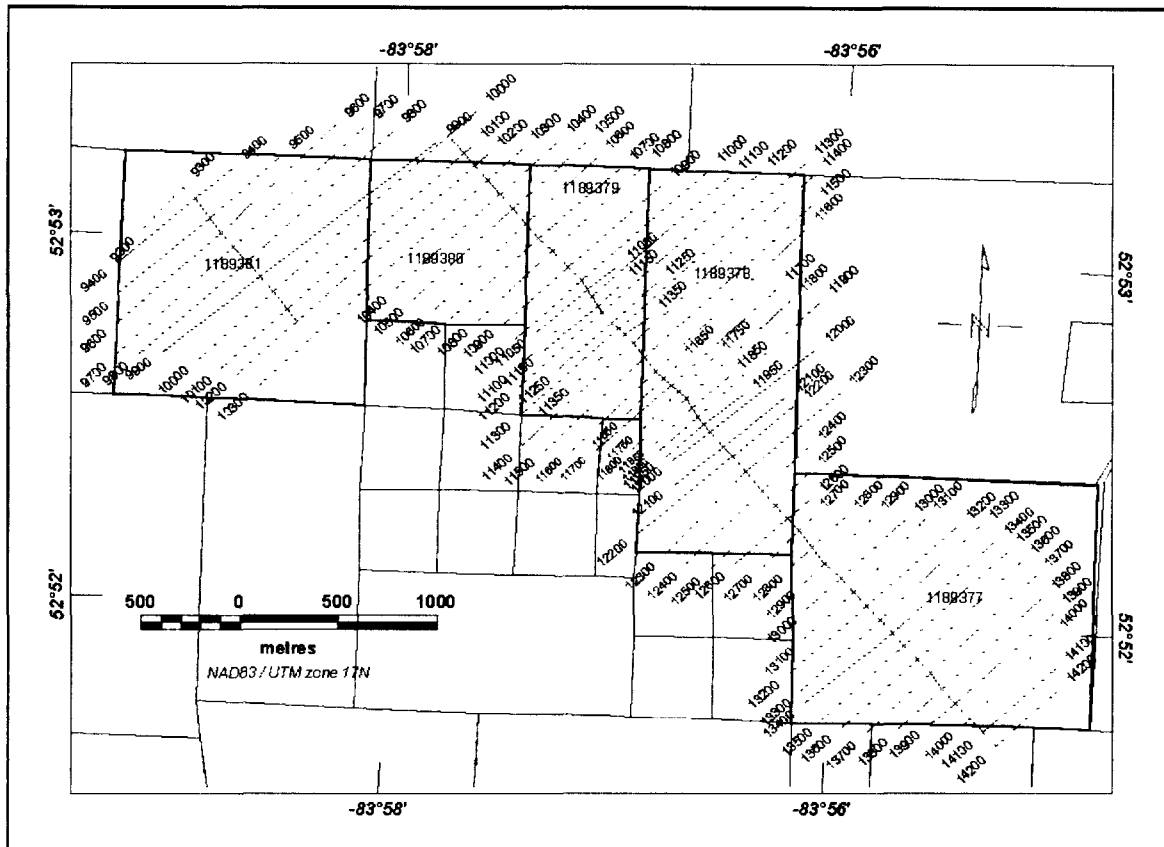


Figure 3 - Survey Plan Map

4.2 Personnel

Hussey's field crew consisted of the following four men:

John Hussey
 Bruce Pigeon
 John Gull
 Steve Polson

4.3 Equipment

Two magnetometers were used during the survey:

GEM Overhauser 64-550 and
 GEM Overhauser 66-556

5 Magnetic Data Compilation

Completed survey data files, containing line, station and magnetic field profiles, were sent to Scott Hogg & Associates Ltd. via email. GPS coordinate data was merged with the line-station-profile data and UTM coordinates for each station were linearly interpolated. The UTM coordinates were projected in zone 17, using the NAD83 datum.

The profile data was visually inspected and noise spikes were removed. A bicubic spline gridding algorithm was used to produce a total field grid. The total field grid was contoured and profile levels were further adjusted to reduce errors due to diurnal variation. A final grid was produced at a cell size of 10m. The grid was contoured at a 2nT interval and plotted at a scale of 1:5000. Posted values of the total magnetic field were also plotted at the same scale.

6 Interpretation

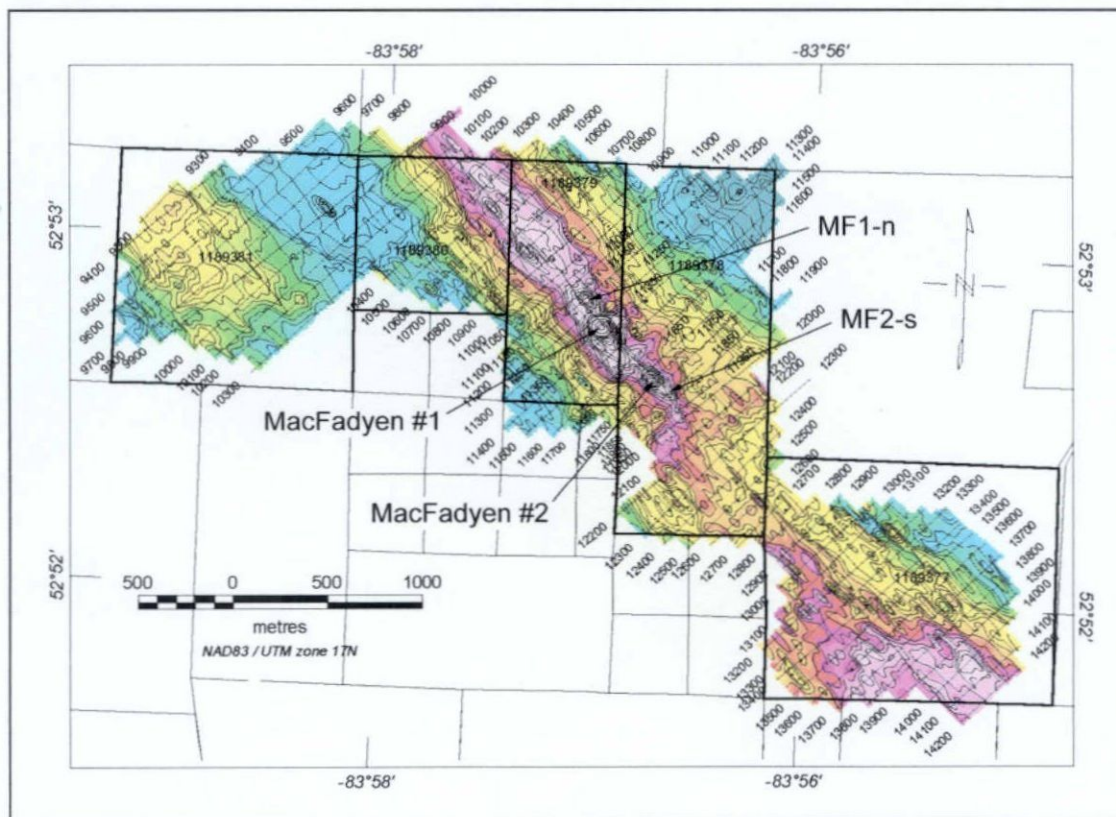


Figure 4 - Total Magnetic Field

The survey is dominated by a NW-SE trending linear feature that was extensively modeled by SHA. The feature is interpreted to be at a depth of 275m-300m, consistent with estimates of depth to Archean basement for the area. A 200 nT anomaly on line

11350 (station 0) is associated with the drill-identified kimberlite; MacFadyen #1 and a 100 nT anomaly on line 11750 is associated with the second drill-identified kimberlite; MacFadyen #2.

An 80 nT anomaly on line 11200 (at station 25 NE) is coincident with SHA target MF1-N and a 40 nT anomaly on line 11850 (at station 0) is coincident with SHA target MF2-S.

High frequency chatter is evident throughout the survey, with amplitudes less than 10 nT. This activity is attributed to a magnetic fraction in the overlying glacial till. The survey has reconfirmed the anomalies associated with the drilled kimberlites and adjacent untested anomalies but has not identified any new kimberlite targets with similar magnetic characteristics within the broader area covering the claims.

7 Recommendations

Based on the magnetic data collected by the survey drilling is recommended to test the anomalies adjacent to the proven MacFadyen 1 and 2 pipes. A vertical drill hole, located on line 11200, at station 25m NE, is recommended to test anomaly MF1-N. A second drill hole on line 11850, at station 0, is recommended to test anomaly MF2-S. To thoroughly define the MF1-S anomaly, it is recommended that lines 11450 and 11550 be completed before a third drill hole is sited.

Respectfully Submitted,



Steve Munro

Summary Sheet

Submission Number: 2.26130
Mining Division: PORCUPINE
Resident Geologist District: TIMMINS
Assessed By: GATES, BRUCE IAN
Date Received: 2003-AUG-25
Closure Date: 2003-Dec-24

Transaction Number	Final Status	Approval/ Deletion Date	Credit Approved	Survey Type
W0360.01296	APP	2003-DEC-18	\$54,287.00	LC MAG

Date: 2003-DEC-19

GEOSCIENCE ASSESSMENT OFFICE
933 RAMSEY LAKE ROAD, 6th FLOOR
SUDBURY, ONTARIO
P3E 6B5

RESSOURCES KWG INC./KWG RESOURCES INC.
40 KING ST. WEST, APT. 3510
TORONTO, ONTARIO
M5H 3Y2 CANADA

Tel: (888) 415-9845
Fax: (877) 670-1555

Submission Number: 2.26130
Transaction Number(s): W0360.01296

Dear Sir or Madam

Subject: Approval of Assessment Work

We have approved your Assessment Work Submission with the above noted Transaction Number(s). The attached Work Report Summary indicates the results of the approval.

At the discretion of the Ministry, the assessment work performed on the mining lands noted in this work report may be subject to inspection and/or investigation at any time.

The revisions outlined in the Notice dated November 3, 2003 have been corrected. Assessment work credit has been approved as outlined on the attached Work Report Summary. The assessment credit is being reduced by \$5,429. The TOTAL VALUE of assessment credit that will be allowed, based on the information provided in this submission, is \$54,287.

PLEASE NOTE: Duplicate copies of the Declaration of Assessment Work forms are no longer required.

If you have any question regarding this correspondence, please contact BRUCE GATES by email at bruce.gates@ndm.gov.on.ca or by phone at (705) 670-5856.

Yours Sincerely,



Ron C. Gashinski
Senior Manager, Mining Lands Section

Cc: Resident Geologist

Ressources Kwg Inc./Kwg Resources Inc.
(Claim Holder)

Spider Resources Inc.
(Claim Holder)

Assessment File Library

Ressources Kwg Inc./Kwg Resources Inc.
(Assessment Office)

Steve Munro
(Agent)

Date / Time of Issue: Fri Dec 19 11:28:24 EST 2003

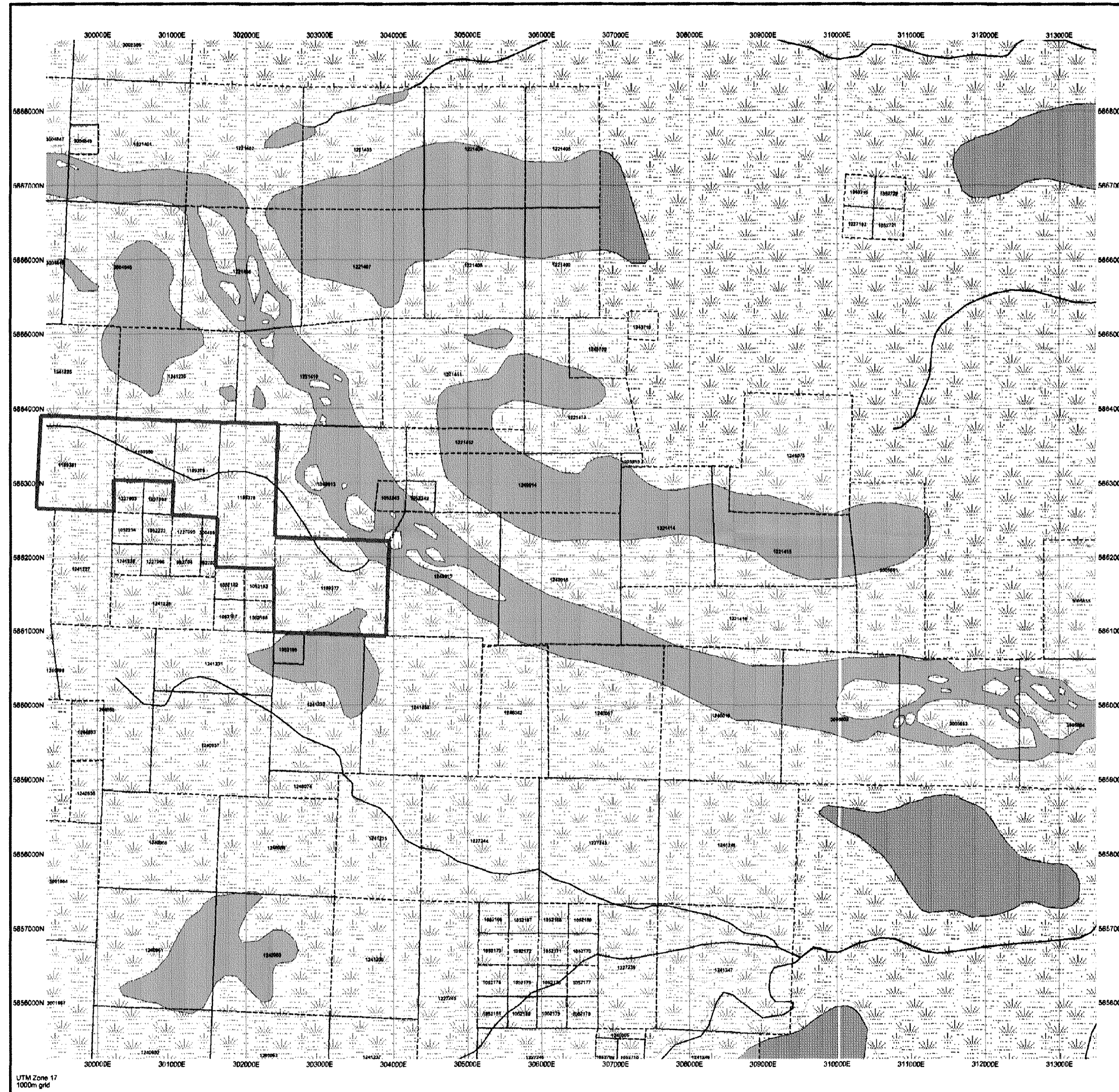
TOWNSHIP / AREA
BMA 527 834 AREA

PLAN
G-1253

ADMINISTRATIVE DISTRICTS / DIVISIONS

Mining Division
Land Titles/Registry Division
Ministry of Natural Resources District

Porcupine
KENORA
COCHRANE

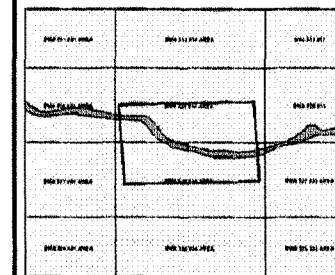


TOPOGRAPHIC

- Administrative Boundaries
- Township
- Coastal Line
- Provincial Park
- Nature Reserve
- CLP P.A. File
- Control
- Mini Drain
- Mini Hydroline
- Railway
- Road
- Traffic
- Natural Gas Pipeline
- LEAFS
- Tower

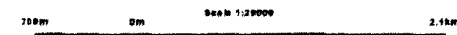
Land Tenure

- Freehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- Leasehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- License of Occupation
- Users Full Booklet
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- Land Use Permit
- Order In Council (Not open for bidding)
- Water Power Lease Agreement
- Mining Claim
- Filed Only Mining Claims



LAND TENURE WITHDRAWALS

- 1234 Areas Withdrawn from Disposition
- Mining Act Withdrawal Types
- Wm Surface And Mining Rights Withdrawal
- Ww Surface Rights Only Withdrawal
- Wm Mining Rights Only Withdrawal
- Ww Mining Rights Only Withdrawal
- Wm Order In Council Withdrawal Types
- Ww Surface Rights Only Withdrawal
- Wm Surface Rights Only Withdrawal
- Ww Mining Rights Only Withdrawal



2.26130
MAG



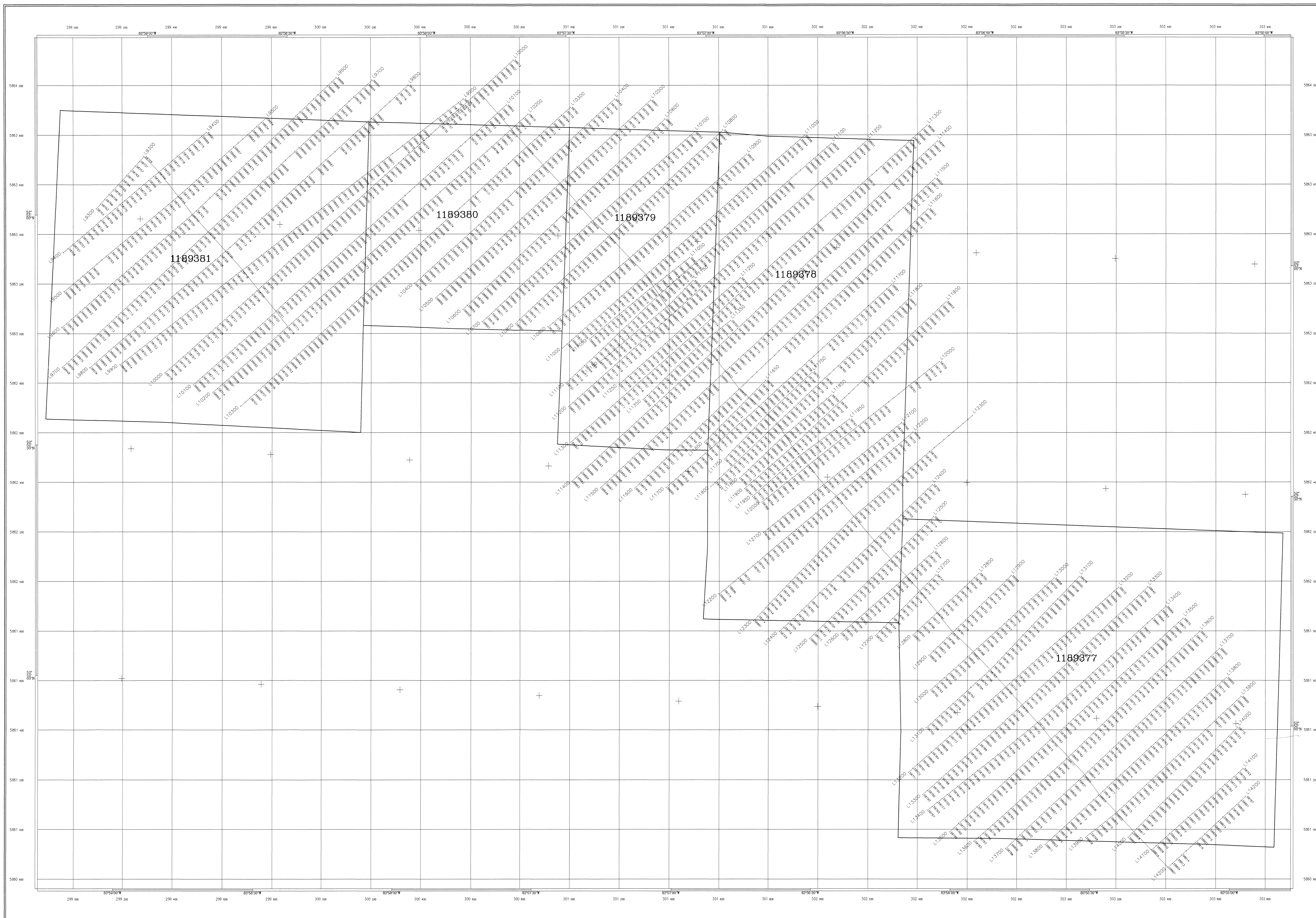
General Information and Limitations

This map is not intended for navigation, survey, or land title determination purposes. It is intended for information only. The Province of Ontario is not responsible for any errors or omissions. The Province of Ontario is not responsible for any errors or omissions.

Contact Information:
Provincial Mining Recorder's Office
Waterloo, Ontario

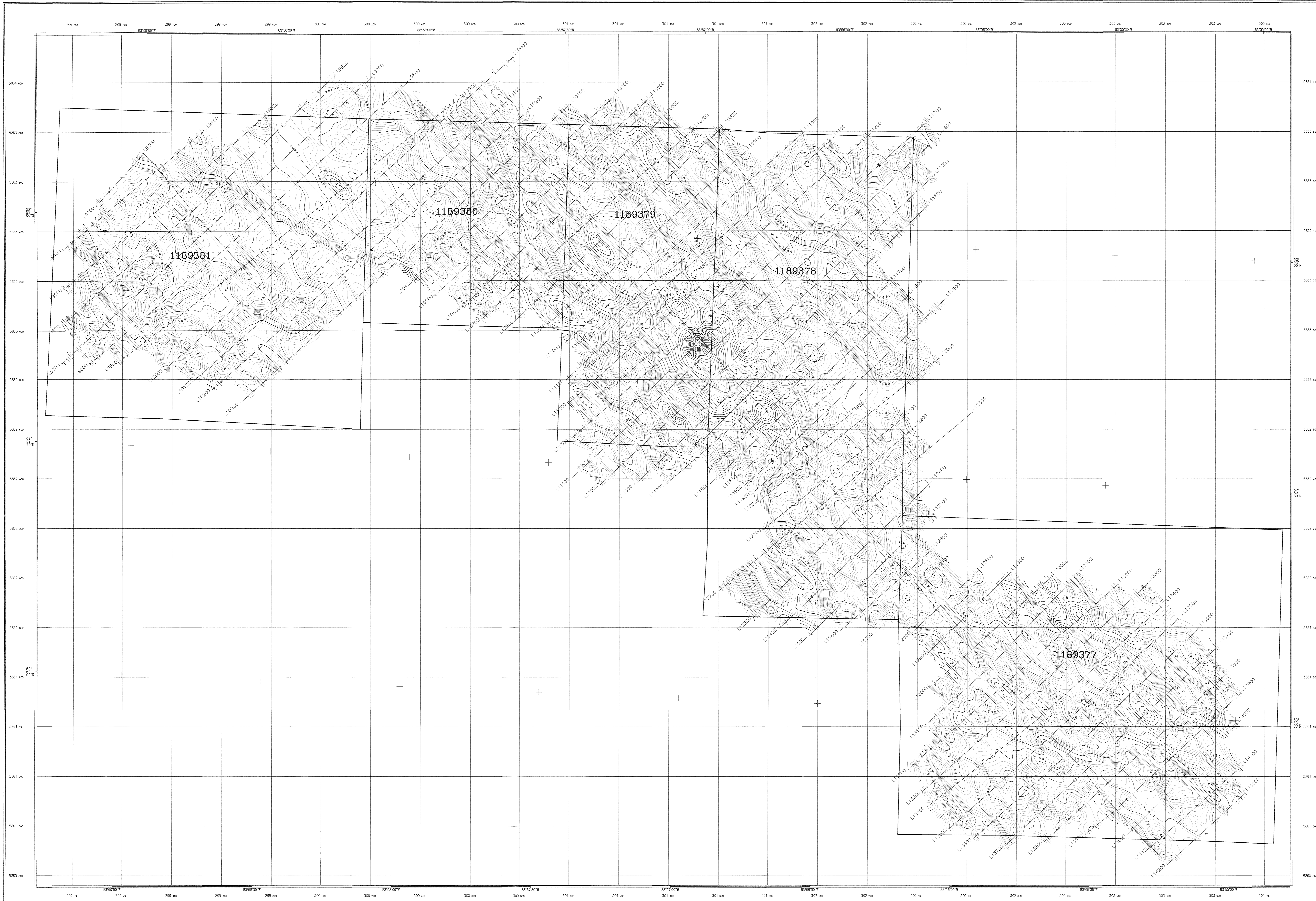
Toll Free: 1-800-495-6543
Tel: 519-874-1444
Fax: 519-874-1444

This map may not show unimproved land tenure and interests in land including certain patents, leases, easements, right of way, flooding, riparian, or other forms of disposition of lands and interests from the Crown. Also shown are land tenure and land use that existed or existed only in the mining claim may not be shown.



UTM Projection, Zone 17 (CM=81°W)
 NAD83
 5.26180

Spider Resources Inc.	
MacFadyen Ground Mag Survey James Bay Lowlands, Ontario	
Total Magnetic Field Posted Values	
Scale 1: 5000	Date: August 2003
KWG Resources Inc.	



UTM Projection, Zone 17 (CM-81°W)
NAD83 2.26130

Contour Interval: 2, 10 and 50 nT

Spider Resources Inc.	
MacFadyen Ground Mag Survey James Bay Lowlands, Ontario	
Total Magnetic Field Contours	
Scale 1:5000	Date: August 2003
KWG Resources Inc.	

