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IGE and Pangea DiamondFields create strong African diamonds exploration and production company

International Gold Exploration IGE AB (OSLO: IGE) today announced that the Company has entered into a sales and purchase agreement whereby IGE acquires all activities of Pangea DiamondFields plc through its subsidiary Efidium Ltd. Merging the two companies' activities creates a significant diamond exploration and production company with resources spread across three Southern African countries.

The consideration will be paid in approximately 495 million new IGE shares, which at closing Thursday represented a value of NOK 282 million (USD 48 million).

The combined company will be a significant diamond exploration and mining company in Africa with nine diamond projects in Angola, South Africa and the Democratic Republic of Congo. IGE's new diamond portfolio will combine one project in commercial operation (Angola), a second project ready for commercialization (Angola) and a third project expected to reach commercial stage later this year (South Africa).

IGE has defined diamond exploration and production as its core business area and the Company currently operates four projects in Angola. Authorization for the sale of diamonds from IGE's lead project Luxinge is expected from the Angolan authorities in the near future.

Pangea is through Efidium currently engaged in five diamond projects, of which one project is in commercial operation in Angola, only 50 kilometers from IGE's Luxinge project and with a monthly output of 2,000 carats and poised to grow rapidly. The company has a verified resource base of 8.4 million carats. Pangea is listed on the AIM market of the London Stock Exchange.

"Pangea represents extensive diamond exploration and mining experience and a well established presence in Africa. The merger of the two companies creates a considerable resource base and a growing cash flow from diamond mining. Within the next 12 months we expect three diamond projects to generate revenue" said IGE's CEO Tomas Fellbom.

"IGE and Pangea are an excellent fit. The combined company will have a well balanced project portfolio, highly experienced exploration and operational staff and sufficient critical mass to be an important player in African diamond mining going forward. In particular, combining our respective operations in Southern Africa creates opportunities to maximise the efficiency and reach of the merged organisation" said Pangea's CEO Boris Kamstra.

Pangea's senior management has agreed to remain with the Company and will head the combined subsidiary IGE Diamonds.

The combined company will have a broad shareholder base including international institutional investors, Pangea management and a great number of retail investors. Upon completion of the transaction, Pangea's current shareholders will hold approximately 38.4% of IGE which will remain listed on the Oslo Stock Exchange.

Valuation of the two companies is based on a combination of market value and their respective verified resources, including IGE's resources in the Rönnbäcken nickel deposit in Sweden. The combined company's broad project portfolio and enhanced resource base will enable IGE to further accelerate the development of its activities. In order to increase its development pace, IGE is contemplating an equity offering in the form of a rights issue.

IGE will present details of the acquisition and Pangea DiamondFields plc immediately after the previously scheduled presentation of the fourth quarter 2009 results:

Monday 22 February at 09:30, Hotel Continental, Oslo.

Pangea's CEO Boris Kamstra will participate together with IGE's CEO Tomas Fellbom. The event will be video webcasted live at www.ige.se.

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Please also refer to www.ige.se and www.pangeadiamondfields.com

International Gold Exploration IGE AB (publ), is a Swedish exploration and mining group focused on diamonds, nickel and gold. The Company started production of alluvial diamonds in Angola and gold in Kenya in the beginning of 2009. IGE has a portfolio of projects in Angola, Sweden, Kenya and Norway.
The IGE shares are listed on the Oslo Stock Exchange (ticker: IGE)
and the company is headquartered in
Stockholm, Sweden