

22 February, 2010

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 maximize 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 Rönnebäcken 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 at:

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*

Additional information – IGE's acquisition of Pangea DiamondFields

Disclosed in accordance with Oslo Børs' "Ongoing obligations of stock exchange listed companies" section 3.4.2 – detailed stock exchange announcement.

Agreement and Parties

According to the agreement, International Gold Exploration AB (IGE) is acquiring Pangea DiamondFields plc's (Pangea) 100 per cent owned holding company Efidium Ltd. All assets and property covered by the agreement are held by Efidium and its subsidiaries..

Transaction

Through the Transaction IGE is acquiring all exploration and mining interests owned directly and indirectly by Pangea, with a maximum net debt of USD 3.5 million to be assumed by IGE

IGE will upon closing of the Transaction issue 495,399,057 new shares to Pangea, subject to EGM approval of the additional shares and other relevant approvals. Total number of shares outstanding after completion of the transaction is expected to be 1,291,109,010.

The issue of the consideration shares by IGE requires the approval of IGE shareholders in general meeting by passing of a resolution requiring 2/3 of votes cast. The Board of Directors of IGE intends to call an Extraordinary General Meeting for this purpose on or about 26 March, 2010.

The Transaction including share issue is expected to be completed in April 2010.

The Transaction is classified as a disposal by Pangea resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules for Companies. Accordingly, completion of the Transaction is conditional upon the consent of Pangea's shareholders being given in General Meeting by approval of an ordinary resolution (50 per cent of votes cast in General Meeting).

Pangea intends to convene a General Meeting of shareholders to approve the transaction to be held on or about 24 March . A notice formally convening the General Meeting, including a shareholder circular will be dispatched to shareholders and a further announcement confirming that it has been sent will be made in due course.

Pangea will distribute IGE shares to its shareholders as soon as practically possible once the IGE shares are received. Once IGE shares are distributed to them, the current shareholders of Pangea will subsequently hold approximately 38.37 per cent the enlarged issued share capital of IGE.

The Acquired Activities

Pangea DiamondFields is, through its 100 per cent owned subsidiary Efidium Ltd., a diamond mining and exploration company with operations in South Africa, Angola and the Democratic Republic of Congo. The company has five active projects, of which one is in commercial operation with a monthly output of 2,000 carats and increasing. A second project is expected to enter commercial phase in South Africa within the next 12 months.

Pangea has an attractive and independently verified resource base of 8.4 million carats with significant blue sky potential.

Pangea is listed on the London Stock Exchange AIM market, where management and related parties represent a majority among the company's shareholders.

Pangea's projects are all focused on the discovery and recovery of alluvial diamonds. Geographically, these projects are found in two clusters on the Angola/Congo border and in South Africa. The Angola/Congo cluster is adjacent to IGE's projects in Angola.

Key projects are:

Country	Project	Interest	Resources *)	Status
Angola	Cassanguidi	59%	902 000 carats	Current output of 2,000 carats – to be ramped up
DR of Congo	Longatshimo River	100%	3,567 000 carats	Bulk sampling completed, ready for pilot mining
	Tshikapa River	100%	3,353 000 carats	Advanced evaluation completed
South Africa	Bakerville	74%	455 000 carats	Pilot mining completed, preparations for commercial mining
	Harts River	74%	78 000 carats	Bulk sampling completed

**Resources are independently verified according to SAMREC standards*

Pangea's management has a unique combined track record from the African diamond mining industry, with more than 120 years of collective industry experience between them. Senior management has agreed to remain with the company. Pangea has a total of 221 employees.

Pangea Executive Management:

- **Boris Kamstra** Pr Eng; MBA
Chief Executive Officer
20 + years project experience
- **Anton Esterhuizen** MSc Mineral Exploration
Chief Exploration Officer
30 + years mineral exploration, International recognition in economic geology
- **Jurgen Schwarz** BCompt(SA)
Chief Financial Officer
20 years relevant financial experience
- **Helen Pein** BSc (Hons) Geology
Exploration Manager
25 years experience in exploration
- **Michael Hunt** MSc (Chemical Engineering)
Operations Manager –CAR/Angola
30 + years mineral processing experience, predominantly in diamonds with De Beers

Non Executive Directors:

- **Bill Nairn** BSc (Mining) Engineering
Chairman of the Board
Mining Engineer
Retired technical director Anglo PLC (2001 –2004)
And Director: AngloPlatunum
Director Anglo Gold Ashanti
43 years mining and mine management
- **Rob Still** BCom (Hons), CA (SA), IMM
Vice Chairman of the Board
22 years in mining and mining finance
- **Miles Kennedy**
Lawyer
Former executive chairman Kimberley Diamond Company (ASX)
30 years in mining and mining finance

- **Ashley Dunster**
Engineer
Managing Partner –Global Private Equity Capital International Group

Financial Information

Efidium is the holding company for all of Pangea's operating activities excluding the administrative and corporate activities of Pangea DiamondFields plc, its AIM listed parent company.

In its interim results for the six months ended 30 June 2009 and the annual reports for the three previous years, Pangea has disclosed the following financial information:

USD 1,000	1H 2009	2008	2007	2006
Diamond revenue	896	2,803	4,817	3,092
Other income	894	4,534		
Operating result*	-8,972	-17,312	-19,814	-15,250
Net result	-8,971	-17,198	-19,019	-14,855
Non-current assets	8,774	13,304	15,723	10,711
Current assets	4,496	8,111	4,673	26,641
Equity	12,285	20,930	16,115	32,083
Non-current liabilities	0	0	3,787	4,009
Current liabilities	985	486	495	931
Total balance sheet	13,270	21,416	20,396	37,352

**Note: All exploration costs have been expensed and not capitalised. These expense constitutes the majority of the operating costs.*

Strategic Importance to IGE

The acquisition of Pangea's activities represents a milestone in IGE's development towards becoming a significant diamond exploration and production mining company. Diamonds represent a core business area for IGE. The transaction provides IGE with:

- Significantly increased diamond reserve base
- Cash flow from ongoing operations and diamond sales
- Stronger diamond exploration and production mining expertise
- Broader and more diversified African presence (diversification into three key diamond countries)
- Strengthened management
- Operational synergies in Africa (project management, operations, equipment, logistics)
- Broader shareholder base

The current IGE operations in Angola will be merged with Pangea's operations into the subsidiary IGE Diamonds. This business unit will be headed by Pangea's existing management.

The combined company will remain headquartered in Stockholm and listed on the Oslo Stock Exchange.

Other Information

A 90 day Lock Up clause has been agreed with Pangea's largest shareholders, representing not less than 60 per cent of Pangea's shareholder base.

In order to incentivise the key senior management and employees of Pangea in creating value for IGE Diamonds, Pangea, in consultation with IGE has decided to allot 5 per cent of the consideration shares paid to Pangea to an employee benefit trust ("EBT"). Beneficiaries of the EBT include Boris Kamstra, Brett Thompson, Rob Still, Bill Nairn, and Miles Kennedy, current directors of Pangea in part compensation for their services as directors since mid 2008 for which no compensation has been sought or paid. IGE shares awarded through the EBT will vest to beneficiaries over a 20 month period from the completion of the transaction.



AM Capital of Paris, France, has served as corporate finance adviser for IGE in this transaction. DLA Nordic (Sweden) and DLA Piper (Norway) have served as legal advisers to IGE. Ambrian Partners Limited has served as corporate finance advisers and Maitland Advisory LLP as legal advisers to Pangea.