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IGE receives go-ahead for Luxinge, Angola diamond project

IGE Resources AB (OSE: IGE) today announced that the Company has received all necessary government approvals for its Luxinge diamond project in Angola. On this basis IGE has signed a mining contract with the Angolan state owned diamond company Endiama and is moving forward towards diamond production.

According to the mining contract, IGE will be the major shareholder of a new Angolan mining company for the Luxinge operations in which IGE will have operational control. IGE will gain revenues from this company and is also allowed to recover its initial prospecting investments in Luxinge from the revenue over the next two years.

The final approval from the Angolan Ministry of Geology, Mines and Industry is based on the Feasibility Study (EVTE) for the project, which estimates the resource base at Luxinge to 1.1 million carats of rough diamonds.

"This is a major milestone in developing IGE's diamond activities in Angola. Luxinge will be our second diamond producing operation and we expect to see revenues from the mine already in the third quarter. The Luxinge stones are of a lower dollar per carat value compared to other projects in our portfolio. The company will now assess and implement the appropriate strategies and operating procedures at Luxinge in order to maximise value," said CEO Tomas Fellbom.

The approval from Angolan authorities enables the mining company to sell 8,000 carats of diamonds already in stock from the exploration at Luxinge, in addition to diamonds retrieved going forward. The life span of the Luxinge alluvial diamond operation is estimated to be approximately six years.

IGE Diamond is currently producing rough diamonds at its Cassanguidi, Angola mine. Luxinge will be IGE's second diamond mine in operation and a third mine in Bakerville, South Africa, is expected to come onstream in the first half of 2011.

IGE has a verified resource base of 8.4 million carats of rough diamonds at its projects in Angola, South Africa and the Democratic Republic of Congo. Additional resources are estimated at 5.2 million carats, placing IGE's total resource base (verified and estimated) at 13.5 million carats of rough diamonds. This is one of the largest resource bases among junior diamond exploration and production companies in Southern Africa. Depending on size and quality, rough diamonds found in IGE's projects are currently priced from USD 80 to 2,000 per carat.

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IGE Resources AB (publ), is a Scandinavian company mainly focusing on diamond exploration and production in Southern Africa. IGE's portfolio also includes one of Northern Europe's largest nickel deposits and gold exploration projects in Kenya. IGE is headquartered in Stockholm, and its shares are listed on the Oslo Stock Exchange (ticker: IGE). Please refer to www.ige.se for more detailed information.