

IGE



Fourth Quarter 2010 Report

Fourth quarter highlights

- **Rönnbäcken Pre-Feasibility Study initiated**
 - Resource base increased by 185 million tonnes
 - Continued flow of encouraging drilling results
 - Aiming for Toronto listing of Rönnbäcken
- **Consolidation of diamond portfolio**
 - Withdrawal from Luxinge decided
 - The book value of the diamond portfolio impaired by SEK 368 million
 - Cassanguidi mine under build-up, reduced output in Q4
 - Bakerville project granted mining rights (post quarter)
- **Short term financing further secured**
 - USD 15 million convertible credit facility (post quarter)
 - SEDA agreement terminated
- **New Chairman of the Company**
 - Timothy George elected interim Chairman until AGM

Key figures

SEK million	Q4 2010	Q4 2009	2010	2009
Sales	4.2	-	20.9	-
Other income	-	-	-	15.2
Total revenues	4.2	-	20.9	15.2
EBITDA	-32.5	-14.5	-110.3	-40.1
Impairment losses and depreciation	-329.5	-2.6	-374.7	-5.9
Net result attributable to shareholders of parent company	-311.6	-14.7	-443.9	-45.3
Investments in period	17.7	18.8	630.0	35.5
Cash at end of period	40.2	40.8	40.2	40.8
Interest bearing debt at end of period	11.0	12.1	11.0	12.10

Financial results

IGE Resources had sales of SEK 4.2 million in the fourth quarter, while sales in the full year 2010 amounted to SEK 20.9 million. All sales are attributable to diamond sales from the Cassanguidi and Luxinge mines. The Company had no sales revenue in 2009.

EBITDA for the quarter amounted to SEK -32.5 million and SEK -110.3 million for the full year. Operating costs have increased significantly in 2010, reflecting increased activity in Cassanguidi and Luxinge mines during 2010 and a more capital intensive development phase in the Rönnbäcken nickel project.

The development of the Group's diamond assets in Southern Africa was extremely challenging during 2010. Despite considerable efforts and investments, the Luxinge diamond project turned out not commercially viable.

Also the partnership structure and business practice of several partners in the project have added to IGE's assessment of the Luxinge project. The Company therefore decided to withdraw from the project in December 2010.

The Board of Directors has made an extraordinary write down of the entire Angola diamond project portfolio (Cassanguidi not included) of SEK 128 million in the fourth quarter. Also, the Company lower the book values the Pangea/Efidium portfolio by means of impairment. The book value of the assets is impaired with an amount of SEK 211 million, bringing this portfolio of diamond assets more in line with current market cap of the Company, capital needs and operational challenges going forward. This has been done as a deed of conservatism and to create an improved basis for value development going forward.

Net investments during the fourth quarter amounted to SEK 17.7 million (16.7). The investments during the period are mainly

related to the advancement of the Rönnbäcken nickel project and investments related to the ramping up of the Cassangudi diamond mine in Angola.

Cash flow during the fourth quarter was SEK -57.0 million (SEK -29.9 million in Q4 2009). The increased cash flow compared to previous period is a result of the ramp up of activities, mainly within the development of Rönnbäcken project related to the advancement of the pre feasibility process. Loans originating from the acquired Efidium have also been repaid during the quarter affecting the cash flow negative.

Operations; nickel

The Rönnbäcken nickel project made good progress also in the fourth quarter, with the completion of a NI 43-101 Resource Estimate of the Sundsberget deposit; an addition of 185 million tonnes of inferred mineral resources with an average total nickel content of 0.176% of which 0.104% is nickel in sulphide (Ni-AC) in October. The combined mineral resource estimate for the project now stands at 257 million tonnes (measured and indicated) with an average total nickel content of 0.180% of which 0.110% is nickel in sulphide (Ni-AC), and 269 million tonnes (inferred) with an average total nickel content of 0.176% of which 0.104% is nickel in sulphide (Ni-AC). The increased resource base suggests that IGE is moving closer to achieving the Rönnbäcken exploration target of 600-650 million tonnes at a grade of 0.10% to 0.15% nickel in sulphide.

A Prefeasibility Study on the Rönnbäcken Nickel Project was formally launched in November 2010 with completion targeted for the third quarter of 2012. Upon completion of exploration drilling, the focus of the drill program is expected to shift to non-exploration drilling. Initially, metallurgical comminution drilling is planned to take place to supply ore samples for autogenous grinding compatibility testwork. Geophysical surveys are also planned, as precursors to geotech drilling for tailings dam and mine pitwall stability testwork. Infill drilling is also planned, consistent with project and corporate objectives. Metallurgical testwork is planned to focus on improvement of nickel flotation concentrate quality. Lab testwork commenced in December 2010 at GTK, Finland, in cooperation with Outotec Finland aimed at producing a marketable iron ore concentrate byproduct from Rönnbäcken drill core.

SRK Consulting (Sweden) has been engaged to update the Preliminary Assessment of the Rönnbäcken Nickel Project planned for the first quarter of 2011, and will include development of a new expanded production profile, fleet requirements, infrastructure, and capital/operating cost estimates.

IGE's subsidiary IGE Nordic AB will be restructured and renamed Nickel Mountain Resources AB, with the Rönnbäcken Nickel Project as its primary mineral asset. IGE Nordic AB is currently preparing to apply for a listing on the Toronto Stock Exchange (TSX), during the second quarter 2011. The TSX is the leading exchange for public mining companies. A listing of IGE Nordic on the TSX would provide exposure to investors specializing in junior base metals companies and provide a professional and transparent valuation of its nickel project.

Key figures; Nickel Business Area

(MSEK)	Q4 10	Q4 09	2010	2009
Sales	-	-	-	-
Opex	-2.6	-1.4	-5.8	-7.6
EBITDA	-2.6	-1.4	-5.8	-7.6
Investments	9.9	5.7	31.1	16.2

Operations; diamonds

IGE's diamond assets have as described above been significantly devaluated in the fourth quarter. The write-down of diamond assets is conducted mainly on the basis of the unsuccessful Luxinge project in Angola and a thorough evaluation of the portfolio of diamond projects acquired through the Pangea/Efidium acquisition.

IGE is now focusing its resources on ramping up the Cassangudi mine towards full commercial operation and preparing the Bakerville mine for commercial operations.

Luxinge diamond project

The Luxinge project was awarded mining license in the second quarter of 2010. Mining operations in the third and fourth quarter demonstrated that the diamond recoveries failed to match the expectations established by the earlier bulk sampling results. Furthermore, an external audit initiated by IGE identified on-site operational inefficiencies and procedural shortcomings which would require significant restructurings and investments. It is also IGE's opinion that the Luxinge partner model and its administrative requirements challenge the viability of the project. The Luxinge project has

been managed by a joint administrative body in which all partners are represented, according to their respective stake in the project. All key management and administrative decisions are made through this body. IGE is a minority partner in the Luxinge project and has been represented accordingly.

Since 2007, IGE's total investment in Luxinge amounts to USD 15 million, of which USD 6 million are in equipment which remains IGE's property.

Following a thorough review of the Angola diamond assets, IGE has decided a write-down also of its Cariango, Luanguinga and Lacage diamond projects. Total write-down for the Angolan projects (Cassanguidi not included) amounts to SEK 128 million. In addition the company has impaired the book value of the investment guarantees related to the Angolan projects. IGE considers these deposits doubtful receivables, as the contracts related to the projects are restored.

Cassanguidi diamond project

The Cassanguidi diamond project is moving towards full commercial operations. The progress was however delayed in the fourth quarter due to installation of new equipment, machinery breakdowns and the mining operations going through an area which proved to be less attractive.

A total of 4,570 carats of rough diamonds were recovered from the Cassangudi mine in the fourth quarter. 3,896 carats of diamonds were sold in the quarter, at an average price of USD 176 per carat.

The mining operation has now moved into a more promising area of the mine and the configuration of Cassanguidi's two processing plants been revised and they have both been consolidated at a central location. This has resulted in improved efficiencies in processing, reduced management requirements and increased redundancy of processing equipment. Additional mining and processing equipment has been delivered to the site.

IGE is preparing for an additional investment of USD 1.5 million in order to ramp up production at Cassanguidi and reach the revised production target of 7,000 carats per month by the end of 2011. Output from Cassanguidi is

expected to increase gradually from the beginning of the year.

Bakerville diamond project

In the Bakerville project preparations for commercial operations move forward. The mining and processing plans are being designed and negotiations with suppliers were initiated in the fourth quarter. Several exploration pits over the entire prospecting and mining right areas were made and geologically logged in the fourth quarter.

The Bakerville project was awarded mining right by South African authorities in January 2011. As preparations move forward, IGE will monitor the project economics and the diamond market closely in order to determine the optimal time for start-up of the Bakerville mine.

Final preparations and start-up will require an addition SEK 60 million investment by IGE. A start-up is therefore dependent on further financing of the project.

Key figures; Diamond Business Area

(MSEK)	Q4 10	Q4 09	2010	2009
Sales	4.2	-	20.9	-
Opex	-15.4	-4.3	-58.1	-16.3
EBITDA	-11.2	-4.3	-37.2	-16.3
Investments	-3.1	-1.1	-12.5	-27.0

Financial position

Cash and cash equivalents at the end of 2010 amounted to SEK 40.2 million, compared to SEK 40.8 million at the end of 2009. Total equity amounted to SEK 423.5 million (306.2) at the end of the reporting period, representing an equity ratio of 75 per cent (94 per cent the previous year).

The Company's interest bearing debt is limited to SEK 11 million, of which SEK 5 million is a convertible loan, at year-end (SEK 12.0 million the previous year)

IGE's net cash run rate during 2010 was just over SEK 6 million per month. For 2011 the run rate is expected to be positively affected by diamond revenue, the termination of Angolan projects, an internal cost cutting programme and the planned Toronto listing of the Rönnbäcken project.

IGE's investment programme for 2011 totals SEK 160 million, of which SEK 93 million are attributable to the Rönnbäcken project and SEK 60 million are planned investments in the Bakerville project. Both these projects will seek separate financing.

In the fourth quarter IGE arranged a USD 15 million standby credit facility with Waterton Global Value L.P. The facility provides increased financial flexibility for IGE and further secures the financing of the Company's development and mining activities in Sweden and Southern Africa. The facility enables IGE to convert some or all of the credit into equity if considered appropriate by the Company. The facility replaces the previous SEDA agreement.

Group outlook

The Rönnbäcken project is expected to move forward according to plan and find financing of the next development steps through a Toronto listing. An update of the project economics is expected during the first quarter 2011 and the Pre-Feasibility Study is scheduled for completion during the third quarter 2012.

The refocusing of the diamond business is expected to provide a significant cost reduction compared to 2010.

The build-up of commercial operations at the Cassanguidi mine are well underway following a challenging fourth quarter. Optimisation is expected to be completed in the first quarter 2011. Provided sufficient financing, the mine is expected to reach its 7,000 carats production target by the end of the year.

Provided sufficient financing, the Bakerville is expected to be prepared for commercial operations during the second quarter 2011 and ready to go live when the Company finds that conditions are optimal.

Parent Company

The Parent Company's business activity is to manage the Group's operations. Result before tax during the fourth quarter 2010 amounted to SEK - 491.4 million (-11.2). Cash and cash equivalents amounted to SEK 32.4 million (1.2). Investments in the Parent Company during the reporting period amounted to SEK 0 million (0).

The shares of IGE Resources AB (publ.) are listed on the Oslo Stock Exchange, ticker symbol IGE. This Interim report has not been subject to review by the Company's auditors.

Stockholm, 22 February 2011



Tomas Fellbom
Chief Executive Officer
IGE Resources AB (publ)

Consolidated Statement of comprehensive income

(TSEK)	Note	Q4 2010	Q4 2009	2010	2009
Revenue from sales	6	4,229	-	20,909	-
Other income	7	-	-	-	15,169
Other external expenses		-21,265	-8,155	-58,203	-31,073
Personnel expenses		-15,454	-6,298	-43,510	-23,110
Other operating expenses		-	-	-29,423	-1,069
Operating result before depreciation and impairment losses		-32,490	-14,453	-110,227	-40,083
Depreciation and impairment loss on tangible and intangible assets	3	-329,477	-2,580	-374,663	-5,931
Financial revenue	4	347	1,818	3,443	6,136
Financial expenses	4	-37,302	506	-50,121	-5,059
Total financial items		-36,955	2,324	-46,678	1,077
Result before tax		-398,922	-14,709	-531,568	-44,937
Income tax	9	75,594	0	75,896	0
Result for the period		-323,328	-14,709	-455,672	-44,937
Result for the period attributable to:					
Equity holders of the Parent Company		-311,563	-14,709	-443,907	-44,937
Non controlling interest		-11,765	-	-11,765	-
Result for the period		-323,328	-14,709	-455,672	-44,937
Result per share before and after dilution		-0.23	-0.03	-0.33	-0.08

Statement of comprehensive income

TSEK	Q4 2010	Q4 2009	2010	2009
Result for the period	-323,328	-14,709	-455,672	-44,937
<i>Other comprehensive income</i>				
Exchange differences during the year	8,900	18,280	-10,570	-14,046
Total other comprehensive income	-314,428	3,571	-466,242	-58,983
<i>Total comprehensive income for the year attributable to:</i>				
Equity holders of the Parent Company	-302,663	3,571	-454,477	-58,983
Non controlling interest	-11,765	-	-11,765	0

Consolidated Statement of financial position

(TSEK)	Note	31/12/2010	31/12/2009
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Mineral interests		396,193	154,257
<i>Tangible fixed assets</i>			
Plant and machinery		50,774	47,700
Mine and other development assets		55,218	-
<i>Long-term financial assets</i>			
Shares in associated companies		1,042	25,593
Long-term receivables		112	40,370
Total fixed assets		503,339	267,920
Current Assets			
Inventory		1,437	-
Accounts receivable		152	262
Other receivables		20,374	17,249
Prepaid expenses and accrued income		453	1,038
Cash and cash equivalents		40,241	40,807
Total current assets		62,657	59,356
TOTAL ASSETS		565,996	327,276
EQUITY	16		
<i>Equity attributable to equity holders of the parent company</i>			
Share capital		90,281	39,785
Other paid in capital		984,120	451,041
Reserves		-2,251	-8,319
Retained earnings and profit for the period		-636,887	-192,980
		435,263	306,165
Non controlling interest		-11,765	-
Total equity		423,498	306,165
Liabilities			
Deferred tax liabilities	10	112,750	-
Other provisions	10	1,885	-
<i>Long term liabilities</i>			
Convertible loan	13	5,000	-
Interest bearing long term liabilities	12	5,956	11,974
Other long term liabilities		-	91
Total long term liabilities		125,591	12,065
<i>Current liabilities</i>			
Accounts payable		7,427	2,297
Other liabilities		3,371	2,386
Accrued expenses and prepaid income		6,109	4,363
Total current liabilities		16,907	9,046
TOTAL EQUITY AND LIABILITIES		565,996	327,276

Consolidated Statement of changes in equity

(TSEK)	Equity related to the shareholders of the parent company					Non controlling interest	Total Equity
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total		
2009							
<i>Opening balance 1st of January 2009 according to previously audited statement</i>	20,908	348,278	-5,954	-119,507	243,725	-	243,725
Opening balance 1st of January 2009 adjusted for new accounting principle	20,908	348,278	22,365	-147,826	243,725		243,725
Net result for the period				-44,937	-44,937		-44,937
<i>Other comprehensive income:</i>							
Exchange differences			-14,046		-14,046		-14,046
Transactions with shareholders:							
Acquisition of non controlling interest in subsidiary				-217	-217		-217
Costs referable to fundraising		-6,705			-6,705		-6,705
Issued call options		120			120		120
New share issue	18,877	109,348			128,225		128,225
Closing balance at 31 December 2009	39,785	451,041	8,319	-192,980	306,165	-	306,165
Balance at 1 January 2010	39,785	451,041	8,319	-192,980	306,165		306,165
Net result for the period				-443,907	-443,907	-11,765	-455,672
<i>Other comprehensive income:</i>							
Exchange differences			-10,570		-10,570		-10,570
Transactions with shareholders:							
Costs referable to fundraising		-7,678			-7,678		-7,678
New share issue	50,496	540,757			591,253		591,253
Closing balance at 31 December 2010	90,281	984,120	-2,251	-636,887	435,263	-11,765	423,498

A change in accounting principles has affected the opening balances related to exchange differences and retained earnings (see note 16 for further information). The table above shows both the opening balances for 1st of January 2009 in accordance with previous adopted accounting principle and the opening balance as per the same date in accordance with the changed accounting principle.

Total number of shares amounts to 1,805,618,810 as per December 31st 2010.

Consolidated Statement of cash flow

(TSEK)	Jan-Dec 2010	Jan-Dec 2009
Cash flow from operations		
Result after financial items	-531,568	-44,937
Adjustments for items not included in cash flow*	447,705	-9,201
Income tax paid	-	-
Total cash flow from operations before change in working capital	-83,863	-54,138
Change in working capital		
Increase/decrease in inventories	718	-
Increase/decrease receivables	-5,826	689
Increase/decrease in short term liabilities	4,749	-8,098
Total cash flow from operations	-84,222	-61,547
Cash flow used for investments		
Cash holdings in acquired associated company	1,922	-
Sale of associated company	-	7,829
Acquisition of intangible assets	-56,126	-56,227
Sale of intangible assets	-	2,000
Acquisition of tangible assets	-2,146	-223
Sale of tangible assets	-	226
Acquisition of shares in associated companies	-51	-
Sale of financial assets	2,100	-
Total cash flow used for investments	-54,302	-46,396
Financial activities		
New share issue	139,108	115,681
Raised credits	5,000	91
Amortization of debt	-6,109	-6,387
Total cash flow from financial activities	137,999	109,385
Change in cash and bank	-525	1,443
Cash and bank at 1 January	40,807	39,639
Currency exchange difference	-41	-275
Cash and bank at the end of reporting period	40,241	40,807
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<i>*Adjustments for items not included in cash flow</i>		
Depreciations and impairment losses of intangible assets	403,873	4,123
Depreciations and impairment losses of tangible assets	36,019	1,480
Exchange loss	-	-1,711
Reversal of deferred tax liabilities	-	-217
Capital loss	7,709	-13,843
Change in value of shares in associated companies	102	507
Discounted value of other provisions	-	461
Total	447,705	-9,201

Income statement Parent company

(TSEK)	Note	Q4 2010	Q4 2009	2010	2009
Revenue	8	-	-	-	10,646
Other external expenses		-4,763	-4,955	-11,406	-15,182
Personnel expenses		-3,509	-3,011	-8,575	-8,250
Operating result before depreciation and impairment losses		-8,272	-7,966	-19,981	-12,786
Depreciation according to plan		-14	-	-63	-110
Financial revenue		218	975	2,136	1,159
Financial expenses		-483,301	-4,252	-485,560	-11,825
Total financial items		-483,083	-3,277	-483,424	-10,666
Result before tax		-491,369	-11,243	-503,468	-23,562
Income tax	9	0	0	0	62
Result for the period		-491,369	-11,243	-503,468	-23,500

Statement of comprehensive income

TSEK	Q4 2010	Q4 2009	2010	2009
Result for the period	-491,369	-11,243	-503,468	-23,500
Other comprehensive income	-	-	-	-
Total other comprehensive income	-491,369	-11,243	-503,468	-23,500

Balance sheet Parent company

(TSEK)	Note	31/12/2010	31/12/2009
ASSETS			
Tangible fixed assets			
Plant and machinery	48	112	
<i>Long-term financial assets</i>			
Shares in subsidiaries		100,635	85,635
Receivables subsidiaries		299,997	276,497
Total fixed assets		400,680	362,244
Current Assets			
Accounts receivable		-	14
Other receivables		10,505	11,353
Prepaid expenses and accrued income		297	248
Cash and cash equivalents		32,362	1,207
Total current assets		43,164	12,822
TOTAL ASSETS		443,844	375,066
SHAREHOLDERS EQUITY			
<i>Restricted equity</i>	16		
Share capital		90,281	39,785
Statutory reserve		111,345	111,345
<i>Total restricted equity</i>		201,626	151,130
<i>Non restricted equity</i>			
Share premium reserve		848,910	315,830
Retained earnings and profit for the period		-622,515	-119,047
<i>Total non restricted equity</i>		526,395	196,783
Total shareholders equity		428,021	347,913
Long term liabilities			
Convertible loan	13	5,000	-
Interest bearing long term liabilities	12	5,672	11,974
Liabilities to subsidiaries		-	9,678
Total long term liabilities		10,672	21,652
Current liabilities			
Accounts payable		1,633	2,063
Other liabilities		446	640
Accrued expenses and prepaid income		3,072	2,798
Total current liabilities		5,151	5,501
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		443,844	375,066

Changes in equity Parent Company

(TSEK)	Restricted Equity		Non restricted Equity		
	Share capital	Statutory reserve	Share premium reserves	Retained earnings and result for the year	Total Equity
2009					
Balance as at 1 January 2009	20,908	111,345	212,891	-95,547	249,597
Result for the year				-23,500	-23,500
Transactions with shareholders:					
Costs referable to fundraising			-718		-718
Payment of call options			120		120
New share issue	18,877		103,537		122,414
Closing balance at 31 December 2009	39,785	111,345	315,830	-119,047	347,913
Balance as at 1 January 2010	39,785	111,345	315,830	-119,047	347,913
Result for the year				-503,468	-503,468
Transactions with shareholders:					
Costs referable to fundraising			-7,677		-7,677
New share issue	50,496		540,757		591,253
Closing balance at 31 December 2010	90,281	111,345	848,910	-622,515	428,021

Key ratios and share data

	2010	2009	2008	2007	2006
Number of outstanding shares at beginning of reporting period	Number	795,709,953	418,161,828	341,000,000	341,000,000
New share issue	Number	1,009,908,857	377,548,125	77,161,828	- 30,000,000
Number of outstanding shares at the end of reporting period	Number	1,805,618,810	795,709,953	418,161,828	341,000,000
Average number of shares	Number	1,346,291,141	538,509,297	364,988,889	341,000,000
Operating result	TSEK	-110,227	-46,014	-83,311	-55,730
Result after tax	TSEK	-455,672	-44,937	-90,298	-58,986
Operating result per share	SEK	-0.08	-0.09	-0.23	-0.16
Result after financial items per share	SEK	-0.39	-0.08	-0.25	-0.17
Result per share after tax	SEK	-0.33	-0.12	-0.16	-0.18
Shareholders equity per share before dilution	SEK	0.23	0.38	0.67	0.72
Dividend	TSEK	-	-	-	-
Price per share at the end of reporting period	SEK	0.23	0.58	0.65	2.34
					5.05

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating shareholders' equity the number of outstanding shares has been used.

IGE possesses none of its own shares at the end of the reporting period.

Further information regarding key ratio definitions can be obtained from the annual report for the financial year 2009.

Total number of shares amounts to 1,805,618,810 as per December 31st 2010.

Notes to the financial report

1. Accounting principles

This interim report has been prepared according to Annual Accounts Act and IAS 34 Interim Reporting. The interim report has also been prepared in accordance with the rules in the Swedish Financial Accounting Standard RFR2. During 2010, the same accounting principles have been applied in this report as in the annual report prepared for the financial year 2009 with the following exceptions (see below) referring to new or revised standards, interpretations and changes adopted by the European Union (EU) which are applied from 1 January, 2010. Only the new or revised standards which have had an impact on the Group are described below.

The Interim report does not contain all the information and disclosures available in the annual report and the interim report should be read together with the annual report for 2009.

Changes in the fourth quarter 2010 edition of the financial statements

Exchange differences occurring as a result of intercompany transactions have in previous reports been affecting the operating result in the income statement. The effects are during periods significant which results in that the result of the Group becomes misleading and difficult to understand and analyse. The accounting policy regarding exchange differences related to intercompany transactions is changed as per this report. Exchange differences are recognised in equity as from the fourth quarter report 2010. See note 16 for the effects of the change of accounting principles.

2. Risks and Uncertainties

The operations of IGE involve certain significant risks, including but not limited to credit risk, foreign exchange risk, and political risk. For a complete discussion of the aforementioned risks, refer to the Company's 2009 annual report, available on the IGE website, www.ige.se. The management of IGE

does not consider that any additional risk has become current since the expiration of the previous year of operation.

3. Depreciations and impairments

IGE has decided to withdraw from the alluvial diamond project, Luxinge in Angola. The company has pending discussions with its partners in the project with the aim to withdraw from the project in the most efficient way. The diamond recoveries and grades since the June 2010 granting of the Luxinge mining permit have not matched the expectations established by the earlier bulk sampling results. A recent external audit initiated by IGE, identified on-site operational inefficiencies and procedural shortcomings which would require significant restructuring and thus add further complexity to any decision to continue subsidising operations.

Write downs are made of IGE's non core assets as a result of that the future value of the assets is considered to be difficult to give a correct value. The Board has decided to not continue financing the further development of the exploration of the projects. The main part of the write down is referable to mineral interests in Kenya and IGE Nordic's shares in the associated company Norrsken Energy Ventures.

In addition the book value of the projects purchased through the acquisition of the Efidium Group has been assessed by means of impairment tests. As the share price has deteriorated significantly over the latest month accounting recommendations suggests that the assets of the Company should be impaired as duty of care. The tests suggested a need of a write down of book value of the diamond portfolio in Efidium amounting to MUSD 196.8. Calculations of net present value are related to a significant uncertainty and the result is based on a number of assumptions. The Company has, despite the uncertainty, decided to adopt a conservative approach towards the valuation of the Group's assets. The Company decided to adjust the book value of the assets to comply with the result of the impairment test.

Depreciation and impairment loss on tangible and intangible assets

(TSEK)	Group	
	31/12/2010	31/12/2009
Impairment loss related to concessions in Kenya	-11,685	-614
Impairment loss related to IGE Nordic projects	-4,055	-1,859
Impairment loss related to projects in Burundi	-	-1,978
Impairment loss related to projects in Efidium	-15,376	-
Impairment loss related to purchase price of Efidium Ltd	-196,771	-
Impairment loss related to projects in Luxinge	-81,966	-
Impairment loss related to projects in Lacage	-18,445	-
Impairment loss related to projects in Cariango	-11,192	-
Impairment loss related to projects in Luanguinga	-11,657	-
Impairment loss of plant and equipment Efidium	-17,226	-
Impairment loss of plant and equipment Angola	-5,330	-
Depreciation according to plan	-960	-1,480
Total impairment losses	-374,663	-5,931

The impairment loss related to the purchase price of Efidium Ltd is comprises reversal of a deferred tax amounting to SEK 75.4 million. The net impairment loss is SEK 121.4 million.

4. Financial items

Financial revenue (TSEK)	Group	
	31/12/2010	31/12/2009
Income from interest	83	80
Exchange rate gains	3,208	6,056
Other financial income	152	-
Total financial revenue	3,443	6,136

Financial expenses (TSEK)	Group	
	31/12/2010	31/12/2009
Loss from sale of shares in associated company	-1,654	-
Loss from shares in associated companies	-102	-
Loss from interest	-1,773	-1,932
Forfeiture of investment guarantee	-40,373	-
Exchange rate losses	-3,014	-3,068
Other financial expenses	-3,206	-
Total financial expenses	-50,121	-5,059

The write down of the investment guarantees is made based on the withdrawal from the projects in Angola. IGE considers these deposits doubtful receivables, as the contracts related to the projects are restored.

The adjustments as result of revaluation of all short term investments are accounted for in gross amounts.

5. Segment reporting

(TSEK)	2010				
	Gold	Diamonds	Nickel	Other	Total
Revenue from sales	-	20,909	-	-	20,909
Result before depreciation and impairment	-1,679	-53,636	-35,165	-19,747	-110,227
Depreciation of concessions	-11,685	-357,962	-	-4,055	-373,702
Depreciation according to plan	-199	-436	-263	-63	-961
Result before tax	-14,561	-385,923	-41,187	-89,897	-531,568
Fixed assets	-	431,658	71,633	48	503,339
Current assets	1,694	11,196	6,604	43,163	62,657
Long term liabilities	-	120,591	5,000	-	125,591
Short term liabilities	-	4,554	7,202	5,151	16,907
Investments (gross amounts)	2,673	596,199	31,089	-	629,961
2009					
(TSEK)	Gold	Diamonds	Nickel	Other	Total
Other income	15,169	-	-	-	15,169
Result before depreciation and impairment	-3,761	-16,323	-12,185	-8,571	-40,840
Depreciation of concessions	-614	-	-1,978	-1,859	-4,451
Depreciation according to plan	-302	-197	-871	-110	-1,480
Result before tax	-6,869	-15,164	-14,211	-9,090	-45,334
Fixed assets	30,005	173,684	54,428	9,803	267,920
Current assets	2,284	35,802	8,449	12,821	59,356
Long term liabilities	91	11,974	-	-	12,065
Current liabilities	140	2,130	1,275	5,501	9,046
Investments (gross amounts)	30,921	173,881	57,277	11,772	273,851

6. Revenue from sales

Revenue from sales is related to sales of rough diamonds recovered from IGE projects.

7. Other income

Other income constitutes of currency gains related to inter company balances. SEK 10.6 million during 2009 is related to a sale of IGE's 50% ownership of Kilimapesa Gold in Kenya.

8. Other operating expenses

Other operating expenses are referable to a capital loss from sales of an exploration permit in IGE Nordic and a write down of shares in an associated company, Norrsken Energy Ventures.

9. Tax

The positive amount reported is a reversal of a provision related to deferred tax liabilities. The reversal occurs as a result of impairments of the assets that the provision is related to.

The deferred tax liabilities are calculated as the local tax rate of each project times the surplus value referable to each acquired project.

It is inherent in the recognition of an asset that its carrying amount will be recovered in the form of economic benefits that flow to the entity in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments.

The deferred tax that occurred as a result of the purchase of Efidium amounts to SEK 188,645 million.

10. Provisions

Other Provisions are related to an estimated cost of mine site restoration.

11. Share warrants – incentive programs

For information about currently outstanding share warrants and call options the Company

refers to the latest annual report of the Group (2009).

12. Interest bearing long-term liabilities

Interest bearing long-term liabilities refers to a loan given by Svenska Handelsbanken AB for the purchase of equipment from Volvo to the production site in Luxinge, Angola. The loan is guaranteed by the Swedish Credit Exports Guarantee Board (EKN) with a 3 years duration. The loan was raised in June 2008.

13. Convertible loan to Norrlandsfonden

In June 2010, IGE issued a convertible loan that provided the Company with an amount of totally SEK 5 million to Norrlandsfonden. The convertible loan was issued based on the following conditions:

- The maturity date of the convertible loan was set to August 31, 2018.
- The loan runs with an annual interest rate of STIBOR 90 (Stockholm Interbank Offering Rate) plus an interest surcharge of 4% to be paid quarterly.
- In case of conversion, the conversion rate per share will be SEK 0.70.
- IGE has got the right to repay the loan in cash in advance at any time during the duration of the loan. IGE will then be forced to pay a compensation for the lost interest to Norrlandsfonden of 15% (on an annual basis) on the loan amount during the period that it has been utilised by IGE.

If fully converted the convertible loan will result in that an additional 7,142,857 shares will be issued (a dilution of about 0.4%).

14. Related party transactions

Mace Consulting has invoiced IGE SEK 69 thousand during the fourth quarter for services related to management assistance and market communication. Mace Consulting is a related party on behalf of its Managing Director, Magne Aaby who is a member of the board in IGE.

The creditor of the long term liability of SEK 6.7 million is Pangea Exploration (Pty) Ltd. Pangea Exploration (Pty) Ltd is owned by a trust of which Robert Still is a trustee and a potential beneficiary and Anton Esterhuizen. Robert Still and Anton Esterhuizen are directors of the Lender and IGE Resources. The borrowing entity is a member of the IGE Group. As a consequence, this loan is considered to be between related parties, and is thus deemed a related party transaction. The loan has been fully repaid after the expiration of the interim period.

SEK 400 thousand was paid to John Afseth during the second quarter of 2010 for work carried out in relation the financing of the Group. John Afseth resigned as Chairman of IGE Resources AB in November 2010.

15. Purchase of Efidium Ltd

IGE concluded a purchase of 100% of the shares in Efidium Ltd on March 31st. The purchase price amounted to 495,399,057 shares, which corresponds to a value of SEK 425 million as per the last trade on March 31 2010.

Efidium Ltd is a Group with assets and operations within the diamond sector in Angola, South Africa and the DRC (Democratic Republic of Congo). The Directors and management of IGE consider this purchase to be of great value to IGE, it strengthens the position of the Group significantly within the industry of diamond production and exploration. Efidium has got independently verified, SAMREC compliant, diamond resources of about 8.4 million carat. Cost reductions as a result of synergies between the two groups are also considered to be achieved after the merger of the two operations.

Below follows a summary of the balance sheet effects for the consolidated IGE Group that the purchase of Efidium gave rise to as per the purchase date of March 31st 2010.

(TSEK)	Efidium according to IFRS	Acquisition adjustment	Preliminary acquisition balance established March 31st of 2010	Adjustments due to the result of the final acquisition analysis	Final acquisition balance established
Tangible fixed assets	37,544	54,597	92,141	--	92,141
Intangible fixed assets	18,306	543,706	562,012	-26,614	535,398
Current Assets	9,576	-	9,576	-	9,576
Deferred tax liabilities	-	-215,259	-215,259	26,614	-188,645

Above table shows the preliminary acquisition analysis established by the closing of the purchase, 31st of March 2010. The final acquisition analysis established in conjunction with the Year end reporting of the IGE Group 31st of December 2010 resulted in a need of adjustment. The adjustment is shown in above table. The adjustment is a result of a lower corporate tax rate in Congo DRC compared to the rate used in the initial analysis. Costs related to the purchase amounts to 10,633 TSEK. The purchase price was based on a combination of the market cap of Pangea Diamondfields at the London AIM-stock Exchange at the time of the transaction and the number of carats verified within the different licences of Pangea's diamond portfolio that was included in the deal. The verified number of carats is based on the National Instrument 43-101 Technical Report on diamonds projects of IGE prepared for prepared for Pangea Diamondfields Plc by Venmyn Rand (Pty) Ltd.

Venmyn is an independent advisory company. Its consultants have extensive experience in

preparing competent persons', technical advisers' and valuation reports for mining and exploration companies. Venmyn's advisors have, collectively, more than 100 years of experience in the assessment and evaluation of mining projects and are members in good standing of appropriate professional institutions. The signatories to the technical report prepared for IGE/Pangea are qualified to express their professional opinions on the values of the mineral assets described.

Costs related to the acquisition of Efidium Ltd amounting to about SEK 10.6 million has been expensed in the income statement of the parent company.

16. Effects of change of accounting principle

The foreign exchange rate differences arising from intercompany lending, previously reported as other external expenses, are from the transition date onwards recorded in exchange differences, as a separate component of equity. Below follows simplified pro forma income statement, balance sheet and changes in equity showing the effects of the change in accounting principle:

The company's adopted statements in summary are shown below for 2008 and 2009. In addition the statements for 2010 are shown as if they were established according to previous adopted accounting principle.

Income statements

TSEK	2008	2009	2010
Revenue	49,916	15,169	20,909
Cost of sales	-31,883	-51,918	-58,203
Other external expenses	-28,225	-23,110	-65,945
Personnel expenses	-	-1,069	-4,923
Depreciations	-39,608	-5,931	-399,162
Operating result	-49,800	-66,859	-507,324
Financial revenue	8,249	6,136	3,443
Financial expenses	-15,236	-5,059	-50,122
Total financial items	-6,987	1,077	-46,679
Result before tax	-56,787	-65,782	-554,003
Income tax	0	0	75,896
Result for the period	-56,787	-65,782	-478,107

Balance sheets

(TSEK)	2008	2009	2010
ASSETS			
Total fixed assets	238,387	267,920	503,339
Total current assets	49,174	59,356	62,657
TOTAL ASSETS	287,561	327,276	565,996
EQUITY			
<i>Equity attributable to equity holders of the parent company</i>			
Share capital	20,908	39,785	90,281
Other capital-contribution	348,277	451,041	984,120
Reserves	-5,954	845	12,711
Retained earnings and profit for the period	-119,507	-185,506	-651,849
	243,724	306,165	435,263
Non controlling interest	-	-	-11,765
Total equity	243,724	306,165	423,498
Total long term liabilities	24,929	12,065	125,591
Total current liabilities	18,908	9,046	16,907
TOTAL EQUITY AND LIABILITIES	287,561	327,276	565,996

Income statement

TSEK	Audited statement 2009	Adjustment according to new accounting principle	Statement after change of accounting principle 2009	Statement after change of accounting principle 2010
		2009	2009	2009
Revenue	15,169		15,169	20,909
Cost of sales	-51,918	20,845	-31,073	-58,203
Other external expenses	-23,110		-23,110	-43,510
Personnel expenses	-1,069		-1,069	-4,923
Depreciations	-5,931		-5,931	-374,663
Operating profit	-66,859	20,845	-46,014	-460,390
Financial revenue	6,136		6,136	3,443
Financial expenses	-5,059		-5,059	-74,621
<i>Total financial items</i>	<i>1,077</i>		<i>1,077</i>	<i>-71,178</i>
Profit before tax	-65,782	20,845	-44,937	-531,568
Income tax	0		0	75,896
Profit for the period	-65,782	20,845	-44,937	-455,672

Balance sheets

(TSEK)	Audited statement 2009	Adjustment according to new accounting principle	Statement after change of accounting principle 2009	Statement after change of accounting principle 2010
		2009	2009	2009
ASSETS				
Total fixed assets	267,920		267,920	503,339
Total current assets	59,356		59,356	62,657
TOTAL ASSETS	327,276		327,276	565,996
EQUITY				
<i>Equity attributable to equity holders of the parent company</i>				
Share capital	39,785		39,785	90,281
Other capital-contribution	451,041		451,041	984,120
Reserves	845	-20,844	8,319	-2,251
Retained earnings and profit for the period	-185,506	20,844	-192,980	-636,887
	306,165		306,165	435,263
Non controlling interest	-		-	-11,765
Total equity	306,165		306,165	423,498
Total long term liabilities	12,065		12,065	125,591
			0	
Total current liabilities	9,046		9,046	16,907
TOTAL EQUITY AND LIABILITIES	327,276		633,441	565,996

The change affects other external expenses in the income statement as well as exchange differences within equity. The amounts arising from differences between the receivables held by the intergroup lender and the liabilities held by the lendee during the most recent 3 year period amounts to:

(TSEK)

2008: 33,512

2009: -20,845

2010: -22,436

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