

17 January, 2011

IGE victim of smear campaign

IGE Resources AB (OSE: IGE) today announced that the Company has become the victim of a smear campaign, following its decision to initiate a withdrawal from the Luxinge diamond project in Angola.

It has come to IGE's attention that local partners in the Luxinge project in Angola has contacted international media and investment banks through circulating a letter containing several serious accusations against IGE Diamond, including alleged misuse of its administrative role, fraud and corruption.

The serious accusations made towards IGE are without merit. The smear campaign clearly illustrates what kind of business climate IGE is up against in the Luxinge partnership. IGE would like to point out that Endiama, the state owned Angolan diamond company, is not involved in the campaign.

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, has 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.

It is also IGE's opinion that the current partner model and its administrative requirements challenge the viability of the project. The Luxinge project is 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 is represented accordingly.

Among the numerous allegations now being made, IGE is accused of fraud and corruption, without proof or any other information substantiating the accusations being offered. IGE adheres to strict ethical guidelines and maintains a zero tolerance policy with regards to corruption. This policy can give IGE competitive disadvantages in certain countries and/or projects.

The letter indicates a multi million dollar law suit. IGE strongly doubts the grounds of such a lawsuit.

The letter also offers a number of other inaccurate information, e.g. that the Company's bank account in Angola has been frozen and that the Company is running away from its social and financial obligations in Angola. At this time, IGE will however refrain from discussing all the false accusations in detail. We are prepared to honour our legal obligations in Angola, as is IGE's policy in all countries.

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IGE Resources AB (publ) is a Scandinavian company mainly focusing on diamonds 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.