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IGE granted diamond mining right in South Africa

IGE Resources AB (OSE: IGE) today announced that the Company has been granted the mining right for its Bakerville diamond project in South Africa.

When operational, Bakerville will become IGE's second diamond producing mine in the Southern African Development Community (SADC). The design of the mining and processing plan for Bakerville is well advanced and IGE will determine the optimal time for start-up of production based on an assessment of both the diamond market and the currency exchange rate in South Africa.

"We are very pleased to receive the mining right, which represents an important step in bringing our diamond business forward. The size and grades of the Bakerville diamonds are attractive and the mine will be a valuable contribution to our portfolio when operational," said IGE's CEO Tomas Fellbom.

IGE has a 55 per cent interest in the Bakerville diamond project, with an exclusive option to acquire an additional 19 per cent by November 2011 from Pannex for a consideration of USD 2.5m. Exercising this option would also give IGE 74% holding of the Harts river project.

Bakerville has a verified resource base of 454,000 carats and additional potential resources of 579,000 carats. The average value of the diamonds previously recovered at Bakerville during the exploration phase was USD 365 per carat.

Current investment plans suggest an investment of approximately ZAR 90 million in order to prepare the mine for full commercial operation. IGE's contribution would amount to ZAR 67.5 million. A number of options are being evaluated to reduce the capital required from the equity holders, including leasing the mining fleet and other solutions.

For additional information, please contact:

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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.