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IGE's Cassanguidi diamond mine ready for production increase

IGE Resources AB (OSE: IGE) today reported that an action plan for increasing production at the Company's Cassanguidi, Angola diamond mine has been implemented. IGE expects a growing output from Cassanguidi in the coming months.

The Cassanguidi action plan aims at increasing the output of diamonds and making the Cassanguidi production more robust. The plan includes a consolidation of the mine's two processing plants, an increase in processing capacity, a review of the operating hours, redeployment of equipment from IGE's bulk sampling operation in Bakerville, South Africa and a strengthening of the mining and technical expertise on site. Vital aspects of this plan have already been completed.

As previously reported, IGE experienced a number of equipment failures in the fourth quarter of 2010. Production was also delayed due to the installation of new equipment and reduced diamond recovery as a consequence of the mine going through an area of lower grade material.

"We are now moving forward with cautious optimism in Cassanguidi. Areas of higher grade material were identified in January and recovery is improving accordingly. Based on our experiences in Cassanguidi over the last few months, we have readjusted our target and aim for a monthly output of 7,000 carats towards the end of 2011," said IGE's CEO Tomas Fellbom.

IGE expects diamond values from Cassanguidi going forward to be in the previously announced USD 160-180 range, even though the recent recovery of larger stones does give grounds for optimism. A parcel of 1,400 carats of diamonds was sold in January at an average price of USD 310 per carat, surpassing the previous Cassanguidi record of USD 220 per carat. The average price of this sale was influenced by a high value 16 carat stone.

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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.