

24<sup>th</sup> October, 2011

## **IGE to realise the value of Nickel Mountain - financing of the PFS and distribution of shares in combination with a separate listing**

**The Board of IGE Resources AB (OSE: IGE) announced today notice of an extraordinary general meeting to be held on the 22<sup>nd</sup> of November 2011. Among the items on the agenda for the EGM, the Board will propose a reverse split of the Company's shares at a ratio of 80:1. The Board considers this to be in shareholders' interests, in that it will create better conditions for the liquidity of the Company's shares on the Oslo Stock Exchange, as well as optimization of the company's value. The Board will also ask for authorization to issue shares by way of a rights issue in combination with the issuance of tradable rights of up to 150,000,000 new shares in the Company after completion of the reverse split. The Board considers a rights issue to be in the best interest of current shareholders by preserving their share of the future development and potential value increase of the Group.**

The capital to be raised will be primarily allotted for funding a Pre-Feasibility Study ("PFS") of the Rönnebäcken nickel project owned by the Company's subsidiary Nickel Mountain Resources AB. ("NMR") without additional dilution of existing shareholders. When satisfactory funding has been achieved, the Board of Directors will;

1. Immediately and irrevocably transfer 90% of the net proceeds received from the Company to NMR by way of an unconditioned shareholder's contribution.
2. Immediately take all necessary measures to ensure that 100% of the shares in NMR held by IGE Resources at present are distributed to the shareholders of IGE
3. Immediately initiate the process for a separate listing of NMR's shares on Oslo Stock Exchange.

Based on the successful results of metallurgical test-work in producing a high grade magnetite iron concentrate at the Rönnebäcken nickel project, independent consultancy group SRK Consulting (Sweden) AB have upgraded the Net Present Value of the project by more than US\$ 500 million (about NOK 2.8 billion). As a result of the incorporation of a magnetite iron concentrate by-product, the NPV now exceeds US\$ 800 million, using conservative estimates of future prices of nickel and iron ore. A further benefit is a reduction of 25% in the cash operating cost per tonne of nickel produced. The impact of the substantial contribution of the magnetite iron concentrate is a reduction of the overall risk of the project, both financially and operationally. This breakthrough for NMR provides a strong foundation for sustainable and viable commercialisation of nickel and magnetite iron concentrate products from the Rönnebäcken project.

In the current challenging market situation, the Board of Directors of IGE is striving to do its utmost to secure and develop shareholder value for both the short and long-term. The Board is in discussions with potential industrial and financial partners for the Rönnebäcken project. The recent addition of the magnetite iron concentrate by-product increases the Board's conviction as to the project's potential, especially in light of the growing market awareness of the project and its merits. The Board is considering a number of different alternatives for advancing the project. The Board considers it important for the company to have flexibility with respect to future financing of the Rönnebäcken PFS. To this end, the Board is convinced that the best way forward is to request an authorization to issue shares with preferential rights for existing shareholders. If, and when, the Board decides to execute a rights issue it will be followed by a separate listing of the NMR shares on the Oslo Stock Exchange.

The Board believes that it is in best interest of current shareholders to complete the PFS and thereby capture the value (including further de-risking of the project), before a partner solution is found. The PFS is one of the most value-adding phases in the development of a mine project. This strategy has been confirmed through external feedback the Board has received in its discussions with potential partners within the industry. The comprehensively planned PFS is effectively structured with several milestones and checkpoints to avoid any unnecessary use of capital, time and resources.

In addition to the substantial value increase, cost reductions and the enlargement of scope of the Rönnbäcken project, extensive cost reductions and a restructuring program launched by the directors are now delivering results. Within the diamond portfolio, the Board has reduced and terminated costs and expenditures related to projects that are not considered economically viable. On-going activities are limited to the development of the remaining healthy projects in the diamond portfolio. The Board is planning to provide an update to the market with respect to the status and development plans of the diamond projects held in southern Africa.

With the exception of the day-to-day operational short-term obligations, IGE is virtually a debt-free company. In combination with a portfolio of substantial mineral resources, positioned at various stages of mineral project development, the Board considers that the Group's position and outlook have improved significantly and that the number of available options for the future development of the Group has increased.

The Board of IGE is of the firm opinion that given the current challenging financial market, the preferential rights funding of the PFS for Nickel Mountain Resources should to be made through an equity issue in the Parent Company. The proposed authorization at the upcoming extra general meeting will expire at the next Annual General Meeting to be held the 30<sup>th</sup> of June 2012 at the latest. The maximum net proceeds from such a rights issue will not exceed US\$ 15 million. If a rights issue directed towards existing shareholders is decided and implemented, 90% of the net proceeds will be transferred to NMR as a shareholder's contribution. Subsequent to satisfactory funding of NMR, IGE will distribute its entire current holding of NMR shares to its shareholders in conjunction with the filing of a listing application to the Oslo Stock Exchange. The Board will reserve the right to decide usage of the proposed authorisation to issue shares when, and if, the Board finds it feasible and the best available option for the Group and its shareholders.

**For additional information, please contact:**

Thomas Carlsson  
CFO and acting CEO, IGE Resources AB  
Telephone +46 8 402 28 05 / +46 70 552 26 22  
E-mail [thomas.carlsson@ige.se](mailto:thomas.carlsson@ige.se)

***IGE Resources AB** (publ) is a Scandinavian company focusing on diamonds exploration and production in Southern Africa and the development of Scandinavia's largest nickel deposit. IGE is headquartered in Stockholm and its shares are listed on the Oslo Stock Exchange (ticker: IGE). Please refer to [www.ige.se](http://www.ige.se) for more detailed information.*