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## **Commissioning underway on IGE's Bakerville diamond mine**

**IGE Resources AB (OSE: IGE) today announced that commissioning of the initial plant at the Bakerville diamond mine in South Africa has commenced . Production capacity will be ramped up successively over the next 18 months, with full capacity expected in April 2013.**

The mining contractor for the mine, Frontier Mining Projects, has progressed rapidly with the start-up preparations. The contract mining agreement with Frontier was announced only six weeks ago. The processing capacity now being installed in Bakerville will primarily focus on material from the highly promising potholes (vertical geological structures) found on the Bakerville license.

As part of the most recent preparations, recovery tailings from the bulk sampling conducted three years ago on the surface deposits have been processed through the Bakerville x-ray machine. Diamonds averaging 0.24 carats/stone in size were recovered, indicating the potential for further grade upliftment from that originally indicated for the surface deposits.. Further announcements will be forthcoming as commissioning progresses.

A drilling program to delineate the known potholes was completed two months ago. A total of 25 holes were drilled up to a maximum depth of 48 meters, with a number of holes intersecting deep gravel deposits in cavities. Based on the drill results, two sites have been selected for initial exploitation which was scheduled to commence in January 2012 (under the agreement with Frontier), but is likely to be ahead of schedule. The pothole material will be processed at 120 tons per hour through a scrubber, a Dense Medium Separation plant and an X-ray flow-sorter located on the property.

In the next phase, further processing plants totalling 250,000 tons per month in capacity will be erected to treat surface deposits at an expected grade of three carats per hundred tons with one plant remaining dedicated to pothole processing (which have a potential for significantly higher grades) based on results from the first phase. Full capacity is scheduled for April 2013. At this treatment rate, revenue projections from the surface deposits alone stand at USD 3.75 million per month at a current average diamond price of USD 500 per carat.

The main attraction of the Bakerville project, however, is predicated on the surface deposits being potentially eclipsed by the production from the pothole structures. The business model is based on the surface mining reserve, while the mining and processing equipment being installed will monitor diamond grade spikes as ore is processed. Such an event will indicate the likely occurrence of pothole structures beneath which will then be excavated and treated separately. It is the Board's opinion that revenue predictions are conservative and the economics of the project may substantially improve once the initial potholes are exploited.

In parallel with the build-up of Bakerville, IGE is moving forward also with other assets in its diamond portfolio. During the past months, IGE has engaged in discussions with several parties interested in various forms of investment in its diamond projects, particularly those in the Democratic Republic of Congo (DRC). This interest, mainly from diamantaires interested in securing production, reflects the continuing robustness of the rough diamond market in spite of the global economic conditions. The Board's preference is to secure participation in future revenue streams through partnerships rather than outright disposal and hence consummation of such negotiations is a time consuming process.

On the previous Angolan projects, IGE has entered into arrangements with an affiliated company of Asia Diamond Corporation (a group with various Diamond businesses in Asia) that may recuperate a portion of the value of the investments made, in the event that those projects are re-opened by others. Importantly, however, the agreements secure IGE from being exposed to any liabilities or overhead costs in Angola.

## **Background**

The Bakerville project, where a Mining Right has been issued to proceed with the exploitation of diamonds on the property, has a verified resource base of 454,000 carats and an additional potential resource of 579,000 carats. These resources are based on earlier exploration where only surface gravels with an average thickness of less than 50cm were evaluated by producing 2,031 carats of diamonds from surface trenches during 2008 and 2009. The diamonds were sold for USD 369.35 per carat at the time, but, since then there has been a sustained increase in rough diamond prices and a price of more than \$500 per carat can now be expected.

During the previous exploration campaign the surface gravels alone were tested and included into the resource base as these were relatively easy to quantify. Also present on the property are a number of pothole structures filled with potentially higher grade diamond deposits. These potholes are more difficult to quantify volumetrically and is the reason for not establishing resources on the potholes in the past. Since 1926 a number of potholes have been mined in the immediate vicinity of the Bakerville property, all of which had substantially higher grades than the surface gravel resource delineated on the Bakerville property.

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*IGE Resources AB (publ) is a Scandinavian asset management and development company within natural resources.  
IGE's portfolio currently consists of several diamond exploration and production assets in Southern Africa  
and Nickel Mountain Resources AB (publ) owning Scandinavia's largest nickel deposit.  
IGE is headquartered in Stockholm and its shares are listed on the Oslo Stock Exchange (ticker: IGE).  
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