

27 December, 2011

IGE's Bakerville diamond mine starts production

IGE Resources AB (OSE: IGE) today announced that the first phase of the Company's Bakerville diamond mine in South Africa has been successfully commissioned. The diamond treatment plant has consistently achieved an average throughput of 120 tons per hour of run-of-mine material for the past two weeks on 24 hours per day operations.

The first phase of mining and production at Bakerville is focussed on the potholes (vertical geological structures) identified on the license. The initial pothole material that has been process so far has proved to be diamondiferous which is very encouraging. The upper 3 meter layers mined thus far and excavations to date indicate the pothole extends further than previously established by the drilling program. Further results will be announced in Q1 2012, once sufficient material has been processed to establish representative grades and diamond values.

The geology of the initial pothole has been carefully examined during excavations to establish the likely gravel deposition characteristics. The results from the various stockpiles of different gravels will provide valuable indications for both prioritisation of run-of-mine (ROM) material in other potholes and for final metalurgical parameters for the construction of the phase 2 treatment plant.

Historically, the grades and diamond stone sizes in potholes in the area have been found to improve with depth. Mining in the pothole currently being excavated will not reach the deeper layers of the structure, which has indicated gravels in drillholes at 45 metres, until mid 2012.

Previous diamond recoveries from the mine site suggest that Bakerville diamonds will have a current average market value of approximately USD 500 per carat. Mining costs for the potholes are difficult to accurately estimate, mainly due to the diversity of the geological structures, necessitating flexible mining and processing methods. Current operational cost estimations range between 220-320 USD per carat in the initial phase, with a declining mining cost throughout the mine's life span. This is generally in line with other costs of alluvial operations in South Africa.

IGE currently holds 55 per cent (effectively) of the Bakerville mining license with 26 per cent being held by a Black Economic Empowerment company (BEE), as required by South African legislation. Local investors hold the remaining 19 per cent. The ownership structure of the Harts River diamond project in South Africa is identical.

An option for IGE to purchase the 19 per cent shareholdings in Bakerville and Harts River, bringing IGE's ownership in these two projects to 74 per cent, has been extended until end of September 2012. The option enables IGE to buy these Bakerville and Harts Rivers shares for a total consideration of USD 2.5 million.

IGE's cost cutting programme continues to provide reductions in the Company's operating costs. Most recently, IGE's office in Johannesburg has been closed down. The remaining members of IGE's South African diamond team will from January 2012 contribute on a consultancy basis.

Recent pictures from the Bakerville mine site are now available on IGE's web site www.ige.se.

For additional information, please contact:

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



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). Please refer to www.ige.se for more detailed information.