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## **Varyag Resources AB (publ)**

### **Russian Gravel Co goes into production**

The installation of the Metso Minerals crushing and sorting plant at OOO Belomorsky Karyer was completed in mid-March, and the plant has now gone into initial production, with full capacity expected to be reached by mid-April. The railhead at the Company's plant-site has now also received official approval for its exploitation, as of 20th March, from the North-West Directorate of the Federal Railways Agency, thus allowing the loading of finished product for delivery to customers by rail.

Since the start of the Belomorsky Karyer project an impressive amount of work has been achieved, with the full-development of the site from greenfield now completed; including the construction of all infrastructure on site (roads, railhead etc), clearing of forest and overburden from the quarry face, due observation of all related planning and licensing regulations and works, construction of the workers' campus (including offices, workers' canteen and bedrooms for workers), construction of the crushing and sorting plant foundations under very difficult conditions (the surrounding area is marsh-land) and installation of the plant itself.

Russian Gravel Co is the parent company to OOO Belomorsky Karyer, the licence holder for three large gabbro-diabase and granite deposits in Karelia in north-western Russia. The deposits amount to some 150 million m<sup>3</sup>.

Varyag's investment in the development and exploitation of the Belomorsk quarry sites will allow the company to achieve an annual production and sales volume of 1.7 million tonnes of aggregates. The portfolio company's management estimates that total operating costs will be slightly more than USD 5 per tonne (excluding depreciation) once the facility reaches full capacity of 140,000 tonnes per month. Varyag has invested around SEK 155 million and owns 92.7% of the shares in Russian Gravel Co.

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Varyag Resources is a private equity firm whose shares are traded on the First North list of Stockholm Stock Exchange. The business concept is to invest in, actively manage and dispose of investments mainly in unlisted companies in the natural resources sector in Russia and the Commonwealth of Independent States (CIS). Varyag Resources offers a unique investment opportunity for investors in the stock market. [www.varyag.se](http://www.varyag.se)