

Stockholm, 3 June 2008

Pressrelease

Varyag acquires forestry company in the Bogouchan region of Krasnoyarsk.

Varyag has entered into an agreement to acquire a Russian forestry company TSLKK. The total investment for Varyag, including follow-on investments, amounts to some RUB 129 million or SEK 32 million. The company is a holder of a license with 112,400 m3 yearly cutting rights, with 107,800 m3 of softwood, covering an area of 48,695 hectares. The composition of tree species is larch 50%, pine 25% and spruce 12%. Follow-on investments will be in harvesting and transport equipment with a capacity to harvest some 160,000 m3 per year. The balance will be harvested in areas where third parties sell "on the root timber". The investment is done on a 50/50 basis with Vostok Nafta and is part of the plan to develop a listable forestry and sawmilling company, RusForest.

The intention is to commence harvesting in 2009 and to supply the resulting sawlogs to the Bogouchanski sawmill which is expected to start sawmilling operations in the near future. As a result of this transaction ~45 % of Bogouchanski's total sawlog requirements will be met by supplies from TSLKK once it becomes fully operational, with the remaining sawlogs being purchased on the open market.

This transaction would bring RusForest's fully consolidated annual allowable cut to over 1.6 million m3. Varyag has a 50% interest in RusForest with the other 50% being owned by Vostok Nafta. RusForest is currently Russia's 6th largest forestry company by harvesting volumes according to data collated by lesprom.ru.

For further information please contact:

Torbjorn Gunnarsson, CEO of Varyag Resources AB, tel +46 70 486 17 18

or

Alex Williams, Investment Manager, tel +7 495 787 5872

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