

This press release may not be distributed to or within the United States of America, Canada, Japan, or Australia, directly or indirectly. This press release is not directed towards any person whose participation in the rights issue requires additional prospectus, registration or other measures than those required by Swedish law.

Stockholm, 5 November 2007

Varyag Resources carries out a rights issue of up to approximately SEK 200 million to enable further expansion

The board of Varyag Resources AB (publ) has resolved to propose a new share issue with preferential rights for the current shareholders, whereby two existing shares shall entitle the holder to subscribe for one new share in the company. The issue price is SEK 45 per share.

Varyag started its operations in August 2006. Since then, eight investments have been executed. Six investments have been made in the forestry sector in East Siberia where the holdings now are being consolidated into one portfolio company. Varyag indirectly owns about 40% of these significant assets which, on a consolidated basis, amount to annual allowable cutting rights of 1,449,000 m³ on a forest area of 723,664 hectares. Current sawmill capacity is about 140,000 m³ per year and investments are made to increase sawmill capacity to some 350,000 m³ per year by the end of 2008. To benefit from increased Russian investments in the infrastructure and construction sector one investment has been made in the aggregates and gravel sector. Furthermore, one investment has been made in the coal sector to take advantage of the fact that coal consumption is growing faster than oil consumption. China is becoming a net importer of coal and the deregulation of the Russian gas sector is expected to be a major value driver for the coal sector.

Varyag Resources has carried out numerous important investments within the forestry, aggregates and coal sectors and the company's portfolio is currently nearly fully-invested. The board believes that current portfolio companies have strong growth potential. The goal is to achieve sufficient scale either to list the portfolio companies or to sell the portfolio companies to an industrial or financial investor. However, this requires a strengthening of Varyag Resources' financial resources for the purpose of making necessary investments. The company now wishes to raise more capital in order to be able to carry out the additional investments identified. The Board believes that the return that may be obtained through such investments is compelling.

Accordingly, the rationale for the share issue is to enable continued investments and acquisitions for the development of the company's investment strategy.

The proposal on a new share issue means that the company's share capital will be increased with a maximum of SEK 44,344,000 through an issue of a maximum of 4,434,400 new shares. Fully subscribed, the rights issue will provide the company with a maximum of SEK 199,548,000 before issue costs. The board has resolved to convene a shareholders' meeting to be held on 21 November 2007 to resolve on the rights issue.

Terms and conditions in brief:

- One existing share entitles the holder to one subscription right. Two subscription rights entitle to subscription for one new share in the company.

PRESSRELEASE

- Subscription shall take place during the period 3 – 17 December 2007, through cash payment.
- The issue price is SEK 45 per share.

Timetable in brief:

- The extraordinary shareholders' meeting will be held on 21 November 2007.
- Last day of trading in the Varyag share with right to participate in the share issue is 23 November 2007.
- The record day for participation in the share issue is 28 November 2007.
- The prospectus concerning the share issue is estimated to be made public on or about 30 November 2007.
- Subscription of new shares will take place during the period 3 – 17 December 2007.
- Trading in subscription rights will take place during the period 3 – 12 December 2007.

For further information, please contact:

Torbjörn Gunnarsson, CEO, Tel +46 704 86 17 18

or

Nadja Borisova, CFO, Tel +46 703 88 72 78

Varyag Resources is a private equity investor whose shares are traded on First North, the OMX Nordic Exchange Stockholm. 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

This press release may not be distributed to or within the United States of America, Canada, Japan, or Australia, directly or indirectly. This press release is not directed towards any person whose participation in the rights issue requires additional prospectus, registration or other measures than those required by Swedish law.