



PRESS RELEASE

RusForest Provides Operations Update

October 29, 2013, Stockholm, Sweden – RusForest AB (publ) (“RusForest” or the “Company”) (NASDAQ OMX: RUSF), a Swedish forestry company with operations in Russia, announces preliminary Q3 2013 production and sales results for its core assets in Northwest Russia and Eastern Siberia.

RusForest sawlog harvesting increased 122% to 192,158 m³ in Q3 2013 compared to 86,287 m³ in Q2 2013.

RusForest sawnwood production increased 24% to 69,416 m³ in Q3 2013 compared to 55,670 m³ in Q2 2013.

Anton Bogdanov, the Company’s COO, commented, “We made significant progress with Magistralny in the third quarter, shipping almost three times the amount of sawnwood to Japan as in the second quarter. We continue to increase volumes to Japan at an average sales price more than 35% higher than the Company’s previous sales to the Middle East and North Africa.”

Northwest Russia

Arkhangelsk

Arkhangelsk harvesting produced 25,023 m³ of sawlogs in Q3 2013 compared to 27,612 m³ in Q2 2013. Lower volumes were a result of suspending harvesting operations in unprofitable forest areas.

The Arkhangelsk sawmill (LDK-3) produced 34,079 m³ of sawnwood in Q3 2013 compared to 28,635 m³ in Q2 2013.

As previously disclosed, RusForest is implementing a pellet mill project at the Company’s LDK-3 sawmill in Arkhangelsk. The wood pellet facility will have an annual capacity of up to 100,000 tons and will allow RusForest to monetize its sawmill by-products by exporting wood pellets to Europe.

The financing and construction of the pellet plant is currently on schedule with the foundation complete and equipment installation in progress. Photos are available on the Company’s website at <http://www.rusforest.com/ldk-3.html>. The Company expects the pellet plant to be operational during the first quarter of 2014.

Eastern Siberia

Boguchany

Boguchany harvesting produced 78,118 m³ of sawlogs in Q3 2013 compared to 37,259 m³ in Q2 2013.

The Boguchany sawmill produced 16,111 m³ of sawnwood in Q3 2013 compared to 14,386 m³ in Q2 2013.

To reduce losses in Boguchany, management was able to increase the average sawnwood price by 10% in September compared to July. Management also increased the average sawlog price for export by 34% in September compared to July.

Despite the recent improvements, long-term profitability at Boguchany remains challenging.

Magistralny

Magistralny harvesting produced 89,017 m³ of sawlogs in Q3 2013 compared to 21,416 m³ in Q2 2013. Harvesting in forest lease areas controlled by third parties in Q3 2013 reached 63,600 m³ (71% of total harvesting). Harvesting in third-party lease areas was increased in order to secure sawlogs suitable for Japanese production.

The Magistralny sawmill produced 19,226 m³ of sawnwood in Q3 2013 compared to 12,649 m³ in Q2 2013.

In Q3 2013, the Magistralny sawmill continued to increase deliveries to the higher value market in Japan. The share of Magistralny sawnwood sales going to Japan in Q3 2013 reached 62% compared to 27% in Q2 2013 and 11% in Q1 2013.

The average sawnwood price realization in Magistralny increased in Q3 2013 by 36% to US\$220/m³ compared to January 2013.

About RusForest AB

RusForest is a Swedish forestry company operating in Eastern Siberia and the Arkhangelsk region of Russia. The Company is listed on NASDAQ OMX Stockholm First North (ticker symbol "RUSF").

RusForest AB's Certified Adviser on First North is Pareto Securities AB.

For additional information, please visit the Company's website at www.rusforest.com or contact:

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