

PRESS RELEASE

RusForest Provides Update on Operations and Financial Position

RusForest AB (publ) (“RusForest” or the “Company”) (NASDAQ First North: RUSF), a Swedish forestry company with operations in Russia, announces preliminary Q3 2016 production and sales results for its Magistralny and Ust-Ilimsk units.

Management Comments

Both harvesting and sawmilling volumes increased in the Magistralny unit in Q3 2016, compared with the same period last year. Harvesting in Ust-Ilimsk developed well and a second harvesting complex was launched in Ust-Ilimsk in August. By the end of autumn 2016 we expect to reach full harvesting capacity in accordance with the business-plan. The pellet mill in Magistralny increased output in Q3 2016 compared with the previous quarter.

Optimization of the Company’s corporate structure continued in Q3 2016 with the previously reported sale of 53,400 m³ of non-core forest lease AAC in Ust-Ilimsk. Merger-consolidation of the Group’s Russian legal entities continued. Construction of a new and improved saw line in Magistralny is as reported currently being investigated.

Harvesting

In Q3 2016, RusForest harvested 109,618 m³ of logs, compared with 68,100 m³ in Q3 2015 (+61%), which included 31,224 m³ of own harvesting in Ust-Ilimsk. Harvesting operations in Magistralny increased by 15% in Q3 2016 to 78,394 m³. Harvested volumes in Magistralny for 9m 2016 increased by 3% compared with 9m 2015. The Company is planning to modernize part of the harvesting and hauling fleet in Magistralny in the short term to maintain and improve the level of harvesting.

Sawmilling

In Q3 2016, RusForest produced 23,356 m³ of sawnwood, compared with 22,912 m³ in Q3 2015 (+2%). Sawmilling volumes for 9m 2016 also increased by 2% compared with 9m 2015.

Wood pellets

In Q3 2016, RusForest produced 8,387 tonnes of pellets. For 9m 2016 RusForest produced 21,270 tonnes of pellets.

Sales

In Q3 2016 RusForest sold 19,844 m³ of sawnwood compared with 21,007 m³ in Q3 2015 (-5%). Due to still difficult situation on the North African market there were no RusForest's sales in Q3 2016 here (compared with 3,328 m³ in Q3 2015). Also the share of low-priced Central Asian market decreased from 24% in Q3 2015 to 11% in Q3 2016. Volumes from these two markets were partly redirected to China. The share of Chinese market in total sales increased from 9% in Q3 2015 to 41% in Q3 2016. The share of Japanese market in total sales remained stable - 46% in Q3 2016 compared with 45% in Q3 2015.

In Q3 2016 RusForest sold 21,231 m³ of sawlogs from Magistralny compared with 18,514 m³ in Q3 2015 (+15%). In Q3 2016 RusForest also delivered 14,287 m³ of sawlogs from own harvesting in Ust-Ilimsk to local market. In September there were first export sales of sawlogs from Ust-Ilimsk to Chinese market (139 m³).

A total of 7,696 tonnes of wood pellets were sold from Magistralny in Q3 2016.

Financial Position

At 30 September 2016 RusForest had a cash balance of approximately USD 14.1 million, of which approximately USD 2.5 million was held at the corporate level. At 30 September 2016, the Company had corporate debt of approximately USD 0.1 million from zero coupon bonds denominated in SEK and maturing in May 2018.

About RusForest AB (publ)

RusForest is a Swedish forestry company operating in Eastern Siberia. The Company controls long-term timber leases and utilizes these resources to produce a wide range of sawnwood products and wood pellets. RusForest is listed on NASDAQ First North (ticker "RUSF").

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

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