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Unique opportunity to invest in private equity in Russia **- Varyag Resources intends to be listed on June 22nd**

Varyag Resources AB (publ) was formed in order to provide a unique investment opportunity to gain exposure to unlisted companies primarily in the commodities sector in Russia and the Commonwealth of Independent States (CIS).

- The offering comprises not more than 20,000,000 shares and not less than 8,000,000 shares
- The price is SEK 50 per share
- The company will receive not more than SEK 1,000 million and not less than SEK 400 million before issue costs
- The offering may be increased through an over-allotment option with up to 3,000,000 shares corresponding to SEK 150 million before issue costs

Varyag Resources intends to apply for listing of its shares on the Stockholm Stock Exchange's newly launched First North list (formerly "Nya Marknaden"), with trading in the interim share expected to commence on June 22.

Varyag Resources offers:

- A unique opportunity for shareholders to gain exposure to unlisted companies in Russia and the CIS
- The potential for attractive value appreciation over time, as the private equity market in Russia and the CIS develops
- Access to an investment management team with extensive knowledge and experience in asset management, corporate finance and private equity in Russia

Background and reasons

Russia has enjoyed seven years of uninterrupted GDP growth and the growth rate is expected to continue at about 7 percent in 2006-2007. Russia has benefited from a period of strong commodity prices, the country is running sizeable fiscal and external surpluses. The country had accumulated over USD 200 billion in hard currency reserves at the beginning of the year, and a further USD 66 billion currently in the Stabilization Fund. Russia's equity and bond markets have developed strongly as the capital markets have reassessed the country's macroeconomic and political prospects.

The Board of directors believes that there are good opportunities to make profitable investments in unlisted companies in Russia and the CIS.

It is usually difficult for investors, especially individual investors, to invest in unlisted companies (otherwise known as private equity investments) where the risk may be considered to be high, but where the potential returns may also be high. Unlisted companies are generally in an early stage of development and lack the resources to manage relations with a large number of owners in a

professional manner.

Varyag Resources in brief

Varyag Resources' mission is to invest, actively manage and divest investments in unlisted companies active in the commodities sector in Russia and the CIS.

Varyag Resources AB is the group's parent company, and investments will be made and owned through a wholly owned subsidiary, Varyag Resources (Cyprus) Ltd. In order to receive counseling in connection to implementing the investment strategy, the Company has entered into a Management Agreement with Taiga Capital Ltd, the so called Management Company. Taiga Capital Ltd is owned by Aleksandr Williams who also is employed by the Management Company.

The overall objective is to provide shareholders with an adequate return by executing a clearly defined investment strategy. Varyag Resources' aim is to be the leading private equity firm in its niche in the Russian market.

Financial and operational objectives:

- To have invested the proceeds of the share issue in accordance with the investment strategy within 18-24 months of the Initial Public Offering.
- To primarily finance investments through shareholders' equity, although debt financing may be used to a limited extent over time.
- Exit investments within three to four years of an initial investment.

Investments will be made in companies operating in the commodities sector in Russia and the CIS. Companies will have a defined resource endowment, existing operations, strong management and good access to infrastructure. However, the company retains the option of investing in other sectors in the future if deemed positive for the shareholders.

Varyag Resources will aim to distribute capital gains generated from any single divestment to shareholders. Distributions will be in the form of dividends, redemptions or share repurchases.

The board of directors believes that Varyag Resources strategy and approach will provide shareholders with an attractive return relative to risk.

Investment process

All investments will be made based on proposals from the Management Company, Taiga Capital Ltd. Investment and divestment decisions will be made by Varyag Resources. Moreover, an independent investment advisory committee will provide insights and recommendations to Varyag Resources in respect of investment and divestment proposals prepared by the Management Company.

The role of the Management Company is to identify, manage, develop and eventually provide advice on divestments on behalf of the Group. The Management Company will utilize its extensive network of contacts in Russia and the CIS in order to identify and capitalize on potential investments in the sectors where the Group will be active.

Option agreement with Vostok Nafta

Aleksandr Williams was previously an employee of Vostok Nafta, where he focused on identifying and executing private equity investments in Russia and the CIS. Vostok Nafta has entered into agreements on acquisitions of shares and is in the process of acquiring shares in companies that are active in the commodities sector and with a profile that fits with Varyag Resources' investment strategy. These companies are referred to as the Portfolio Companies. The target companies were identified by Aleksandr Williams. Vostok Nafta has currently entered into agreement to acquire

shares in three of the Portfolio Companies, but is in the final stages of negotiation in respect to the acquisition of a further three Portfolio Companies.

Varyag Resources has the right to acquire 50 percent of Vostok Nafta's shareholding in the portfolio companies at their acquisition price, provided that the option is exercised by September 1, 2006. In return, the Group, if it is considered advantageous, may provide Vostok Nafta the opportunity to co-invest in future investments initiated by the Management Company.

Brief description of Portfolio Companies

The following companies are covered by the option agreement, i.e., Varyag Resources has the right to acquire shares in these companies.

PIK-89. The company is one of the largest harvesting and sawmilling operations in Siberia and is a lessee under 5 forest leases that covers an area of 345,000 hectares. These leases allows the company to harvest 629,000 m³ of roundwood per year. The company additionally operates a finger joint/gluelam factory making products. PIK-89 will serve as a platform for future acquisitions in the forest products industry. Practically all of the company's forest products are exported to China, Japan and the Middle East.

Tuba-Les. Tuba-Les is a harvesting and sawmilling company with four forest leases that covers an area 120,000 hectares in Siberia. These leases allows the company to harvest 242,000 m³, of which 70 per cent is softwood. Similar operations and a location close to PIK-89 provides an attractive consolidation opportunity.

Trans-Nafta. Russia's leading independent gas trader, with headquarters in Moscow. The company owns three gas/condensate fields located in Southern Russia and are mainly focused on serving the domestic market. Total trading volume in 2005 were 2,5 bln. m³.

Iskra. Good exposure to Russia's as yet unlisted coal sector. The company has major expansion opportunities due to the fact that its is producing coal and exploring for coal in a largely undeveloped coal basin. The company has the right to produce coal from an area with reserves and resources of 10 million tons.

Russkaya Gornaya Kompaniya. Includes interests in three aggregate related projects ideally situated in North-West Russia with roads, railroads and a canal in it's proximity. Demand for gravel is expected to expand dramatically as Russia overhauls its road and rail infrastructure, the company will be a key beneficiary of the increased demand for gravel.

Offer to acquire shares in Varyag Resources

Varyag Resources intends to list its shares for trading on the newly launched First North from June 22, 2006 (Interim shares), provided that the share spread and free float requirement is met. The Board intends to apply for a listing on the Stockholm Stock Exchange's O-list at a later stage.

- The offering comprises not more than 20,000,000 shares and not less than 8,000,000 shares
- The offering may be increased through an over-allotment option with up to 3,000,000 shares
- The price is SEK 50 per share
- The company will receive not more than SEK 1,000 million and not less than SEK 400 million before issue costs
- A trading lot consists of 100 shares
- No commissions will be charged

The advisor and Lead Manager of the offering is HQ Bank. Alfa Bank is Senior Co-Manager, with Avanza as Co-manager of the offering.

Varyag Resources has issued an over-allotment option to HQ Bank. The option requires the company, on HQ Bank's request and at the latest three days after the subscription period to issue up to 3,000,000 shares on the same terms as the offering to cover any over-allotment in connection with the offering. If the over-allotment option is fully exercised, Varyag Resources will receive additional proceeds of SEK 150 million.

The aim of the offering is to provide the company with the capital needed to implement its investment strategy.

Timetable

Acceptance period: May 29 - June 13, 2006

Estimated announcement date of the outcome of the offering: June 16, 2006

Payment: Cash, not later than June 21, 2006

Estimated first day of trading for the interim share on First North: June 22, 2006

The prospectus can be downloaded at www.varyag.se, www.hq.se and www.avanza.se

Subscription to shares in the offering is done in accordance with the instructions in the prospectus.

A press conference will be held at 10:30 a.m. (CET)

Location: HQ Bank AB, Norrlandsgatan 15 D, Stockholm

Varyag Resources is a private equity company that aim to be listed on the Stockholm Stock Exchange. Overall objective is to provide shareholders with an attractive return by investing, actively manage and divest investments in unlisted companies, primarily in the natural resources sector in Russia and the CIS. Varyag offers a unique investment opportunity for all stock market participants.