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Stockholm, June 15, 2006

Varyag Resources extends application period to July 27

The Offering to subscribe for shares in Varyag Resources AB - a unique opportunity to invest in unlisted shares of Russian natural resource related companies - attracted great interest during the road show the Company held recently. However, the Offering has coincided with weaknesses in the financial markets on a global basis, especially emerging markets and the commodities sector.

Against this backdrop and in order to offer all investors the opportunity to take a well-founded position on the Offering to subscribe for shares in Varyag Resources AB, the Board of Directors has decided to extend the application period.

- The application period has been extended to July 27, 2006.
- The Company retains the right to advance the last acceptance day to an earlier date. If it does so, it will be announced through a press release not later than three business days before that date.
- Those who have submitted applications to subscribe for shares during the original application period ended June 13, 2006 have the right to withdraw such application. Those who have submitted applications to subscribe for shares in Varyag Resources AB and still wish to accept the offer need take no further action.
- The estimated date to announce the outcome of the Offering is August 1, 2006¹
- The estimated payment day is around August 4, 2006¹
- The estimated first day for trading in BTAs on First North is August 7, 2006¹
- The estimated last day for trading in BTA is August 25, 2006¹
- The estimated first day for trading in shares on First North is August 28, 2006¹

"Varyag Resources has a long-term investment strategy. The difference in valuations between unlisted and listed companies in Russia still remains, despite the recent decline in share prices. We anticipate good potential in relation to risk in the years ahead. This assessment has not been affected by recent turbulence in the financial markets," says Varyag Resources President Torbjörn Gunnarsson.

¹ The date might be advanced if the company decides to advance the last day for application.

Background to extended application period

Varyag Resources AB ("Company") offers a unique opportunity to invest long-term in unlisted Russian companies in the commodities sector.

The Offering to subscribe for shares in the Company attracted great interest during the road show the Company held in and outside Sweden in May and June. However, the Offering has coincided with weakness in the financial markets on a global basis, especially emerging markets and the commodities sector. As a result, potential investors have chosen to focus on their existing portfolios and short-term trends rather than new investment opportunities.

Against this backdrop and in order to offer all investors the opportunity to take a well-founded position on the Offering to subscribe for shares in Varyag Resources AB ("the Company"), the Board of Directors has decided to extend the application period to July 27, 2006. However, the Board of Directors retains the right to advance the last acceptance day to an earlier date. A rescheduling will be announced through a press release no later than three business days before that date.

As was the case during the original application period, the extended Offering ("the Offering") comprises not more than 20 million shares and not less than 8 million shares. The price of the new shares will be SEK 50 per share. The new issue will provide the Company with proceeds of not more than SEK 1,000 million and not less than SEK 400 million. Moreover, the Company, at HQ Bank AB's ("HQ Bank") request, may issue up to an additional 3 million shares, corresponding to not more than SEK 150 million, to cover any oversubscriptions ("the Oversubscription option").

Conditions for the Offering and its extension

The Offerings extent

The scope of the Offering depends on the interest shown by individual and institutional investors to acquire shares in the Company. The Offering comprises not less than 8,000,000 shares and not more than 20,000,000 shares. The Offering may comprise an additional 3,000,000 shares if the Oversubscription option is exercised.

Applications and application period

The application period extends through July 27, 2006. However, the Board of Directors can decide to shorten or extend the application period as well as the last payment day. An earlier date would be preceded by a press release no later than three business days before the new expiration day for applications. Applications to acquire shares as part of the Offering are being accepted for two (2) or more round lots of 100 shares. The lowest number of allotted shares is 200.

Withdrawal of previous acceptance

Applications submitted during the original application period, May 29, 2006 to June 13, 2006, may be withdrawn. Applications that are not withdrawn will be considered binding. Withdrawals must be received not later than five (5) business days after the release of the supplementary prospectus that is being prepared (see below). Withdrawals can be submitted in writing to the issuing bank to which the original acceptance was submitted, in accordance with the more detailed instructions that will be presented in the additional prospectus. As soon as the additional prospectus is made official the Company will announce this in a press release, which also will include the last day for withdrawal of applications.

Those who have submitted applications to subscribe for shares in the Company and still wish to

accept the offer need take no further action.

Payment

Allotted shares must be fully paid in cash in accordance with the instructions on the settlement notice, that is expected be around August 4, 2006. However, the Company may decide to shorten or extend the last day for payment. For the application period to be brought forward, a decision needs to be made by the Company to advance the last application day, which in the existing case will be announced in a press release no later than 3 trading days before the last application day. If full payment is not received on the date stated on the settlement notice, the allotted shares may be transferred or sold to others who have expressed their interest or suitable persons named by the Company. If shares are transferred at a lower price than the subscription price, the original recipient of the allocation will be responsible for the difference.

Trading in interim shares and receipt of shares

Trading in BTAs (interim shares) will take place on Stockholmsbörsen's First North list during the period August 7, 2006 to around August 25, 2006, when trading in BTAs concludes. Around September 1, 2006 the BTAs will be withdrawn and shares will be deposited in each investor's VP account without notification from VPC (Swedish Central Securities Depository). Around August 28, 2006 the Company's shares will be traded on First North. If the Board of Directors decides to advance the last acceptance day, the dates mentioned above may change.

Conditions for the Offering

The Offer is conditioned by an extraordinary general meeting in the Company, in accordance with the application periods expiry, which decides on a new share issue in the Offer and possible changes of the Articles of Associations required in such an issue. The Company retains the right to withdraw the Offering if fewer than 8,000,000 shares are subscribed. Moreover, the Company retains the right to advance the last acceptance day and last payment day as well as extend the application period and postpone the last payment day. Another condition of the Offering is that its implementation or a successful market introduction, in the Company's judgment, is not significantly hindered by laws, court rulings or other circumstances beyond the Company's control, such as a marked deterioration in market conditions in Sweden, Russia or other countries.

Tentative timetable¹⁾

Application period	through July 27, 2006
Estimated date of announcement of outcome of Offering	August 1, 2006
Payment	around August 4, 2006
Estimated first day for trading in BTAs on First North	August 7, 2006
Estimated last day for trading in BTAs on First North	August 25, 2006
Estimated first day for trading in the Company's shares on First North	August 28, 2006

¹⁾ All the above dates may change if the Company decides to advance the last application day.

Supplementary prospectus

Due to changing circumstances, the Company will release a supplementary prospectus to the previously released prospectus dated May 18, 2006. The supplementary prospectus will be released after approval and registration by the Financial Supervisory Authority and will then be available on the Company's website (www.varyag.se), HQ Bank's website (www.hq.se) and Avanza's website (www.avanza.se). As soon as the additional prospectus is made official, the Company will announce

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this in a press release.

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Varyag Resources is a private equity firm whose shares will be traded on the First North list of Stockholmsbörsen. The Company's overall objective is to provide shareholders with a good total return. Its business concept is to invest in, actively manage and dispose of investments mainly in unlisted companies in the commodities sector in Russia and the Commonwealth of Independent States (CIS). Varyag Resources offers a unique investment opportunity for investors in the stock market.