

Stockholm, Sweden June 29, 2006

Publication of supplement to prospectus regarding an invitation to subscribe for shares in Varyag Resources AB

As of today's date, June 29, 2006, Varyag Resources AB ("the Company") has published a supplement to its prospectus regarding an invitation to subscribe for shares in Varyag Resources AB ("the Supplementary Prospectus"). The Supplementary Prospectus has been prepared as a consequence of a decision by the Board of Directors of Varyag Resources AB to extend the application period of the Offering to subscribe for shares in the company until July 27, 2006 inclusive.¹

Like the previously published prospectus "Invitation to subscribe for shares in Varyag Resources AB" of 18 May 2006, the Supplementary Prospectus has been approved and registered by the Swedish Financial Supervisory Authority. Accordingly, the prospectus regarding the invitation to subscribe for shares in Varyag Resources AB comprises two parts, the supplementary prospectus and the previously published prospectus, of 18 May 2006. Thus, these two parts should be read together. Both documents are available from the company's Website (www.varyag.se), HQ Bank's Website (www.hq.se) and Avanza's Website (www.avanza.se). Hard copies of these documents are also available to order by telephone on: +46 (0)8 700 0099.

Applications submitted before the publication of the Supplementary Prospectus may be withdrawn until July 7, 2006 inclusive, pursuant to the *terms and conditions* of the Supplementary Prospectus. Applications that are not withdrawn remain binding. Parties that have applied to subscribe for shares in the company, and wish to retain the applications they have submitted, do not need to take any action due to the extension of the Offering.

The Offering encompasses a new issue of a maximum of 20 million shares and a minimum of 8 million shares. The price of the new shares is SEK 50 per share, implying that the new issue will raise the company a maximum of SEK 1,000 m and a minimum of SEK 400 m. Additionally, the Company may raise an additional SEK 150 m, equivalent to 3 million shares, by exercising an excess allocation option.

¹ The Company retains the right to bring forward or delay both the closing date for applications and the final date for payment. This means that the stated date may be brought forward or delayed if the company decides that this should occur. If the date is brought forward, this will be announced through a press release by no later than three trading days before the brought-forward closing date for applications.