

PRESSRELEASE

Stockholm, 6 November 2007

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2007

Third quarter

- Increased exposure to coal project Unal
- Transfer of forestry companies to RusForest

After period end

- Announcement of Russian Timber Group (owned by Hambro Family) IPO on AIM. The first listed Russian forestry company
- New issue to finance investments and acquisitions

OPERATIONS

Varyag has during Q3 increased its investment in coal project Unal. The mine's fixed assets were auctioned off in early August 2007 as part of the company's bankruptcy procedure. The assets were acquired by OOO Abankanskaya Gornaya Kompanaya (AGK), a company jointly owned by Varyag and Trans-Nafta. AGK has now submitted the documentation required to re-register these fixed assets and AGK is expecting to receive ownership certificates for the fixed assets in the near future. The completion of this process will allow AGK to apply for Unal's coal mining license, which covers 49.9 million tonnes of coal reserves under the Russian reserve classification system. Unal's license is expected to be reissued in AGK's name in line with the provisions of the Law on Natural Resources. Whilst the re-registration process is underway Varyag have continued to invest capital to re-establish production at the mine, with a view to building up to production of 1 million tonnes per year (after stage 2 investment). However, Varyag intends to proceed slowly with stage 2 until such time as both the fixed assets are re-registered and the mining license is re-issued.

During the period, Varyag has made further progress in consolidating our forestry holdings and the first three companies that were acquired (PIK-89, Tuba-Les and Tublesprom) have been contributed to a newly created holding company (RusForest Limited), which is jointly owned with Vostok Nafta Investment. This process will be extended to include all of our forestry assets pending completion of certain regulatory formalities.

A significant event for Russian forestry has been the recent announcement that the Russian Timber Group (owned by the Hambro family) intends to complete an IPO on London's AIM market in November 2007. The Management Company expects this transaction to provide a benchmark for Russian forestry assets going forward. Russian Timber Group's forestry assets are further East than Varyag's assets, and the fully consolidated annual allowable cut (AAC) of Varyag's Portfolio Companies is slightly under one half of Russian Timber Group's. The Portfolio Companies' fully consolidated sawnwood output for 2007 of some 140,000 m³ is 75% of Russian Timber Group's reported sawnwood output of 185,000 m³.

Varyag is moving ahead with legal consolidation and the introduction of financial transparency at all portfolio companies. Management reporting procedures have been introduced at all reporting companies, and Russian Gravel Co. PIK-89 and Tuba-Les have appointed the internationally recognised accountancy firm Moore Stephens to commence work on the preparation of IFRS accounts.

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Investments

The table below provides a summary of Varyag's investments and commitments as at 30th September 2007. The summary takes into account payments which we expect to receive from our co-investment partners in the forestry and coal sectors. In addition, the table shows the legally-binding capital commitments that we have made. In some cases not all of these capital commitments have been fully disbursed, and for this reason the figures below will not exactly match cash invested as shown in the Company's balance sheet. The table does however provide an accurate view of Varyag's exposure to the various projects. Based on the data below we were about 80% invested/committed as at the end of September 2007, including amounts required to be retained to cover operating costs.

Varyag Investment Portfolio Summary						
Company	Sector	Funding provided	Equity ownership	Net exposure ¹⁾		% of shareholders equity
				SEK mln ²⁾	USD mln	
RusForest Limited	Forestry	Equity	50%	76,5	10,9	
Tuba-Les	Forestry	Loan	40%	4,9	0,7	
Tublesprom	Forestry	Loan	40%	0,5	0,1	
Bogouchanski LPK	Forestry	Equity	50%	49,9	7,1	
Lesprom	Forestry	Equity	50%	10,5	1,5	
Nebelsky LPH	Forestry	Equity	25%	33,5	4,8	
PIK Filial No.2 ³⁾	Forestry	Equity	25%	3,2	0,4	
Total forestry sector				178,9	25,5	44,5%
Russian Gravel Company	Aggregates	Equity plus convertible loan	81% (post conversion)	74,9	10,7	
Total for aggregate sector				74,9	10,7	18,6%
Unal - Step 1	Coal	Equity plus loan	50%	20,2	2,9	
Unal - Step 2	Coal	Equity plus loan	50%	33,3	4,8	
Total coal sector				53,4	7,6	13,3%
Total investments plus binding commitments				307,3	43,9	76,4%
Varyag's shareholders' equity per September 2007, mSEK				402,0		

Notes:

1) Net exposure is defined as capital commitment, net of any funding which will be received from co-investors (Vostok Nafta in the forestry sector and Trans-Nafta in the coal sector) and repayment of bridge loans provided to the portfolio companies

2) All USD amounts quoted for illustrative purposes only, at a fixed rate of SEK/USD of 7.0

3) PIK Filial No.2 is a rail terminal and forms a part of PIK-Group

Sector Developments

Developments remain healthy across all sectors, with thermal coal prices hitting all time highs and Russian gravel prices moving inexorably higher. However, the recent strong rally in the price of forest products has reached a peak for the near-term and there were signs of softness during summer 2007.

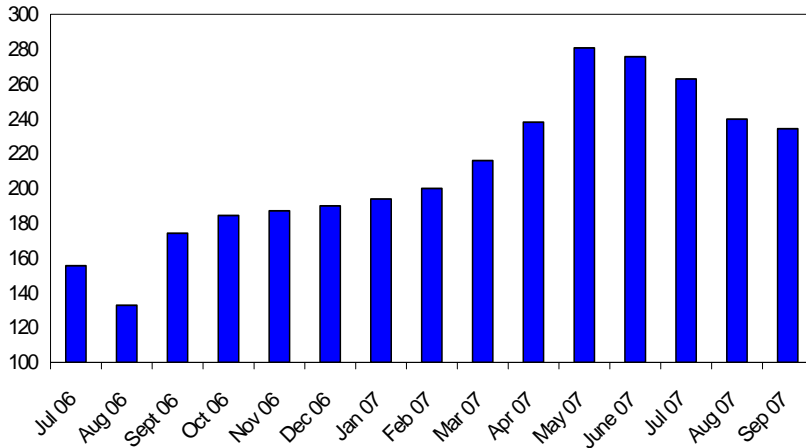
Forestry Sector

Notwithstanding the recent weakness in forest product prices they are still well above the levels that we expected when entering the sector, and net profits for 2007 are still likely to be higher than initially

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projected. It should also be noted that newly-negotiated sales contracts for November and December at the PIK-2005 trading house figure a sales price increase of USD 20-30 per m³ of sawnwood.

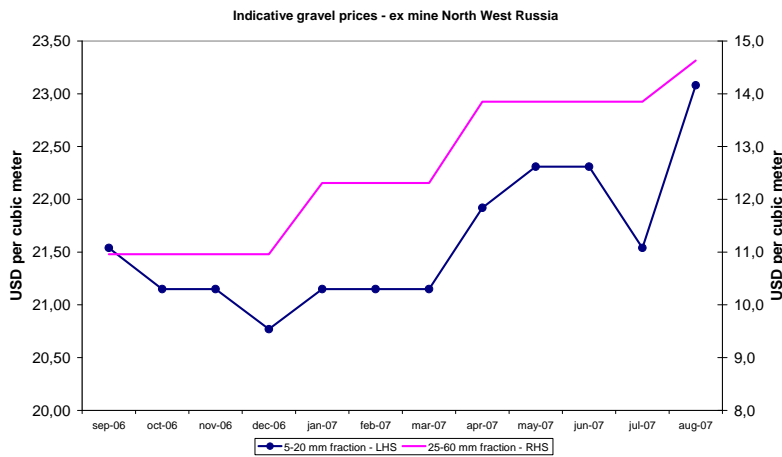
Sawnwood prices Ust-Ilimsk works export price (less railroad charge), USD/m³, 06 - 07



Source: PIK-2005 company

Aggregates Sector

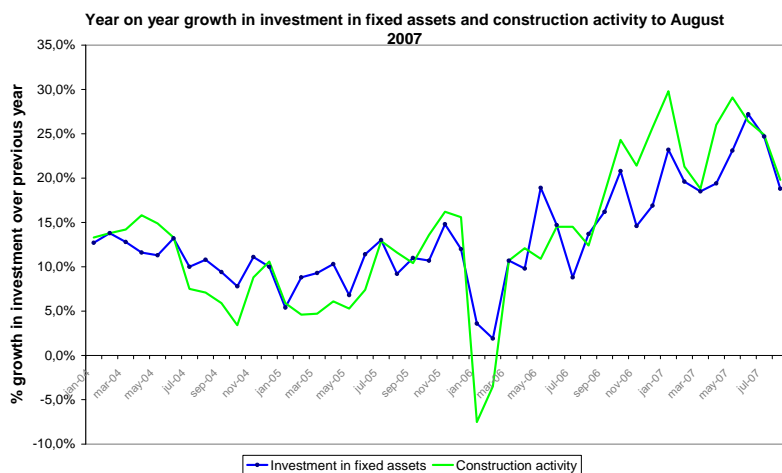
The strong market for gabbro-diabase aggregates continues in Russia, with prices rising nearly a dollar per m³ to 14.62 for the market-indicative 25-60mm fraction since the end of H1-07, and 33% since year-end 2006.



Source: OOO Belomorskiy Karier average bid prices

Incremental demand for gravel is being driven by rapid expansion in the construction market, which continues to register growth in excess of 20%. Aggregate is a key input into concrete, which comprises some 80% gravel. Further, the Russian government continues to acknowledge the need for significant investment into Russia's poor road network, and this prospect will become increasingly realistic in the run up to the presidential election in 2008.

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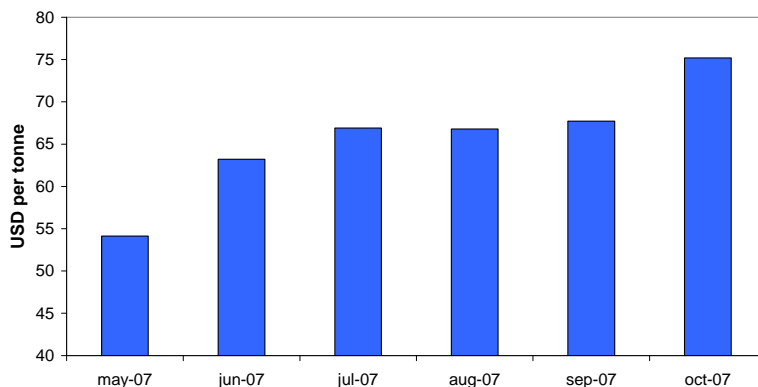


Coal Sector

Coal prices have also been strong recently, as the realisation that China is likely to become a net importer of coal in the near future begins to take hold. According to Varyag's Investment Manager, figures for the first nine months of 2007 show that Chinese coal exports fell to 38.01 million tonnes, whilst imports increased by 47.6% to 38.61 million making China a marginal net importer over the first nine months of 2007.

As China moves towards being a steady net importer, the seaborne thermal coal market is likely to get increasingly tight; specifically thermal coal prices hit a record high of USD 76 per tonne in October of this yearⁱ.

NEWC - thermal coal index



NEWC - thermal coal index for Newcastle Australia, fob trade weighted index - www.globalcoal.com

Developments at portfolio companies

Developments at the Portfolio Companies have generally been positive during the quarter. The management company is now focusing on improving financial and legal transparency at the Portfolio Companies.

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Forestry

RusForest

Following a number of acquisitions, the focus will now be on consolidating the portfolio companies and creating proper legal and financial transparency. The table below summarises the physical forest holdings of the portfolio companies on a gross and net basis.

Summary of forest holdings

Company	Annual allowable cut (AAC) (gross)	Forest area (gross)	Varyag net equity entitlement	Annual allowable cut - net to Varyag	Forest area - net to Varyag
	m3	hectares	%	m3	hectares
PIK-89	629 000	345 150	40%	251 600	138 060
Tuba-Les	318 000	187 722	40%	127 200	75 089
Tublesprom	139 000	70 038	40%	55 600	28 015
Lesprom	117 000	30 988	50%	58 500	15 494
Nebelsky LPH	246 000	89 766	25%	61 500	22 442
Bouguchanski	-	-	38%	-	-
Total	1 449 000	723 664		554 400	279 100

On a gross basis, the forestry companies have a fairly significant annual allowable cut of more than 1.4 million m³, thus giving the consolidated company a reasonable degree of scale. The intention is to consolidate all forestry holdings owned by Varyag and Vostok Nafta Investment Limited into a single holding company, RusForest Limited. This process is under way for our holdings in PIK-89, Tuba-Les and Tublesprom, and will be completed as soon as certain regulatory approvals are received. As a second step all remaining forestry assets will be contributed to RusForest Limited, and Varyag expect to complete this process towards the end of 2007.

The table below provides a summary of business targets for 2007 for all of the portfolio companies. The targets are based on data and estimates provided by the management teams of the Portfolio Companies. Based on the unconsolidated Russian financial statements for H1-2007 Varyag's Investment Manager believes that the companies are on track for 2007, with the exception of Tuba-Les as discussed below. By the end of 2008, the sawmills at Bogouchanski and Nebelsky LPH are expected to be fully operational and this would add some 200,000 m³ of sawmilling capacity by the end of next year.

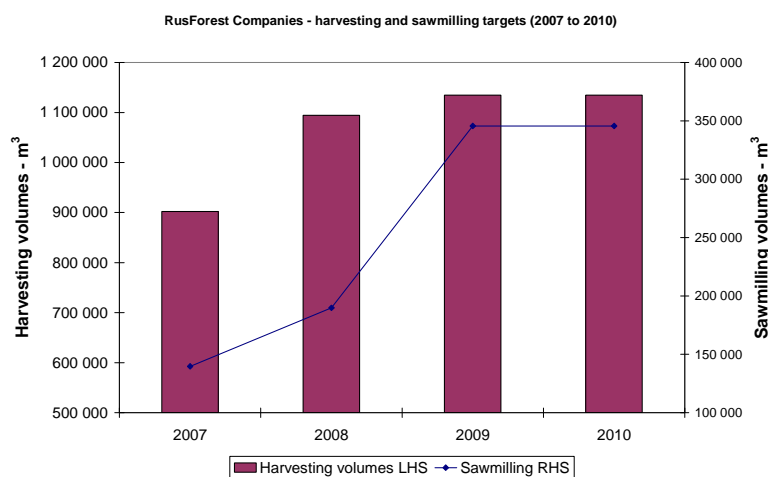
Summary business plan indicators for 2007

	PIK-89 2007e	Tuba-Les & Tublesprom 2007e	Tub- lesprom 2007e	Lesprom 2007e	Nebelsky LPH 2007e	Bouguchanski (production begins in 2008)	100% Fully consolidated forestry assets
RusForest ownership interest	80%	80%	80%	100%	50%	100%	
Annual Allowable Cut (AAC) m ³	629 000	318 000	139 000	117 000	246 000	-	1 449 000
Utilised AAC m ³	406 400	293 168		65 000	202 000	-	966 568
Utilisation of AAC - %	64,6%	64,2%		55,6%	82,1%	-	66,7%
Sawnwood volumes m ³	94 452	26 000		6 975	12 250	-	139 677
Forest area Hectares	345 150	187 722	70 038	30 988	89 766	-	723 664
Revenue (e) USD mln	30,2	10,2		3,4	10,6	0,0	54,5

The intention is to steadily increase the utilisation of the consolidated group's annual allowable cut up to around 78% by 2010 from the current level of 67%, through the acquisition of harvesting and

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forest transport equipment. Furthermore, and as described above, both Nebelsky LPH and Bogouchanski LPK (Viking) are in the process of starting construction of sawmills with a target capacity of 100,000 m³ of sawnwood each. The management of Bogouchanski LPK expect their sawmill to be fully operational by October 2008 and the management of Nebelsky LPH expect their sawmill to begin production in November 2008, with full operations by January 2009. Varyag is also evaluating the possibility of expanding sawmilling capacity at PIK-89 through a process of de-bottlenecking, and whilst no decision has been made on this investment at this stage, we understand that there is potential to increase sawmilling capacity by a further 50,000m³.



PIK-89

At the PIK-89 group of companies progress remains strong, with strong positive cash flows, and although the sales price for export sawnwood has continued to dip, it still remains well above the price at entry. During Q3-07 prices for all other sawn and roundwood products rose from the previous period, and are now all above entry-point values. Likewise volumes of sawnwood exceeded plan over Q3-07, with receipts from sawnwood sales over the period January-September exceeding plan by almost USD 2.6 million. Meanwhile all other products were produced at levels in line with plan, with all expected to rise during the highly productive Winter harvesting season, with a subsequent positive impact on cash flows.

PIK-89 financial and operating highlights H1-07

Item	Unit	H1-07
Sawnwood prices - export markets	RUB per m ³	5 738
Harvesting volumes	m ³	166 889
Sawnwood volumes	m ³	48 814
Pulpwood + chips volumes	m ³	81 690
Revenue	USD mln	15,0
Net profit	USD mln	1,2
Net margin	%	8%

Source: PIK-89 management accounts - unaudited

One disappointment has been in low harvesting volumes as a result of the fact that two of PIK-89's largest contractors decided that the price offered for harvesting services was too low at the beginning of this year. The management expects to recover this situation following the acquisition of a

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significant amount of harvesting equipment during H1-07, which will be delivered and used for the 2007/08 winter harvesting season.

Varyag's Investment Manager is now finalising the development plan for the PIK-89 group, with investments planned in order to increase sawnwood production up to 150,000m³ of kiln dried sawnwood per year, through the introduction of new drying rooms to handle increased capacity of sawnwood being processed, and also of new sorting lines for boards and logs.

Tuba-Les and Tubesprom

The situation at the companies has stabilised following the negative impact of log diameter problems on Summer harvesting volumes and subsequently on sawnwood output. However, some low level of working capital deficit has remained from these obstacles to productivity, and Varyag is planning to help finance the companies until they become cash-flow positive over the winter months. Efforts will be made to take advantage of highly prospective cutting areas in order to supply the sawmill with a steady supply of high-quality sawlogs, increasing output to planned capacity, and building up stocks for the Summer period next year. The company recorded revenue of USD 4,370 thousand for H1-2007 with a USD 141,000 loss under Russian accounting standards, although these losses will largely be offset by profits that were recorded at PIK trading house.

Whilst the H1-2007 results are clearly well below expectation, Tuba-Les still remains one of Varyag's best forestry assets, with an average transport distance between forest and sawmill of less than 50 km. Varyag expects that Tuba-Les should and will be profitable. The problems faced have related solely to poor management, rather than to the quality of the underlying asset. The company has signed a contract with Moore Stephens to begin the process of producing IFRS accounts.

OOO Bogouchanski LPK

The development programme is proceeding in line with plan and most of the outdoor work which needed to be completed by 1st October has been achieved. The management plan to continue installing equipment over winter inside the existing heated buildings. At this stage, the initial plan to commence sawnwood production around summer 2008 is on track, with a target expected output of 100,000m³ of kiln-dried sawnwood per year. The most important issue now is to obtain an investment loan in order to provide some debt funding to this project.

Several forestry companies have expressed an interest in cooperating with OOO Bogouchanski LPK as sawlog producers prepare for the introduction of prohibitive export duties in 2008 and 2009. Under these circumstances, OOO Bogouchanski LPK appears to be ideally well situated, with a significant log flow going effectively past the factory en route to the rail terminal at Karabula. Both the Federal and Regional governments have approved the extension of the railway line to the town of Bogouchan and building work has already commenced. The completion of this 40 kilometer line will greatly enhance Bogouchanski's infrastructure access.

OOO Lesprom and OOO Nebelsky LPH (Magistralny)

At our Magistralny assets, company management has finalised equipment negotiations for the sawmilling factory with Italian firm, Storti SPA. Contracts have been signed for sawmilling, sorting and drying lines, and also for buildings. The first payment under these contracts was made in September. All preparations for the laying of foundations and the construction of the sawmill have now been completed, and construction will start following the end of the Winter frosts in or around May 2008. At this stage it is expected that the sawmill will be operational by the end of 2008 with a capacity of 100,000 m³ of sawnwood output per year.

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At Lesprom leasing agreements for the purchase of a bulldozer and two new stem transport vehicles are being concluded. Otherwise harvesting at the two companies is proceeding in line with planned levels, and with both exceeding planned sawnwood export sales over the period.

Aggregates

Russian Gravel Company

Work continues on preparing the company for production, and as at 30th September 2007 essentially all infrastructure and support facilities were in place. The management have yet to receive permission from RAO Russian Railways to use the railway siding that has been built at the mine site. Varyag has agreed to extend our exposure to the project up to USD 10.7 million and authorised the purchase of equipment which will allow production capacity to increase to 1.7 million tonnes of sellable aggregates per year.

The expected production production figure gives the following weighted average revenue per tonne on an ex-mine basis (excluding VAT):

Fraction	Price ex-mine USD per m3 (net of VAT)	Volume – tonnes
25-60	10.4	476,000
5-20	21.2	1,000,000
Enriched waste	48,0	224,000
Weighted average	21.7	

Note: 1 m3 is approximately equal 1.4 tonnes

The management estimate that total operating costs will be some USD 5 per tonne (excluding depreciation) once the facility reaches full capacity of 140,000 tonnes per month, which is expected to be in H2 2008.

Part of this expansion was to be funded by approximately USD 4 million in lease financing, which has taken longer to secure than originally envisaged due to (among other things) the turmoil in the credit markets. This has resulted in a delay to the delivery of the Metso equipment, which is now not expected in Russia until the end of Q1-2008. The management are now actively pursuing an interim measure of renting a crushing and sorting plant during Q4-2007 until such time as the Metso equipment arrives, in order to allow some production to take place by the end of December 2007.

Coal

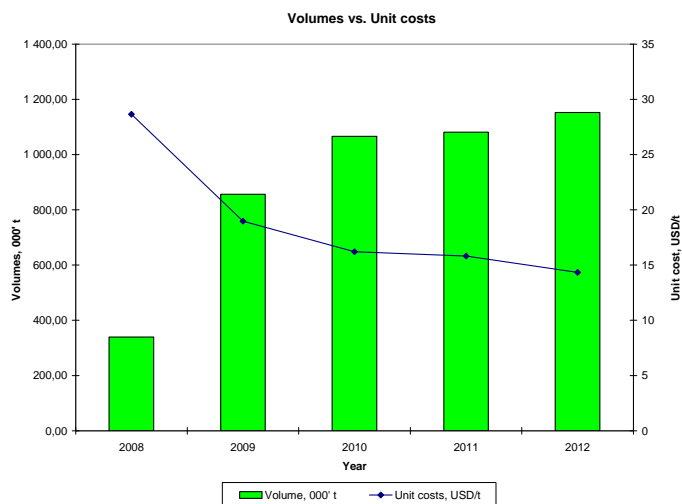
ZAO PFK Unal

Abakanskaya Gornaya Kompanaya (AGK), in which Varyag is a 50% shareholder, won the auction for the fixed assets of ZAO PFK Unal, and have now paid the auction price (RUB 44 million) and submitted the documentation required to re-register the fixed assets in the name of AGK. There are no formal obstacles preventing this re-registration. Varyag is however conscious of other creditors' attempts to block this re-registration and see that there is a potential risk that re-registration may be delayed.

The old Unal management team and most of the key staff have now been hired into AGK and underground work in preparation for winter is now proceeding. The company's business plan is finalized and there is a detailed work and investment programme. At this stage we are proceeding cautiously with the capital expenditure program until such time as Unal's fixed assets are properly re-registered. It appears that production can be restarted almost as soon as development funding is available, and the target remains to ultimately bring production back up to 1 million tones per year.

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The Management of AGK have indicated that assuming that the various legal issues can be satisfactorily resolved by the end of this year, production can commence in January 2008, with a target production volume of 0.34 million tonnes in 2008 moving up to the target of 1 million tonnes by 2010. Initially unit costs at the mine will be relatively high, dropping steadily as it moves toward full capacity. The management of AGK estimate that unit costs (including mining, washing, commercial costs and amortization and depreciation) will be some USD 29 per tonne, falling to some USD 14 per tonne in 2012, as shown in the graph below.



Under current market conditions AGK would be able to sell unsorted coal for USD 13 per tonne on an ex-mine basis (excluding VAT) and sorted for USD 24 per tonne. Ultimately the intention is to produce concentrate, the current price of which is USD 25 per tonne.

As mentioned in previous reports, the investment required to get the mine back into operation is some USD 20 million, of which AGK is expecting to raise USD 10.5 million in debt funding, leaving some USD 9.5 million to be funded by AGK's shareholders (USD 4.750 million net to Varyag). In order to enter this project, Varyag has spent some USD 2.9 million in step 1.

Other coal

The auction for a coal license that was cancelled for the third time in September was a disappointment. The management company has now identified other possible acquisitions that meet Varyag's investment criteria.

Outlook

Varyag's investment manager has identified a number of investment possibilities which meet Varyag's investment criteria in our chosen sectors of forestry, aggregates and coal. Varyag is confident in exploring these opportunities.

The outlook for the existing assets is strong, with a supportive external environment coupled with reasonable progress at the operating level. Comparable valuations seem to indicate that there is significant value potential in the Company's assets in the current environment.

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GROUP

In the consolidated balance sheet at 30 September 2007 and at 31 December 2006 (see page 21 and Note 9 in the Annual Report 2006), the associated companies are disclosed at acquisition value rather than in accordance with the equity method, because the portfolio companies' accounts have not yet been adapted to the requirements to which publicly listed companies are subject. Even majority owned companies are disclosed at acquisition value due to the same reason.

RESULTS

During the first half of 2006 no operations were conducted within the Group. Since the Group was formed during the second half of 2006, no comparative figures are provided for the period January-September 2007.

Operating loss

An operating loss of SEK 9.771 million was reported for the period of 1 January – 30 September 2007. Operating expenses relate primarily to management service expenses in Russia, amounting to SEK 8.268 million, and personnel costs of SEK 2.633 million during the period. The level of actual expenses is in line with that which was anticipated.

Financial items

Interest income during the period of January-September 2007 amounted to SEK 8.024 million and dividends from PIK Group net of 10% withhold tax in Russia were SEK 0.468 million. Unrealized exchange-rate losses amounted to SEK 3.865 million. Exchange-rate losses do not impact on cash flow for the period.

Tax and profit after tax

The Group has no reported tax expenses, due to loss carry-forwards from 2006, and losses after tax amounted to SEK 9.771 million for the first three quarters of the year. Tax assets related to the accrued loss carry-forwards have not been reported.

INVESTMENTS, FINANCING AND LIQUIDITY

Investments

Investments in associated companies amounted to SEK 224.344 million for the period of January - September, which mainly comprised acquisition costs and loans to associated companies. Acquisitions totalled approximately SEK 13 million in OOO Bogouchanski LPK, SEK 10 million in Lesprom, SEK 20 million in Nebelsky and SEK 20 million in Russian Gravel Company.

In May, a convertible loan for a total of USD 6.742 million (or SEK 46 million) was provided to Russian Gravel Co (Cyprus) Ltd in accordance with an agreement signed in November 2006. This convertible loan replaces lending to Belomorsky Karyer. In July this convertible loan was increased by an extra USD 1 million (about SEK 6.8 million) to secure a leasing contract.

Varyag has, together with one of our co-investors, Transnafta, set up a new company, OOO AGK, to acquire and develop the Unal project coal mine. The company is owned 50/50 by Varyag and Transnafta. Varyag has paid out RUB 2 million (about SEK 0.5 million) as initial share capital in OOO AGK. Total acquisition costs and loans net to Varyag for the Unal coal project amount to SEK 17 million up to the current date.

Loans to OOO Bogouchanski LPK amounted to RUB 69.5 million (about SEK 18 million) to finance an investment in sawmill equipment. This financing will be converted to equity through a new share issue.

Of the total amount of SEK 224.344 million expended, approximately SEK 77 million (RUB 290 million) pertains to loans for participation in an auction of coal assets. This amount also affects cash flow from changes in working capital. This auction was rescheduled in September, and the loan was repaid after the period end.

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Cash and cash equivalents

Cash and cash equivalents amounted to approximately SEK 78.715 million on the balance-sheet date.

During the period one of our co-investors, Vostok Nafta Investment, paid to Varyag approximately SEK 61 million due for co-investments in forestry companies.

EVENTS AFTER PERIOD END

Since the period end Varyag has paid out RUB 10.779 million (approximately SEK 3 million) to OOO AGK, a newly-formed company to which Unal's fixed assets will be re-registered following the Company's recent successful participation in the fixed asset auction. This represents the first payment in the development program of the coalmine.

The amount of RUB 290 million (SEK 77 million) paid out by Varyag as loans for participation in the auction of other coal assets was reimbursed in October.

New issue

The board of Varyag Resources AB (publ) has resolved to propose a new share issue with preferential rights for the current shareholders, whereby two existing shares shall entitle the holder to subscribe for one new share in the company. The issue price is SEK 45 per share.

Varyag Resources has carried out numerous important investments within the forestry, aggregates and coal sectors and the company's portfolio is currently nearly fully-invested. The board believes that current portfolio companies have strong growth potential. The goal is to achieve sufficient scale either to list the portfolio companies or to sell the portfolio companies to an industrial or financial investor. However, this requires a strengthening of Varyag Resources' financial resources for the purpose of making necessary investments. The company now wishes to raise more capital in order to be able to carry out the additional investments identified. The Board believes that the return that may be obtained through such investments is compelling.

Timetable in brief:

- The extraordinary shareholders' meeting will be held on 21 November 2007.
- Last day of trading in the Varyag share with right to participate in the share issue is 23 November 2007.
- The record day for participation in the share issue is 28 November 2007.
- The prospectus concerning the share issue is estimated to be made public on or about 30 November 2007.
- Subscription of new shares will take place during the period 3 – 17 December 2007.
- Trading in subscription rights will take place during the period 3 – 12 December 2007.

PARENT COMPANY JANUARY – SEPTEMBER 2007

Profit before taxes for the period amounted to SEK -3.572 million. The result includes unrealised exchange-rate losses of SEK 3.468 million, which did not affect cash flow during the period of January-September 2007.

The Parent Company's cash and cash equivalents amounted to SEK 23.198 million at the end of the period.

NOMINATION COMMITTEE

The Nomination Committee comprises Hans Hedström representing HQ Fonder, who is the convenor, Per Josefsson representing Zenit, Peter Lind representing AB Landå, and Sven Hirdman,

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Chairman of the Varyag Board. The Nomination Committee can be contacted via email info@varyag.se.

SHARE DATA

The Varyag share is listed on the First North list of the Stockholm Stock Exchange. Trading is conducted under the ticker designation VARY and a trading lot comprises 100 shares. The number of shares outstanding amounts to 8,868,800. The turnover rate for the share during the period of January - September year 2007 was approximately 40 per cent. The average daily turnover was 13,845 shares, corresponding to approximately SEK 830,000. The average spread between the bid and the ask price was 1.40 %. At the close of the period, the share price for Varyag Resources was SEK 60.75, and its market capitalisation was approximately SEK 540 million. The number of shareholders was approximately 1,300.

Major shareholders as of 30 June 2007 according to VPC

Shareholder	Number	Percentage
AB Landå	1 000 000	11,28
Staffan Rasjö	800 000	9,02
Fonden Zenit	600 000	6,77
HQ Rysslandsfond	394 900	4,45
Dunross & Co AB	380 000	4,28
CS SEC (Europé) Ltd	369 000	4,16
EFG Private Bank SA	280 000	3,16
JP Morgan Bank	210 200	2,37
Merlin	206 500	2,33
Perj Förvaltnings AB	200 000	2,26
Others	4 428 200	49,93
	8 868 800	100,00

Consolidated income statement

Amounts in SEK 000s	2007	2006
	1/1-30/09	1/1-31/12
Other operating revenues	661,743	71
Other external costs	-12 406	-6 968
Personnel costs	-2 633	-1 377
Depreciation	-21	-14
Operating loss	-14 398	-8 288
Income interest and dividends from associated companies	8 492	4 828
Exchange-rate changes	-3 865	-9 042
Profit/loss after financial items	-9 771	-12 502
Tax on loss for the period	-	-
Profit/loss for the period	-9 771	-12 502

PER SHARE DATA

	2007	2006
	30/09	31/12
Earnings, SEK	-1,10	-4,16
Shareholders' equity, SEK	45,32	46,57
Share price, SEK	60,75	57,25

NUMBER OF SHARES

	2007	2006
	1/1-30/09	1/1-31/12
Beginning of the period	8 868 800	1 000
End of period	8 868 800	8 868 800
Average number of shares	8 868 800	3 006 061

Definition of key figures

Earnings per share

Profit/loss after tax divided by weighted average number of shares.

Shareholders' equity per share

Reported shareholders' equity in relation to the number of shares at the end of the period.

Consolidated balance sheet

Amounts in SEK 000s	2007 30/09	2006 31/12
Assets		
<i>Fixed assets</i>		
Equipment	101	106
Participations in associated companies	147 090	77 786
Total fixed assets	147 191	77 892
<i>Current assets</i>		
Other current assets	177 406	21 060
Cash and bank balances	78 715	316 100
Total current assets	256 120	337 160
Total assets	403 311	415 052
 Shareholders' equity and liabilities		
Shareholders' equity	401 969	412 991
Interest-free liabilities	1 342	2 061
Total shareholders' equity and liabilities	403 311	415 052

CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK 000s	2007 1/1-30/09	2006 1/1-31/12
Opening shareholders' equity	412 991	100
New share issues		441 340
Issue expenses		-15 869
Unconditional shareholder contribution		2 000
Translation difference	-1 251	-2 078
Net profit/loss for the period	-9 771	-12 502
Shareholders' equity at end of period	401 969	412 991

Consolidated cash flow statement

Amounts in SEK 000s	2007	2006
	1/1-30/09	1/1-31/12
Profit/loss after financial items	-9 771	-12 502
Adjustment for non-cash items, etc.	3 986	9 056
cash flow from operating activities before changes in working capital	-5 785	-3 446
Cash flow changes in working capital	-3 171	-4 395
Cash flow from operating activities	-8 956	-7 841
Investment in office fittings	-16	-110
Investment in financial assets	-224 344	-94 474
Cash flow from operating activities	-224 360	-94 584
New share issues		425 471
Shareholder contribution		2 000
Cash flow from financing activities		427 471
Cash flow during the period	-233 316	325 046
cash and cash equivalents, beginning of period	316 100	-
Exchange-rate differences on cash and cash equivalents	-4 069	-8 946
cash and cash equivalents, period end	78 715	316 100

PRESSRELEASE

Accounting principles

This interim report has been prepared in accordance with the accounting principles presented in the annual report for 2006. The reporting of associated companies is commented upon above under the section headed Group.

Stockholm, 6 November 2007

Varyag Resources AB (publ)

Torbjörn Gunnarsson
Managing Director

This interim report has not been subject to examination by the company's auditor.

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FORTHCOMING INFORMATION

Year-end report for the period through 31 December 2007

21 February 2008

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ⁱ Morningstar news 19th October 2007

ⁱ Global Coal www.globalcoal.com