

PRESSRELEASE

Stockholm, 19 May 2009

Varyag Resources AB (publ)

INTERIM REPORT 1 JANUARY – 31 MARCH 2009

First quarter

- Final receipt of all approvals to use railhead for Russian Gravel Co.
- Varyag has signed an agreement whereby the Russian shareholders have transferred 41.7% of their shares in Russian Gravel Co to Varyag. Following this completion Varyag's ownership has increased from 51% to 92.7%.
- Replacement of management team at PIK-89.

After period end

- Loading and shipment of gravel to customers at Russian Gravel Co.
- Receipt of USD 4 million working capital loan provided by Unicredit to OOO Bogouchanski LPK.
- Receipt of a tax rebate for sawnwood exports at OOO Bogouchanski LPK, which coincided with a site visit by the Governor of the region, Mr. Chlaponin.
- Varyag becomes a forestry company and acquires 50% of RusForest from Vostok Nafta
 - The acquisition is made through an issue in kind to Vostok Nafta of 8,537,640 shares in Varyag. In addition to 50% of the shares in RusForest Ltd, Varyag also acquires claims of around SEK 210 million on RusForest. The issue in kind is subject to a decision being taken by an Extraordinary General Meeting held 25 May 2009.
 - Following completion of the transaction RusForest will be fully owned by Varyag. Vostok Nafta will after completion of the transaction, directly or indirectly, own 9,703,452 shares, corresponding to 44.4% of the share capital and votes in Varyag.
 - The acquisition is part of a restructuring of Varyag including, inter alia, a change in its business strategy and structure from a private equity company to a forestry company.
 - Varyag, that intends to change its name to RusForest, will have access to significant forestry assets with annual cutting rights amounting to over 1.6 million m³ on an area of around 1 million hectares. In addition to that there are sawmills with a current capacity of around 250,000 m³ which will increase to up to 400,000 m³ of sawnwood when demand and financing conditions are more favourable.
 - Varyag/RusForest will focus on developing the forestry business. Future ownership of the subsidiary Russian Gravel Co will be evaluated.
 - Due to the change in business strategy the intention is that Torbjörn Gunnarsson will resign as CEO and that Aleksandr Williams will be appointed as the new CEO.
 - The company intends to initiate the process of applying for listing at Nasdaq OMX Stockholm.

The total number of shares in Varyag/RusForest will, after completion of the issue, amount to 21,840,840 shares.

Due to the change in business strategy the management agreement with the management company, Taiga Capital Ltd, will be terminated. As consideration



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for the performance based compensation relating to future disposals within forestry-related business it has been suggested that the management company shall receive 1,987,834 warrants in Varyag. These warrants will entitle the holder to subscribe for 1,987,834 new shares at a subscription price of SEK 63 per share during the period 1 July 2009 up to and including 1 January 2012. The management company will retain the right to performance based compensation upon a disposal of Russian Gravel Co.

OPERATIONS

During the quarter some significant milestones have been achieved, at the same time as external market conditions have continued to deteriorate. RusForest has taken the important step of introducing active sales, rather than simple order processing. Major sales initiatives have been organized in China, Uzbekistan and Azerbaijan. In addition, PIK-89 staff is expected to visit all other Central Asian countries during the second quarter 2009. This initiative has resulted in better relations with existing customers, as well as giving us sales flexibility in new niches and with new wholesalers. RusForest's forward order book is relatively strong in volume terms, but with a reduction in average price per m3 of sawnwood.

In the aggregate sector, the general construction in Russia has slowed down. Somewhat surprisingly, the disbursement of Federal funds for road building has also been delayed, or cut back. This means that the quarry in Belomorsk has been completed at a time when the demand for gravel has contracted sharply. Although this situation is likely to improve it means that Russian Gravel Co will not generate cash as quickly as initially planned. It is likely that the company will require working capital support until some degree of normality has returned to the aggregate market.

Varyag has moved towards full ownership of all assets since the alliances with domestic Russian shareholders have not been successful. The Management Company has become increasingly involved in operational management at all portfolio companies. A significant amount of work has been done to install detailed financial controls in all portfolio companies.

At the end of the quarter the management of PIK-89 was removed. This decision was taken after several months of negative cash movements. The company has presented certain claims against the 20% minority shareholder in PIK-89. During the coming quarter we expect to reach a legally binding solution.

During the quarter a loan agreement between Unicredit and OOO Bogouchanski LPK has been signed. The first disbursement was received after the period end. All of the conditions precedent has been fulfilled and the facility amount is in principle available at the company's request, the facility amount is USD 4 million. In addition, Bogouchanski LPK has been included in a list of sawmills entitled to tax rebates under a plan initiated by the local Government of the Krasnoyarsk Region. Following the quarter end, the company received the first tax rebate.

The Governor of the Krasnoyarsk Region, Mr. Chlaponin, visited OOO Bogouchanski LPK in April and voiced strong support for RusForest's investment in the region. Talks have been held with the Governor about the possibility of extending the exiting agreement on social economic partnership. This means that the company receives the status of a so-called "priority" project, which should allow the company easier access to new forest leases.

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Investments

The table below provides a summary of Varyag's investments and commitments.

Varyag's investment portfolio as of 31 March 2009

Company	Sector	Funding provided	Equity ownership	Net investment 1)		% of share- holders' equity
				SEK mln 2)	RUB mln 3)	
RusForest Ltd	Forestry	Equity plus loan	50%	397,2	1 621,1 RUB	
Total forestry sector				397,2	1 621,1 RUB	66,0%
Russian Gravel Company	Aggregates	Equity plus convertible loan	51% (pre conversion) 4)	153,8	627,9 RUB	
Total for aggregate sector				153,8	627,9	25,6%
Total investments plus binding commitments				551,0		91,6%
Varyag's shareholders' equity per 31 March 2009				601,8		

Notes:

1) Net investment is defined as capital commitment.

2) Booked value plus outstanding commitments. Total outstanding commitments as of 31 March 2009 amounted to SEK 0.5 million.

3) Total commitments in local currency. Exchange rate SEK/RUB 0.245.

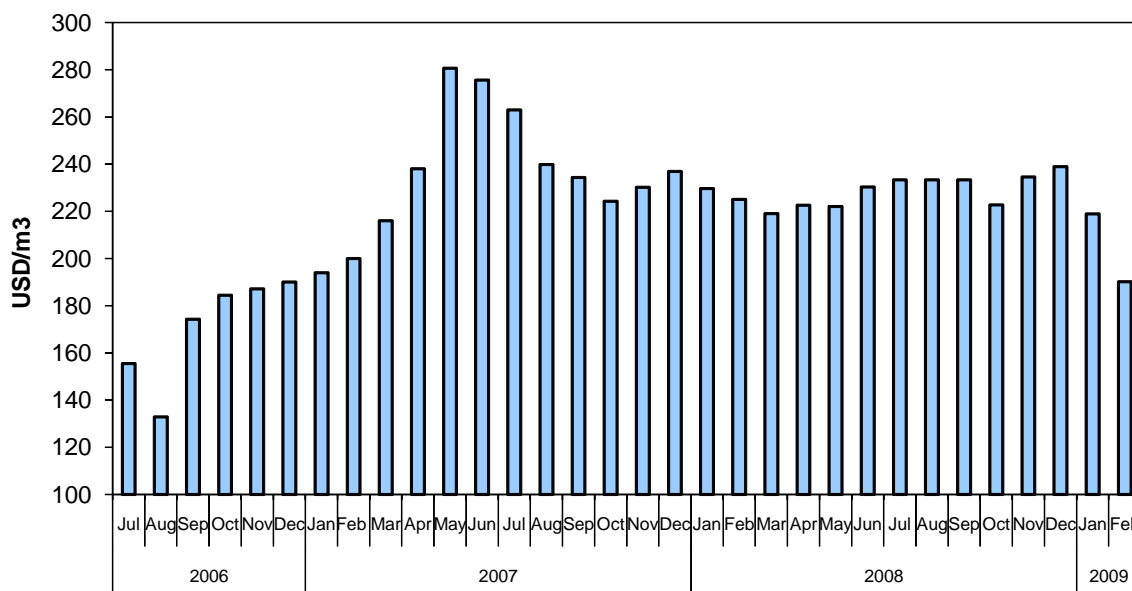
4) At the beginning of May 2009 Varyag's equity ownership amounts to 92.7% (pre conversion).

Sector Developments

External environment

The macro-economic environment is difficult in both the forestry and aggregate sectors. Russia has followed the sharp downturn in the global economy. According to The Ministry of Economic Development's latest forecast, the 2009 contraction under a base case is expected to be around 6% of GDP and 7.4% under a pessimistic scenario.

Sawnwood prices Ust-Ilimsk ex-works export price plus railway charges to port, 2006 - 2009



Source: PIK-2005 company

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Forestry

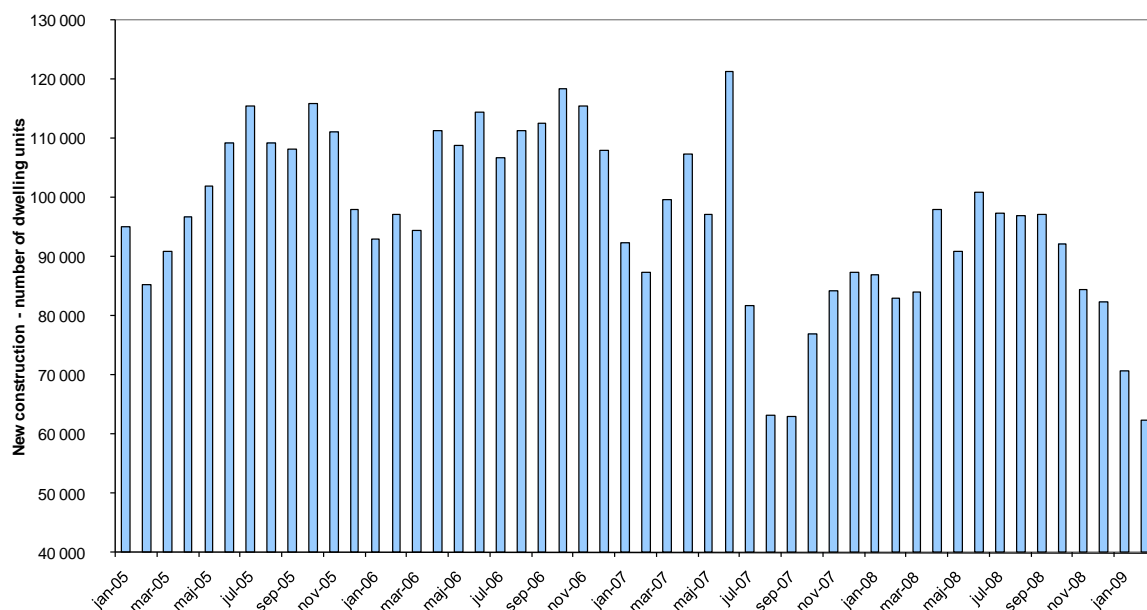
RusForest has seen a drop in price per m³ of product. The fall in revenue can mainly be attributed to the following market factors;

- The Japanese house building market is weak and per unit prices have fallen by around USD 10 per m³;
- The Uzbek market started weakening in the first quarter of 2009 and imports of sawnwood have almost dried up due to a lack of hard currency to buy imports.

In addition to the market factors, RusForest has had continued quality problems at PIK-89, specifically due to low harvesting volumes. This means that the company continues to use poor quality logs and to process species with little demand in our target markets (spruce). It will only be possible to address this issue when PIK has a sufficient log flow, which will allow the company to choose log qualities and tree species which are in demand.

Longer term, the global construction and home building market will clearly reach some kind of floor. This will provide some support to global sawnwood prices, however in the near term we expect further downturns in our immediate markets, particularly Japan. The loss of volumes and lower pricing in Japan will affect the turnover.

Japan - new dwellings started



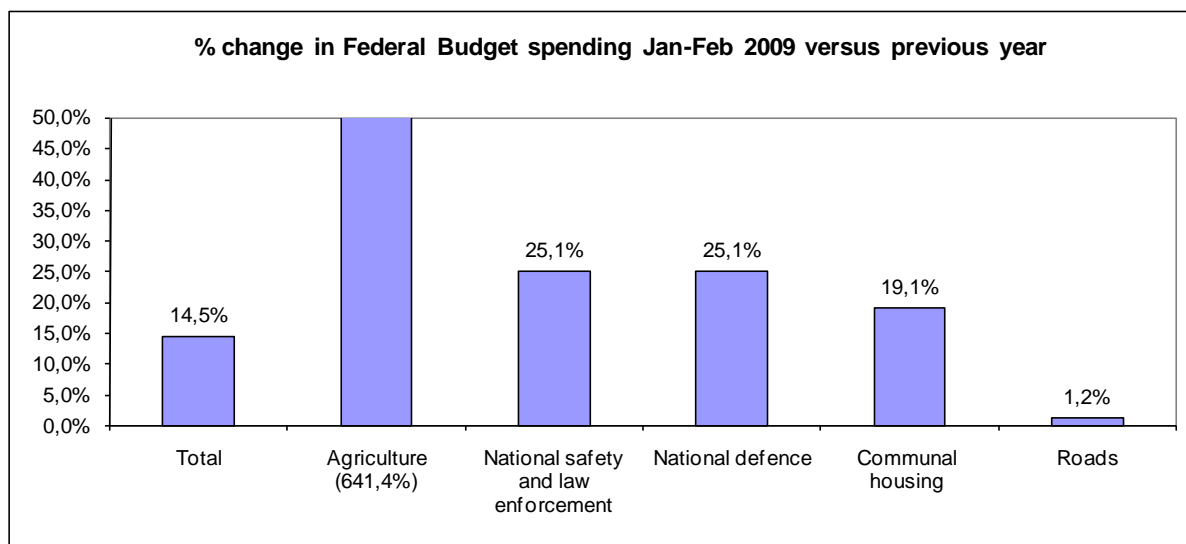
Source: Ministry of Land, Infrastructure and Transport

RusForest continue to position themselves for lower prices and have taken steps to rationalise sawmilling by focusing on their larger facilities and by cutting costs.

On the positive side, the local market for pulpwood has been relatively stable and local pulp producers in Ust Ilimsk and Bratsk are confirming their planned production for 2009. Accordingly, RusForest have been able to sell all pulpwood from PIK-89, Tub-Les and Lesprom to the Ilim Group.

Aggregates

Given the downturn in the Russian economy it is inevitable that the construction sector suffers more than other sectors. Although the Russian Government is applying fiscal stimulus to offset the overall economic downturn, road building has not been beneficiary to particularly large stimulus.



Actual disbursements against budgeted amounts have been low. In February 2009 only RUB 21.7 billion had been disbursed against a budget allocation of RUB 41.4 billion. Despite several statements to the contrary, we can see that road building programmes (and other Government funded construction) have only received between 30% and 40% of allocated funding. In addition, the Russian railways have largely stopped paying for aggregates in the 25 to 60 mm category.

The combination of these factors has produced a weak aggregate market. This situation is likely to improve when Federal budget disbursement speeds up and the Russian railways begin paying their suppliers. Despite that, 2009 is expected to be a poor year for the aggregate sector. The company plans to stop production of 25-60 mm railway fraction and move production to 20-40 mm and 40-70 mm fractions which are required in niche construction activities. These changes will require a re-organisation of Russian Gravel Co.

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DEVELOPMENT AT PORTFOLIO COMPANIES

FORESTRY

RusForest

Operational data 2008

		100% Fully consolidated forestry assets	Comparable data for 2007*	2008 versus 2007, % change
Annual Allowable Cut (AAC)	m3	1 654 100	1 548 400	6,8%
Utilised AAC 2008	m3	593 529	519 784	14,2%
Utilisation of AAC (adjusted)	%	35,9%	33,6%	6,9%
Sawnwood volumes	m3	120 617	129 664	-7,0%
Forest area	Hectares	1 005 020	914 147	9,9%

* Comparable data has been adjusted for the removal of data relating to Nebelsky LPH

Source: RusForest Management Accounting

During 2009 OOO Boguchanski LPK is expected to contribute positively to sawmill volumes. We expect an increased production of around 75% at group level during 2009.

Short form summary of RusForest IFRS audited income statements			
Profit & loss summary	2008	2007	
RUB '000	1/1 - 30/9	1/1 - 30/9	% change, 2008 v 2007
Revenue	924 638	972 347	-4,9%
Cost of sales	(882 060)	(758 092)	16,4%
Gross profit	42 578	214 255	-80,1%
Profit (loss) for the year	(186 520)	63 969	
Net margin	-20,2%	6,6%	

The Group has developed rapidly in 2008 by starting production at the Bogouchan sawmill and by completing work on factory foundations at RusForest Magistralny. In addition to that several important acquisitions were made in 2008; including the acquisition of further forest holdings via TSLKK and OOO Bamlesstoi. These projects in development did not contribute to net profit during 2008; these investments are expected to make a contribution in 2009.

The combination of lower revenue and increased costs, together with the expected charging of costs related to the Group's development projects had a material negative impact on earnings during the period and the group recorded a net loss of RUB 186.5 million over the period.

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In terms of the Group's balance sheet, the Group maintains very low debt levels with RUB 93.3 million in non-current borrowings and RUB 45.0 million in current borrowings. These amounts largely relate to various leasing commitments. All other funding has been provided via shareholder loans.

Overall the results reflect a rapid pace of new developments during the period, plus some unfavourable results at PIK-89 which are discussed below.

Cash levels during the early part of 2009 have been relatively stable; this is partially due to a VAT refund received in February 2009. Underlying operations are at break-even levels, however the expectation is that cash flow will improve from May now that Boguchanski is approaching full capacity and when the cost cutting and management changes at PIK-89 will have affect.

PIK-89

Harvesting activities during the first quarter of 2009 were in line with plan. The initial target was to harvest some 42,800 m³ of roundwood per month (not seasonally adjusted) and actual outcome was 137,600 m³ for the first quarter of 2009. Although harvesting volumes were reasonable, the company was looking to exceed plan and build up a significant stock of sawlogs in order to cover reduced harvesting in May and June. In addition, there remain questions about the quality of the roundwood being harvested since a relatively low proportion of the harvested volumes generate high quality pine and larch sawlogs which are processed at the sawmills. The harvesting operations generate a higher than expected share of pulpwood and sawlogs of species with limited demand, primarily spruce.

As a result of the relatively low share of pine and larch sawlogs, sawnwood volumes were below target. Although during March 2009 PIK-89 recorded a sawnwood output of 9,411 m³, which was the highest level in seven months. Although cash inflows were strong in March due to increased volumes and better customer collections, January and February recorded small outflows leading to a small net outflow in the quarter.

During the quarter the management at PIK-89 was removed. Due to the lack of proper log stock levels at the end of the harvesting season, the company will under-produce sawnwood in the second quarter of 2009. In the medium term, we believe that this will be the last time that the company will under-perform against plan. Several measures have been taken to build a proper log stock over the summer 2009.

Once operational measures are taken over the summer 2009, the company is expected to generate fairly consistent positive operating cash flow, given a reasonably full order book. Orders which have been under-supplied in April and May 2009 will carry forward into future months.

Tuba-Les and Tubesprom

In light of the log shortages at PIK-89, the shareholders have decided to temporarily stop processing logs at Tuba and send these logs to PIK-89 for processing. This change will ensure that rather than running two facilities below capacity, one facility will be run at capacity and also limit cash outflows at Tuba in the interim. This is not an ideal solution, given the fact that Tuba-Les recently moved to break-even, but it is the best option given the lack of logs at PIK-89. Logging activities will continue at Tuba-Les and Tubesprom as previously planned.

Boguchanski LPK/TSLKK

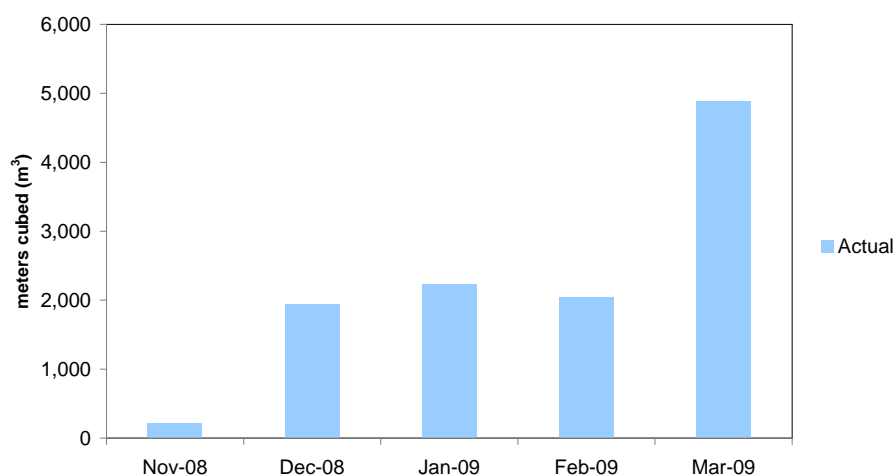
The Boguchanski sawmill and the associated harvesting operations TSLKK are now fully operational. The sawmill is approaching full capacity and produced 4,874 m³ of sawnwood in March 2009 and is expected to produce 7,000 m³ per month in the coming quarter. At these levels Boguchanski LPK should be cash flow positive. During the first quarter of 2009, the company was approximately cash neutral as the company received a VAT refund, which covered production start up costs in January and February 2009. In addition to normal start-up issues, the plant had to cope with several days of extraordinarily cold weather, with temperatures falling down to -50C. To

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improve the running of the wet and dry sorting line the company has retained a Scandinavian expert in this field.

On the financing side, OOO Boguchanski LPK has received a working capital loan from Unicredit amounting to USD 4 million. The facility will be used to acquire sawlogs from third party suppliers to cover the slowdown in harvesting at TSLKK in May and June 2009. In addition, the company has received a tax rebate from the Krasnoyarsk Region. The size of the rebate is determined by the volume of sawnwood exported by the company. The rebate will provide some relief during a period of weak sawnwood prices. The first rebate was received in April and coincided with a visit to the sawmill by the Governor of the region, Mr. Chlaponin. The visit may result in the company receiving so called priority status. This status will allow the company easier access to forest land and the possibility of reduced forest lease payments over a three year period.

Bogouchan sawnwood volumes



The harvesting operations at TSLKK have developed parallel with the sawmill. The extremely cold weather in February rendered harvesting impossible for a period of the month; however growth resumed in March 2009. The company is now performing in line with plan.

The development and start-up of a major sawmilling and harvesting operations in a remote region of the Krasnoyarsk Krai has established RusForest's track record in successful project development. The building and installation phase took only 14 months. The plant now has state-of-the art sawmilling capacity based on one of the best forest reserves in the world.

RusForest Magistralny

As mentioned previously, work has temporarily been stopped at Magistralny until suitably priced debt funding is available. Previous talks with banks were broken off as a result of the ongoing credit crunch. The investment has been paid for by shareholders; the site foundations are ready and the equipment has been delivered from Italy. The sawmilling site is on a skeleton operation until such times as suitably priced working capital is available to fund production start-up, which in the case of Boguchanski took 6 months.

Lesprom/Bamlesstroi

Lesprom and Bamlesstroi will act as log suppliers to RusForest Magistralny once the sawmill is operational. In addition to a large forest endowment, the shareholders have invested in new harvesting equipment at OOO Lesprom. OOO Lesprom ran the equipment at

PRESSRELEASE

near full capacity and harvested over 22,000 m³ of roundwood in November 2008. Since then, the company has reduced harvesting and is now selling down stocks of roundwood. The roundwood generates high quality export logs which are sold primarily to Japan. Lower grade logs are sold to China for further processing. Pulpwood is sold primarily to the pulp mill in Bratsk. The harvesting operations are profitable and the company has transferred cash to the parent company throughout the first quarter and we expect this situation to continue.

Apart from the harvesting at OOO Lesprom, no work is being done at Bamlesstroi until the RusForest Magistralny sawmill starts up.

AGGREGATES

Russian Gravel Company (Cyprus) Ltd

Further to various claims against the Russian shareholders in Russian Gravel Co. Varyag has now signed an agreement under which the Russian shareholders have transferred 41.7% of the shares in Russian Gravel Co. to Varyag in settlement of the claims. Following the completion of this settlement Varyag's ownership has increased from 51% to 92.7% (prior to convertible loan conversion).

Russian Gravel Co. is the parent company of OOO Belomorsky Karyer, the license holder for three large gabbro-diabase and granite deposits in Karelia in North-West Russia. Russian Gravel Co. also owns 25% of the shares in the Zolotukha quarry.

During the first quarter OOO Belomorsky Karyer achieved a major operational milestone in that it received necessary permissions to load gravel from its own railhead. Shortly after the quarter end, the company duly dispatched its first gravel sales to customers. At this stage all parts of the quarry are fully operational. The problem at this stage is the virtual collapse of gravel demand during the first quarter of 2009. The company expects a certain recovery during the course of the year, but the risk is that prices and demand will remain low. A key operating parameter is capacity utilisation. Under current market conditions the company is not able to sell the target volumes of 150,000 tonnes per month. Rather than operating at below capacity for several months the company will transfer away from making railway fractions and seek new customers for other fractions. This process is expected to take 3 to 4 months and the company intends to restart full operations during summer.

OUTLOOK

We continue to base our production plans on a weak external environment, although conditions may improve towards the end of the year. Despite the weak external environment RusForest plans to achieve better than break-even cash flow in 2009. The move towards full capacity at Boguchanski LPK is expected to give material positive cash flow. After the management replacement at PIK-89, the company is expected to return to reliable positive operating cash flow towards the second half of this year. RusForest is expected to be a strong asset given its cost advantage, relatively modern equipment across the group and the outstanding forest endowment.

On the gravel side, the outlook is less clear. The current state of the market is certainly extraordinary and the slowness of the disbursement of Federal and Regional funds for road building has been a negative surprise for Russian Gravel Co.

The critical issue is the time that it will take for Government funds to flow into infrastructure. Rather than leave the quarry fully staffed whilst demand conditions are weak and the outlook uncertain, we have elected to send staff away on unpaid leave. It is clear that at some stage this situation will reverse. A large scale quarry with sophisticated mining and crushing equipment will be in a good position when the market improves.

GROUP

The portfolio companies in Varyag would normally have been reported in accordance with the equity method and/or the acquisition accounting method in the company's financial statements. The portfolio companies' financial statements and reporting have been converted from reports required by fiscal authorities to accounts that comply with internationally acceptable accounting practices. The portfolio companies' transition to IFRS is advancing according to plan. Due to the proposed acquisition of 50% of RusForest and the restructuring of Varyag, the intended consolidation of the portfolio companies in Varyag's reports will commence after the Extraordinary General Meeting has made a decision on the transaction. RusForest will then become a fully owned subsidiary. Customary impairment tests of the investments have been performed, which have not given rise to adjustments to the original acquisition values.

RESULTS

Operating loss

An operating loss of SEK 6.4 million was reported for the first quarter of 2009. Operating expenses relate primarily to management service expenses in Russia, amounting to SEK 4.2 million, and personnel costs of SEK 0.9 million of which SEK 0.2 million Board remuneration.

Financial items

Interest income for the interim period amounted to SEK 6.1 million. Exchange-rate losses amounted to SEK 15.2 million.

Tax and profit after tax

Group's losses after tax amounted to SEK 15.5 million for the interim period. Tax assets related to the accrued loss carry-forwards have not been reported.

INVESTMENTS, FINANCING AND LIQUIDITY

Investments

Investments in portfolio companies amounted to SEK 8.5 million for the first quarter 2009, which mainly comprised acquisition costs and loans to portfolio companies.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 40.7 million on the balance-sheet date.

EVENTS AFTER PERIOD END

Varyag becomes a forestry company and acquires 50% of RusForest from Vostok Nafta. The acquisition is made through an issue in kind to Vostok Nafta of 8,537,640 shares in Varyag. In addition to 50% of the shares in RusForest Ltd, Varyag also acquires claims of around SEK 210 million on RusForest. The issue in kind is subject to a decision being taken by an Extraordinary General Meeting held 25 May 2009. Following completion of the transaction RusForest will be fully owned by Varyag. The total number of shares in Varyag/RusForest will, after the completion of the issue, amount to 21,840,840 shares. Vostok Nafta will then own 9,703,452 shares, corresponding to 44.4% of the share capital and votes in Varyag/RusForest. Due to the change in business strategy the intention is that Torbjörn Gunnarsson will resign as CEO and that Aleksandr Williams will be appointed as the new CEO.

PARENT COMPANY JANUARY – MARCH 2009

Loss before taxes amounted to SEK 1.2 million for the first quarter of 2009. The result includes exchange-rate losses of SEK 0.1 million and interest income of SEK 0.7 million.

The Parent Company's cash and cash equivalents amounted to SEK 40.5 million at the end of the period.

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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 13,303,200. At the close of the period, the share price for Varyag was SEK 12.50, and its market capitalisation was approximately SEK 166 million. The number of shareholders was approximately 1,200.

Major shareholders as of 31 March 2009

Shareholder	Number	Percentage
Vostok Nafta Investment	1 434 880	10,8
Staffan Rasjö	1 329 100	10,0
Fonden Zenit	913 000	6,9
HQ Rysslandsfond	592 350	4,5
Dunross & Co AB	589 700	4,4
SEB Östeuropafond	532 400	4,0
CS SEC (Europe) Ltd	489 388	3,7
SEB Private Bank S.A.	438 100	3,3
EFG Private Bank S.A.	420 000	3,2
Per J Förvaltning AB	320 000	2,4
Others	6 244 282	46,9
Total	13 303 200	100,0

Consolidated income statement

Amounts in SEK 000s	2009	2008
	1/1-31/3	1/1-31/3
Other operating revenues	246	249
Other external costs	-5 671	-4 979
Personnel costs	-933	-986
Depreciation	-6	-6
Operating loss	-6 364	-5 722
Income interest and dividends from portfolio companies	6 130	4 791
Exchange-rate changes	-15 249	-7 686
Profit/loss after financial items	-15 484	-8 617
Tax for the period	-	-1
Profit/loss for the period	-15 484	-8 618

PER SHARE DATA

	2009	2008
	31/3	31/3
Earnings, SEK	-1,16	-0,65
Shareholders' equity, SEK	45,24	43,89
Share price, SEK	12,5	48,0
Share price/Equity per share (%)	28	109
Solidity (%)	99,78	99,83

NUMBER OF SHARES

	2009	2008
	1/1-31/3	1/1-31/3
Beginning of the period	13 303 200	13 303 200
End of period	13 303 200	13 303 200
Average number of shares	13 303 200	13 303 200

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.

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Consolidated balance sheet

	2009	2008
Amounts in SEK 000s	31/3	31/3
Assets		
<i>Fixed assets</i>		
Equipment	65	90
Participations in portfolio companies	219 061	175 225
Other long term receivables	9 180	-
Total fixed assets	228 306	175 315
<i>Current assets</i>		
Other current receivables	332 221	116 234
Prepaid expenses and accrued income	1 969	5 974
Cash and bank balances	40 658	287 342
Total current assets	374 848	409 550
Total assets	603 154	584 865
Shareholders' equity and liabilities		
Shareholders' equity	601 821	583 882
Current liabilities		
Current liabilities	203	282
Deferred income and accrues expenses	1 130	701
Total shareholders' equity and liabilities	603 154	584 865

CHANGES IN SHAREHOLDERS' EQUITY

	2009	2008
Amounts in SEK 000s	1/1-31/3	1/1-31/3
Opening shareholders' equity	614 852	595 106
Issue expenses	-	-311
Translation difference	2 453	-2 295
Net profit/loss for the period	-15 484	-8 618
Shareholders' equity at end of period	601 821	583 882

Consolidated cash flow statement

Amounts in SEK 000s	2009	2008
	1/1-31/3	1/1-31/3
Profit/loss after financial items	-15 484	-8 617
Adjustment for non-cash items, etc.	9 358	10 779
Paid income tax	-	-1
Cash flow from operating activities before changes in working capital	-6 126	2 161
Cash flow changes in working capital	-322	2 867
Cash flow from operating activities	-6 448	5 028
Investment in financial assets	-8 539	-26 931
Cash flow from operating activities	-8 539	-26 931
New share issues	-	-311
Cash flow from financing activities	-	-311
Cash flow during the period	-14 987	-22 214
Cash and cash equivalents, beginning of period	55 704	318 095
Exchange-rate differences on cash and cash equivalents	-60	-8 539
Cash and cash equivalents, period end	40 658	287 342

PRESSRELEASE

Accounting principles

This interim report has been prepared in accordance with the requirements of Swedish Accounting Standards Board's BFNAR 2007:1 'Voluntary interim reporting'. These reporting principles which are applied in this report are stated in the Annual Report 2007. The reporting of portfolio companies is commented upon above under the section headed Group.

Stockholm, 19 May 2009

Varyag Resources AB (publ)

The Board

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FORTHCOMING INFORMATION

Annual General Meeting
Interim report January-June 2009
Interim report January-September 2009

25 May 2009
27 August 2009
19 November 2009

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