

N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.

The shareholders in
RusForest AB (publ)
are hereby summoned to the annual general
meeting to be held on 15 May 2013 at 3 p.m. CET at
7A Konferens at Strandvägen 7A, Stockholm

Notification, etc.

Shareholders who wish to participate in the general meeting must:

- firstly* be included in the shareholders' register maintained by Euroclear Sweden AB as of 8 May 2013; and
- secondly* notify the company of their participation in the general meeting no later than 8 May 2013. The notification shall be in writing to RusForest AB, attn. Mia O'Connor, Hovslagargatan 5, 111 48 Stockholm, Sweden, via fax +46 8 545 015 54 or via email agm@rusforest.com. The notification shall state the name, personal/corporate identity number, shareholding, address and daytime telephone number, and, where applicable, information about representatives, counsel and assistants. When applicable, complete authorisation documents, such as powers of attorney for representatives and counsel, registration certificates or corresponding documents, shall be appended to the notification.

Nominee shares

Shareholders whose shares have been registered in the name of a bank or securities institute must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be entitled to participate in the general meeting. Shareholders wishing such re-registration must inform their nominee of this well before 8 May 2013, when such re-registration must have been completed.

Proxy, etc.

Shareholders represented by proxy shall issue dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or a corresponding document for the legal entity shall be appended. The power of attorney is valid for a maximum of one year after the issuance or for the duration indicated in the power of attorney, whichever is longer, but not for more than five years after issuance. The registration certificate, where applicable, may not be older than one year. The power of attorney in original and, where applicable, the registration certificate should be submitted to the company by mail at the address set forth above well in advance of the general meeting. The form to use for a power of attorney can be found on www.rusforest.com.

Shareholders' right to request information

Shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act (Sw. *aktiebolagslagen*).

Number of shares and votes

There are a total of 13,203,388,100 registered shares and votes in the company as of the date of this notice. This number is expected to decrease to 132,033,881 at the time of the Annual General Meeting as a result of the previously announced reversed share split.

Proposed agenda

- 1) Opening of the meeting;
- 2) Election of a chairman at the meeting;
- 3) Preparation and approval of the voting list;
- 4) Approval of the agenda;
- 5) Election of one or two persons to verify the minutes;
- 6) Determination as to whether the meeting has been duly convened;
- 7) Presentation of the annual accounts and the auditor's report, and the group annual accounts and the auditor's report on the group accounts;
- 8) Resolution regarding the adoption of the income statement and the balance sheet, and of the consolidated income statement and the consolidated balance sheet;
- 9) Resolution regarding appropriation of the company's result according to the adopted balance sheet (see below);
- 10) Resolution regarding discharge from liability for the members of the board of directors and the managing director;
- 11) Resolution regarding whether the company shall continue its operations or if the company shall enter into liquidation (see below);
- 12) Determination of the number of members and deputy members of the board of directors and auditors and deputy auditors (see below);
- 13) Determination of the fees to the board of directors and the auditors (see below);
- 14) Election of members and chairman of the board of directors (see below);
- 15) Proposal regarding the adoption of RusForest AB's employee stock option plan 2013/2016, resolution to issue warrants and approval of disposition of warrants within the employee stock option program (see below);
- 16) Closing of the meeting.

The board of directors' proposals

Resolution regarding appropriation of the company's result in accordance with the adopted balance sheet (item 9)

The board of directors proposes that the company's results shall be carried forward.

Resolution regarding whether the company shall continue its operations or if the company shall enter into liquidation (item 11)

In accordance with § 13 of the company's articles of association, the annual general meeting 2013 shall resolve whether the company shall continue its operations or if the company shall enter into liquidation.

The background to this provision is that when the company was incorporated, under the name *Varyag Resources AB*, its corporate structure was designed to mimic the legal structure of a limited lifetime investment fund.

Since the company's business concept and strategy have developed from an investment fund to a forestry company, the board of directors proposes that the meeting resolves that the company continues its operations.

Nevertheless, in accordance with Chapter 25 Section 3 of the Swedish Companies Act (Sw. *aktiebolagslagen*), the board of directors has prepared the following statement outlining the formal consequences and steps that would follow from the annual general meeting resolving that the company shall enter into liquidation.

The company would be liquidated immediately after the resolution unless the annual general meeting resolves on a different date. The resolution to enter into liquidation would be notified to the Swedish Companies Registration Office (Sw. *Bolagsverket*), which would appoint a liquidator. The liquidator, who would replace the board of directors and the CEO during the liquidation, would be responsible for the liquidation of the company's operations. The liquidator would summon, via the Swedish Companies Registration Office, the company's unknown creditors. The notice period for this would be six months.

When the company has entered into liquidation and a liquidator has been appointed, the board of directors and the CEO would immediately give a report for its management of the company's operations during the period for which financial statements are not presented at the annual general meeting. This report would be audited and presented to the shareholders at a general meeting. In general, during the six month notice period, the assets of the company are realized and payment of the company's liabilities is being effected. However, the time required for this may be longer depending on the circumstances in the specific case. After the notice period and when all known liabilities have been paid, the remaining assets are distributed to the shareholders except for the amount corresponding to uncertain claims and liabilities. After completing its duties, the liquidator would provide a final report, which would be reviewed by the company's auditor and presented at a general meeting. The general meeting would resolve on the discharge for liability for the liquidator. When the liquidator has submitted the final report, the company is dissolved.

Calculating the amount of any proceeds in a liquidation scenario is associated with great uncertainty. The board of directors has estimated that the potential proceeds from a liquidation would total approximately SEK 182 million based on the liquidation valuation report prepared on behalf of the bondholders' agent in January 2013 in connection with the restructuring of the company's bond. The shareholders should note that this estimate is associated with great uncertainty due to the company's core assets being forest leases in Russia (and therewith associated buildings, machinery and equipment). It is likely that the actual proceeds recovered in a liquidation scenario would deviate from the estimate of the board of directors.

The total time required to complete a liquidation process in Russia is estimated to be several years due to the relatively illiquid market for the company's assets.

The board of directors' proposal regarding the adoption of RusForest AB's employee stock option plan 2013/2016, resolution to issue warrants and approval of disposition of warrants within the employee stock option program (item 15)

The board of directors proposes that the annual general meeting resolves to adopt RusForest AB's employee stock option plan 2013/2016.

Number of employee stock options and exercise price

Employee stock options, with the right to acquire not more than 2,400,000 shares in RusForest (post the pending reversed split), may be issued under the employee stock option plan. Each stock option may be exercised to acquire one share in the company for payment of an exercise price corresponding to 110 percent of the average volume weighted RusForest share price during the period April 26, 2013 through May 13, 2013, as quoted on NASDAQ OMX First North's official price list. The exercise price, determined as set out above, shall be rounded to the nearest SEK 0.01, where SEK 0.005 shall be rounded downwards. The exercise price and the number of shares that each employee stock option entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue, etc., in accordance with market practice.

Allocation

The employee stock options can be allocated to persons, in Sweden or other countries, who at the time of allocation are employed on a permanent basis by a company within the RusForest group, and who at such time have not given or been given notice of termination of the employment. As regards employees in other countries than Sweden, it is thereby presupposed that the allocation is in compliance with law and that the allocation, according to the board of directors' opinion, can be made at reasonable administrative and financial costs and efforts. Allocation of employee stock options can also be made to persons who commence such employment after the initial allocation. The board of directors shall resolve upon the allocation of employee stock options, and the allocation shall be made within two categories. Category 1 includes the managing director with an allocation of not more than 1,200,000 employee stock options per person. Category 2 includes officers of the company, apart from the managing director, with an allocation of not more than 300,000 employee stock options per person.

Allocation shall, among other things, be determined with regard to the employee's performance, position and contribution to RusForest.

No employee is guaranteed allocation of employee stock options. Allocation of employee stock options shall be determined by the board of directors within the scope of the above.

Restrictions regarding the right to transfer and exercise the employee stock options

Issued employee stock options shall not be considered as securities and shall not be transferable to a third party.

The right to acquire new shares under the employee stock options shall for each holder be vested, with 1/3 of the employee stock options allocated to such holder as from the date falling one year from the date of the initial allocation (which is expected to occur in May 2013) (the “anniversary date”), and an additional 1/3 as from each of the two subsequent anniversary dates, provided that the holder at such dates is still employed within the RusForest group. Employee stock options that have vested may be exercised for subscription of shares during the period July 1, 2016, up to and including December 31, 2016. As regards employee stock options, which may be exercised as set forth above, the exercise period upon termination of employment shall be three (3) months as from the termination of employment, after which period all employee stock options shall become void.

The board of directors is authorised to establish additional conditions for vesting.

Vesting in accordance with the above may be accelerated only if any shareholder (together with closely-related parties) reaches more than 2/3 of the shares or votes in the company, or if a shareholders’ meeting so resolves.

Consideration, value, etc.

The employee stock options shall be issued free of charge, and the holders will be taxed when the options are exercised, as regards holders deemed to be resident in Sweden for tax purposes, for the difference between the market value of RusForest’s share at the time of exercise of the employee stock option and the exercise price of the employee stock option as income from employment. The majority of the persons that will be allocated employee stock options are domiciled and liable to taxes in Russia, where as far as the company has learned, social security charges (Sw. *arbetsgivaravgifter*) are not payable.

There is no market value for the employee stock options. A value may, however, be calculated in accordance with an established model for options. When calculating the value, the restrictions in the right to transfer and exercise the employee stock options and the fact that the employee stock options are forfeited if the employment of the holder is terminated have been considered. The option value of the employee stock options under the employee stock option plan is, based on a valuation made by the company, approximately SEK 0.76 per employee stock option at an exercise price of SEK 3.30 per share and based on the closing price of SEK 3.00 on April 15, 2013 (adjusted for the reversed split to take effect prior to the Annual General Meeting). The company has used a Black-Scholes model for valuing options, assuming a risk free interest rate of 1.64 percent, volatility of 40 percent and duration of 1,080 days.

Hedging of the employee stock option plan

To hedge that RusForest can meet its obligations, including the payment of social security charges, to the holders of employee stock options at the time of exercise of the employee stock options, it is proposed that the annual general meeting also resolves to issue not more than 2,640,000 warrants with the right to subscribe for new shares to the wholly-owned subsidiary, RusForest Ltd. Not more than 240,000 of the warrants will be used to finance

any costs, including potential social security charges, which arise at the time of exercise of the employee stock options. Any surplus warrants not necessary to finance such costs shall be cancelled.

Reasons

The reasons for adopting RusForest's employee stock option plan 2013/2016, and the reasons for the deviation from the shareholders' preferential rights in the issue of warrants, are that the board of directors considers it very important to be able to recruit, motivate and retain qualified employees to the group through giving employees the opportunity to become owners in the company. The board of directors is of the opinion that this strengthens the company's business and also stimulates company loyalty in the future. As the employee stock option plan is intended to be an incentive for employees in the RusForest group, it is assessed to positively influence the future development of the group and thereby be beneficial for shareholders. Due to the proposal regarding a new employee stock option plan, it has also been resolved to cancel the two previously outstanding employee stock option plans. No employee stock options are currently allocated under the previous plans.

Dilution of existing shares and votes

To hedge the employee stock options that are allocated within the employee stock option program, it is proposed that 2,640,000 warrants shall be issued.

Based on the number of shares and votes, and provided that the existing and outstanding warrants are not exercised, the proposed employee stock option program, assuming that all employee stock options and the hedging warrants are exercised, will result in dilution of not more than approximately 2 percent of shares and votes.

Majority requirements

Resolutions in accordance with the board of directors' proposals fall within Chapter 16 of the Swedish Companies Act regarding certain directed issues, etc., and require support of shareholders representing not less than 9/10 of the votes cast as well as of the shares represented at the annual general meeting.

The nomination committee's proposals

Proposal regarding the number of members and deputy members of the board of directors and auditors and deputy auditors, fees to the board of directors and the auditors and election of members and chairman of the board of directors (items 12, 13 and 14)

The nomination committee, consisting of Anders Börjesson, Vostok Nafta (chairman); Björn Lindström, Alpcot Capital; and Temo Jorbenadze, Nova Capital, has submitted the following proposals:

- The number of board members shall be five (5), with no deputy members (item 12).
- The number of auditors shall be one (1) registered accounting firm (item 12).
- The annual fees to each board member who does not draw any salary from the company shall amount to SEK 150,000. However, the annual fee to the chairman of

the board of directors shall amount to SEK 300,000. Additional annual fees to the audit committee and operational committee established by the board of directors, consisting of up to three board members each, will amount to SEK 100,000 to the chairman and SEK 75,000 each to the other committee members (item 13).

- The auditors' fee is proposed to be paid on account, as approved by the board of directors (item 13).
- Re-election of Per Brilioth, Paul Putz, Alexander Rudik and Camilla Öberg as board members plus the new election of Peter Nilsson as board member. Peter Nilsson is described further below. Paul Putz is proposed as chairman of the board of directors. The audit committee is proposed to consist of Camilla Öberg (chairman), Per Brilioth and Paul Putz. The operational committee is proposed to consist of Peter Nilsson (chairman) and Alexander Rudik. The composition of the committees may be altered upon resolution of the board of directors (item 14).

Peter Nilsson has 30 years of forestry experience. He was employed as Chief operating officer and director of sales in RusForest from October 2012 through March 2013. Before joining RusForest, Mr Nilsson was CEO of Södra Timber AB, a Swedish sawmilling company with nine sawmills and annual production of more than 1.7 million cubic meters of sawnwood. Previously, Mr Nilsson was CEO of Geijer & Söner AB and held various positions at SCA Timber AB, including CEO of the UK operations. Mr Nilsson has also served on several boards in the sawnwood distribution and homebuilding industries.

The term for the company's auditor, KPMG AB, with Carl Lindgren as auditor in charge, expires at the end of the annual general meeting 2014.

Annual accounts, the auditor's report and the proposals under items 11-15 above will as from 24 April 2013 be held available at the company's office, Hovslagargatan 5, 111 48 Stockholm, and at the company's webpage, www.rusforest.com, and be sent to shareholders that so request and inform the company of their postal address. The proposal regarding item 15 will also be sent free of charge to those shareholders that have notified the company of their attendance at the general meeting.

Stockholm, April 2013
RusForest AB (publ)
The board of directors