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Press Release

Stockholm, 30 January 2012

RusForest intends to carry out a rights issue of approximately SEK 450 million

The Board of Directors of RusForest AB (publ) ("RusForest" or the "Company") has decided to propose to the shareholders at an extraordinary general meeting to take necessary decisions in order to enable the Board of Directors to decide on a rights issue amounting to approximately SEK 450 million.

In light of the prevailing market conditions, which are more challenging than previously anticipated, and due to delays in the installation and commissioning of previously ordered equipment the Company is in need of additional capital.

The capital will be used for finalization of the ongoing investments in Eastern Siberia as well as in the Arkhangelsk region and will enable continued increases in harvesting capacity as well as an expansion of the sawmilling capacity across the Company's operations. The rights issue will also serve to provide RusForest with the additional working capital needed as an effect of previous losses in operations due to the reasons listed above.

Summary

- The Board of Directors of RusForest has decided to propose to the shareholders at an extraordinary general meeting that will be held on 1 March 2012 (the "EGM") to resolve on a share capital reduction, amendments to the Company's articles of association and an authorization for the Board of Directors to issue new shares. This will permit the Board of Directors to decide on an issue of new shares, amounting to approximately SEK 450 million, with preferential rights for the existing shareholders of RusForest (the "Rights Issue").
- The Board of Directors will resolve on the Rights Issue, including its full terms as soon as the decisions from the EGM are registered with the Swedish Companies Registrations Office, which is expected shortly after the EGM.
- The proceeds from the Rights Issue will be used to finalize ongoing investments and to further increase harvesting capacity in the Company's forest leases, which have continued to grow rapidly over the past year, in fact doubling measured as total cubic meters under lease. The investments will accelerate the ongoing expansion of the Company's combined sawmill production

and remove bottle-necks in the Company's production facilities in the Arkhangelsk region as well as in Eastern Siberia.

- During the last year, the market for sawn products has been more challenging than expected by the Company, and parts of the proposed cash injection is therefore essential in order to strengthen the working capital situation of the Company going forward. A more detailed description relating to the use of the proceeds from the proposed Rights Issue will be presented in due course.
- Vostok Nafta, the Company's largest shareholder with 29.4 percent of the shares, has stated that it will take its part of the Rights Issue, amounting to approximately SEK 132 million, subject to receiving an exemption from the mandatory offer rules. In addition, shareholders representing an additional 31.1 percent of the shares have expressed their support for the Rights Issue.

Background and reasons

The Board of Directors and the management of RusForest expects that the current challenging market situation will eventually improve as demand for round logs, especially in the Eastern Siberia harvesting clusters, increases following Russia's expected entry into the World Trade Organization in 2012. However, the current work plan will enable the Company to turn profitable even under market conditions that remain challenging.

Over the past year there have been unexpected delays in equipment installations and commissioning at the Company's sawmilling operations. This has together with the delayed divestment of the Russian Gravel company, led to a need for additional capital that the Company will use to facilitate continued development of its facilities in order to be fully invested and ready to take advantage of any coming improvement in market sentiment.

The prevailing challenging market conditions have also led to a situation where the cash position of RusForest has decreased more rapidly than previously anticipated. Parts of the proceeds from the planned rights issue will therefore be used to cover a need for additional working capital.

In addition, it has proven especially demanding to consolidate key forest leases around the existing sawmills, initiate large infrastructure projects, and to launch capital intensive harvesting operations in the new areas in a situation where the market for ready sawn wood has been weak. Similarly, lead times in equipment acquisitions, for instance of modern harvesting groups, mean that equipment paid with the bond proceeds in June 2011 was delivered and put to work only at the end of December of 2011.

In order to get the Company in the position to reap the full benefits of the previously initiated development, more work will have to be done when it comes to the further strengthening of the Company's forest leases and sawmilling operations.

“RusForest has continued to grow rapidly over the past year, strengthened management, and even though the markets for our sawn products have been weak over the past year, we are confident that the company is on the right track and that we will reach profitability in a not too distant future. However, the delays we have experienced in getting the equipment on-site and commissioned in combination with the current challenging market conditions have led to a need to inject more capital into RusForest in order to finalize the investments relating to de-bottlenecking and expansion that we have initiated and that are necessary

in order for us to unlock the full potential of our forest assets and sawmills. We strongly believe that a rights issue in which all of our current shareholders are invited to participate is the best way to acquire the capital that is necessary to crystalize the value of RusForest going forward”, comments RusForest’s Chairman Kenneth Eriksson.

The Rights Issue

The Board of Directors of RusForest has decided to propose to the shareholders at the EGM that will be held on 1 March 2012, a resolution regarding a share capital reduction, amendments to the Company’s articles of association and an authorisation for the Board of Directors to issue new shares. This will permit the Board of Directors to decide on the Rights Issue amounting to approximately SEK 450 million. Further details regarding the EGM and the Board of Directors’ proposal for the EGM can be found on the Company’s website www.rusforest.com.

As soon as the share capital reduction, the new articles of association and the authorisation for the Board of Directors to issue new shares have been registered with the Swedish Companies Registrations Office, the Board of Directors will resolve on the Rights Issue, including the full terms of the Rights Issue. This is expected to occur shortly after the EGM.

A preliminary timetable for the Rights Issue will be communicated in connection with the Board of Directors’ resolution on the Rights Issue and detailed information regarding the Rights Issue will be presented in the prospectus that will be prepared and published for the Rights Issue.

Subscription undertakings

Vostok Nafta, the Company’s largest shareholder with 29.4 percent of the shares, has stated that it intends to apply for an exemption from the mandatory offer rules and subscribe for its portion of the shares within the limits of such exemption. Current shareholders representing an additional 31.1 per cent of the share capital have expressed their support for the Rights Issue.

Advisors

Pareto Öhman AB is financial advisor and Advokatfirman Vinge KB is legal advisor to RusForest in connection with the Rights Issue.

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About RusForest AB (publ)

RusForest is forestry and sawmilling company operating in Eastern Siberia and the Arkhangelsk region of Russia. The Company controls long term forest leases with an annual allowable cut of approximately 3.6 million m³, and utilizes these resources to produce a wide range of sawnwood products. Eastern Siberia is renowned for its pine and larch of exceptional quality, while the Arkhangelsk Region in northwest Russia has high quality spruce and pine forests similar to those found in northern Sweden.

RusForest's goal is to develop into a leading independent integrated forestry and sawmilling company in Russia with an annual harvesting of 2.7 to 2.9 million m³. The Group's total sawmilling capacity, which is currently approximately 350,000 m³, is expected to, following completion of on-going investments; gradually increase to 500,000 to 550,000 m³ of sawnwood. There is significant potential (of up to 800,000 to 850,000 m³ of sawnwood) within the maximum allowable harvesting.

RusForest AB's Certified Adviser on First North is Pareto Öhman AB.

IMPORTANT INFORMATION

This press release is not an offer for subscription for shares in RusForest. A prospectus relating to the Rights Issue referred to in this press release will be filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia RusForest's website.

The distribution of this press release in certain jurisdictions may be restricted. This press release does not constitute an offer of, or an invitation to purchase, any securities of RusForest in any jurisdiction.

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