Sadovaya Group

Current report no. 09/2011
dated 17 March 2011

INCREASE OF SHARE CAPITAL OF UKRAINIAN SUBSIDIARIES

Sadovaya Group S.A., a joint stock company under Luxembourg law, with registered office at 412F, route d'Esch, L-2086 Luxembourg, registered in the Luxembourg Register of Companies under No. B 153.489, (the "Company"), hereby informs that:

Two Ukrainian operating companies of the Sadovaya group and indirect subsidiaries of the Company, Shahta Sadovaya LLC and Shahta Rassvet-1 LLC ("Operating Companies") increased their respective share capital. The share capital of each company was increased by an UAH equivalent of USD 5,000,000 and paid-up in cash by their current majority shareholder Sadovaya Limited, with its seat in Cyprus, a direct wholly owned subsidiary of the Company.

Following the share capital increase: (i) the share capital of Shahta Sadovaya LLC will be UAH 43,700,000, with 99.91% held by Sadovaya Limited and 0.09% held by Connectico Ventures Limited; (ii) the share capital of Shahta Rassvet-1 LLC will be UAH 41,890,000, with 99.95% held by Sadovaya Limited and 0.05% held by Connectico Ventures Limited,.

The increase of share capital of the Operating Companies was funded by an increase of share capital in Sadovaya Limited, of which the Company informed in the current report No 8/2011 dated 25 February 2011.

The proceeds received by Shahta Sadovaya LLC and Shahta Rassvet-1 LLC will be used for financing the investment program of Sadovaya Group as described in the prospectus issued in connection with the initial public offering.

Legal grounds: Art.14 of the Luxembourg Law of 9 May 2006 on market abuse, and Art. 56 of the Act of 29 July 2005 on the public offering, conditions governing the introduction of financial instruments to organised trading system and on public companies.

Signatures of individual authorised to represent the Company:

Viktor Chornogor