

Current report no.39/2011
Dated 30 December 2011

LOAN AGREEMENT WITH EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

on 29 December 2011 the Board of Directors of Sadovaya Group SA approved the conclusion of the loan agreement between its affiliate "Product Company Interdon" Limited Liability Company and European Bank for Reconstruction and Development (EBRD) in the amount of USD 36 mn (thirty six million US dollars) with the annual interest rate 6.5% over 3 months Libor and with complete repayment over 7 years in order to finance the development of Group's waste coal reprocessing business.

On 30 December 2011 the Group subsidiary "Product Company Interdon" LLC entered into the loan agreement with EBRD. First tranche in the amount of USD 18 mn is scheduled to be available for drawdown in February 2012 and is subject to completion of security agreements and other conditions precedent to financing.

The first stage of the project implies construction of two waste reprocessing facilities. The first factory is to be put into operation in 2Q2012, the second - in 4Q2012. The proposed project has a number of environmental and social benefits including: processing of waste material, reduced emissions of greenhouse gases, smaller stockpiles with associated visual landscaping improvements and social-economic benefits in terms of job creation and a local economic stimulus.

For additional information regarding the project please follow the EBRD official project page at <http://www.ebrd.com/russian/pages/project/psd/2011/42621.shtml>

Legal grounds: article 56.1 in connection with article 56.6 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