



Current report no. 8/2011
dated 25 February 2011

INCREASE OF SHARE CAPITAL IN 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:

the Company, as the sole shareholder of Sadovaya Limited with its seat in Cyprus ("Sadovaya Cyprus"), has approved the increase of the share capital in Sadovaya Cyprus from USD 215.000 to USD 3.215.000. All the shares in the increased share capital will be subscribed for by the Company in exchange for a cash contribution of USD 28.500.000.

The proceeds received by Sadovaya Cyprus from the capital increase will be further transferred to Ukrainian operating companies of Sadovaya Group and will be used for financing the investment program of Sadovaya Group as described in the prospectus issued in connection with the initial public offering. Sadovaya Cyprus will transfer the funds by way of cash contributions for increased share capital in the Ukrainian subsidiaries Shahta Rassvet-1 LLC and Shahta Sadovaya LLC.

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