

Current report no. 19/2011

Dated 24 June 2011

UPDATE ON OPERATIONS AND FINANCIAL OUTLOOK FOR 2011-2012

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 provides update on mining operations outlook and financial forecasts for 2011-2012:

Dear friends,

After nearly 6-month of operations in 2011 we would like to provide our operating and financial targets for 2011 and our outlook for 2012:

| | 2012F | % change, y-o-y | 2011F | % change, y-o-y | 2010 |
|--------------------------------|---------|--------------------|--------|--------------------|--------|
| ‘000 tones: | | | | | |
| Coal sales | 2,157 | 78% | 1,212 | 10% | 1,098 |
| Coal mining | 940 | 87% | 501 | 80% | 279 |
| Coal recovery from waste dumps | 738 | 424% | 141 | 907% | 14 |
| ‘000 USD: | | | | | |
| Sales | 158,517 | 88% | 84,172 | 29% | 65,443 |
| EBITDA | 66,199 | 147% | 26,804 | 65% | 16,276 |
| Net income | 50,148 | 180% | 17,919 | 127% | 7,889 |

Key operating developments and targets for 2011:

- Sadovaya mine: a new longwall on k₇^H seam is scheduled to be commissioned on July 1
- Rassvet-1 mine: two new longwalls are expected to be commissioned in 4Q 2011. After thorough analysis of geological conditions of the stopped longwall, we decided not to exploit it anymore. Instead, we focus all the efforts to commission two new longwalls at the mine
- Waste recycling: launch of two new enrichment factories is scheduled for November 2011. We have chosen the suppliers of equipment; our engineering advisors are negotiating technical parameters of the contracts with suppliers
- Coal pricing and sales: market price for energy coal in Ukraine has already increased by 14% y-o-y, or 7% more than we initially expected

Key expectations for 2012:

- We keep all the production targets for 2012 unchanged, as we see all the preparatory works for 2012 production will be completed already this year.

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