

Current report no. 26/2011  
Dated 29 August 2011

## UPDATE ON WASTE PROCESSING SEGMENT ACTIVITIES

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 progress of module complexes for coal recovery from waste dumps and tailings ponds construction and installation.

We have engaged and coordinate work of project engineers and other contractors responsible for assembling, testing and launch of the production facilities. Part of the equipment for modular complexes was already shipped to Ukraine and where possible assembled in transferable modules which will further form the coal recovery factories.

Estimated monthly output capacity for waste dumps recovery complex is up to 22 ths. tones of marketable anthracitic coal per month; coal output characteristics presented below:

Product	Ash (%)	Moisture (%)	Calorific value (kKal/kg)	Sulphur (%)	Volatile matters (%)
Sized coal (6 - 40 mm)	5-10	3-5	7,000-7,500	1-1.5	3-8
Concentrate (0 - 6 mm)	10-20	8-10	5,900-6,700	1-1.5	3-8

Estimated monthly output capacity for tailings ponds recovery complex is up to 25 ths. tones of marketable coal per month; coal output characteristics presented below:

Product	Ash (%)	Moisture (%)	Calorific value (kKal/kg)	Sulphur (%)	Volatile matters (%)
Concentrate (0 -3 mm)	15-20	10-15	5,100-5,500	1.5-2	35-40

**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