



**BLACK
EARTH
FARMING LTD.**

Prospectus regarding listing of

SEK 750,000,000 10%

Bonds 2010/2014, Loan no. 2

Arranger

Öhman
E. ÖHMAN J:OR FONDKOMMISSION AB

IMPORTANT INFORMATION

This Prospectus has been prepared by the Board of Directors of Black Earth Farming in relation to the application for listing of Black Earth Farming's SEK 750,000,000 10% Bonds 2010/2014, Loan no. 2 (the "**Bonds**") on NASDAQ OMX Stockholm (the "Listing"). This Prospectus is not an offer for sale or a solicitation of an offer to purchase securities in any jurisdiction. It has been prepared purely for the purpose of the Listing.

The Board of Directors hereby declare that, to the best of their knowledge, the information provided in the Prospectus is accurate and that, to the best of their knowledge, this Prospectus is not subject to any omissions that may serve to distort the picture this Prospectus is to provide, including that all relevant information in the minutes of Board of Directors' meetings, auditors' records and other internal documents is included in this Prospectus.

This Prospectus has been prepared in accordance with the Swedish Financial Instruments Trading Act (1991:980) (*Sw: lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No. 809/2004 of April 29, 2004.

This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority in accordance with the requirements of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). It should be noted that such approval and such registration does not constitute a guarantee from the Swedish Financial Supervisory Authority that the information in the Prospectus is accurate or complete.

The Prospectus is governed by Swedish law. Disputes concerning the contents of this Prospectus and associated legal conditions shall be the exclusive jurisdiction of the courts of Sweden.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements". All statements other than statements of historical facts included in this Prospectus, including without limitation, those regarding the Company's financial position, business strategy, the Company's management's, or as appropriate the Directors', plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these statements are forward-looking statements. Such forward-looking statements and information reflect the current views and beliefs of the Board of Directors or are assumptions based on information available to the Company. When used in this Prospectus, words like "aims", "anticipates", "believes", "estimates", "expects", "may", "plans" and "wants" and other similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements and should be regarded as forecasts of or indications of future events, trends or the like. Although the Company believes that the forecasts and future results, performance and achievements are based on reasonable assumptions and expectations, the Company cannot guarantee the materialisation of these forecasts. Such forward-looking statements are subject to certain known and unknown risks, uncertainties, assumptions and other factors, including risks or uncertainties associated with Black Earth Farming's technological development, growth, management, relations with customers and suppliers and other factors referenced in this Prospectus. Additional factors include, but are not limited to, those discussed under the section "Risk factors and other considerations". Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results, performance or achievements that may be expressed or implied by forward-looking statements may differ materially from those described in this Prospectus as anticipated, believed, estimated or expected.

Accordingly, without limiting the expressed or implied limitations or denial of either responsibility or liability of the Company or Öhman (or their respective officers, Directors, employees, affiliates, representatives, advisers and agents) set out elsewhere in this Prospectus, potential investors should

not place undue reliance on these forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Except as required by law or regulation, the Company and the Directors expressly disclaim any obligations or undertaking to release publicly or disseminate, after the date of this Prospectus, any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

OTHER INFORMATION

The national currency of the Russian Federation is the Russian rouble ("RUR"), which is the Company's functional currency and the currency in which the consolidated financial statements are presented. All financial information presented in RUR has been rounded to the nearest thousand. In addition to presenting the consolidated financial statements in RUR, supplementary information in USD has been presented for the convenience of the readers of the consolidated financial statements. The USD amounts have not been subject to an audit or review by the Company's independent accountants.

Unless otherwise specified or unless the context otherwise requires, "EUR" refers to euro, "RUR" refers to Russian rouble, "SEK" refers to Swedish kronor and "USD" refers to United States dollars.

Some financial information in this Prospectus has been rounded and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

AVAILABLE INFORMATION

The Articles of Association, the annual reports of the Company for the financial years 2006 until 2009 and the interim reports of the Company for the financial years 2007 until 30 June 2010 are available at its registered office located at 8 Church Street, St. Helier, Jersey JE4 0SG, Channel Islands, and on the Company's website www.blackearthfarming.com. Any interested party may obtain a copy of these items from the Company without charge. References to the Company's website in this Prospectus should not be deemed to incorporate the information on the Company's website by reference.

Financial Adviser to the Company:
E. Öhman J:or Fondkommission AB

The date of this Prospectus is 17 September 2010.

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Summary

The following summary should only be read as an introduction to the Prospectus, and does not necessarily contain all information for an investment decision. Any decision to invest in Bonds should therefore be based on a consideration of the Prospectus as a whole.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the Prospectus. Civil liability attaches to those persons responsible for the preparation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Terms and Conditions of the Bonds in brief

The information contained in this table is a summary of certain provisions of the Terms and Conditions for the Bonds only and should not be considered a complete description of the particular provision summarised. The summaries below are qualified by reference to the complete Terms and Conditions for the Bonds as set out in Annex B "Terms and Conditions for the Bonds".

Issuer:	Black Earth Farming Limited (company registration number 89973);
Loan Amount:	SEK seven hundred fifty million (750,000,000);
Coupon:	A fixed rate of 10% per annum, payable annually in arrear;
Denomination:	SEK 1;
Issue Date:	1 July 2010;
Maturity Date:	1 July 2014;
First Trading Day:	The Company intends to apply for a listing of the Bonds on the Corporate Bond List of NASDAQ OMX Stockholm. The first trading day is expected to be 24 September 2010;
Transfer Restrictions:	The Bonds may be transferred without restriction;

- Bond:** A debt instrument (*Sw. skuldförbindelse*) as defined in Chapter 1, Section 3 of the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and which has been issued by the Company pursuant to the Terms and Conditions for the Bonds in Annex B;
- Security:** Not applicable. The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company;
- Interest Payment Dates:** 1 July each year and the Maturity Date (if that day is not a Banking Day, payment of interest will occur on the next following Banking Day, but as calculated on the Interest Payment Date, unless it would thereby fall into the next calendar month, in which event interest shall be payable on the immediately preceding Banking Day);
- Redemption:** Unless previously redeemed, or purchased and cancelled in accordance with the Terms and Conditions for the Bonds in annex B, the Bonds shall be redeemed at the Nominal Amount on the Maturity Date. Payment of Nominal Amount and interest will be made to the person who is a Holder on the fifth Banking Day prior to the respective payment date or on such other Banking Day falling nearer such payment date which may generally be applied in the Swedish bond market;
- Redemption at the Company's option:** The Company may elect to redeem all of the Bonds (but not less than all) on any Banking Day falling after 1 July 2011. The Company shall give the Holders at least 30 days but not more than 60 days notice of such redemption. Such notice shall be irrevocable and state the Redemption Date and the relevant Record Date. The Bonds shall be redeemed at the following redemption prices, expressed as percentages of the Nominal Amount as set out below:
- (a) 104.00 per cent during the period from, but excluding, 1 July 2011 up to and including 1 July 2012;
 - (b) 102.50 per cent during the period from, but excluding, 1 July 2012 up to and including 1 July 2013;
 - (c) 101.00 per cent during the period from, but excluding, 1 July 2013 up to and including 30 June 2014
- together in the case of any such redemption with accrued interest from, but excluding, the latest

Interest Payment Date up to and including the relevant Redemption Date;

Financial Covenants:

For as long as any Bonds remain outstanding, the Company undertakes:

- a) Debt restrictions;
 - i. to procure that the Total Debt to Total Shareholder's Equity never exceeds 75%
 - ii. to procure that none of its Subsidiaries raises any Market Loan

b) Dividend restrictions;
not to make a dividend or distribution of capital (whether in cash or specie), redeem or purchase any of its shares or make other similar distributions to shareholders in an amount exceeding 30 per cent of the most recent financial year's net profit on a consolidated basis

c) Security;
not to provide or permit to subsist any security or permit someone else to provide or permit to subsist security in the form of a guarantee or otherwise, for any Market Loan raised by the Company;

Period of Limitations:

The Bonds and the right to receive payment thereunder shall become void unless presented for payment within a period of ten (10) years (in the case of principal) and three (3) years (in the case of interest) of the Maturity Date;

Change of Control:

Occurs if: (i) any person or persons, acting together, acquires or acquire Control of the Company; or (ii) a public offer is made in respect of the shares of the Company and such offer has been declared unconditional and the offeror, and any person or persons acting together with the offeror, acquire or acquires Control of the Company; or (iii) a De-Listing Event occurs;

Registration on Euroclear Account:

The Bonds will be registered on behalf of the Holders on a Euroclear Account. Payments of principal and interest are made by Euroclear, Euroclear Sweden AB, P.O Box 7822, SE-103 97 Stockholm. Phone number: +46 8 402 90 00;

Agent:

CorpNordic Sweden AB, a company organised under the laws of Sweden with reg. no. 556625-5476;

ISIN code:

SE0003366624;

Information:

The Company undertakes to publish quarterly interim financial reports;

Tax Aspects:

There is no tax deduction at source (i.e. by the Company) with regard to payment of interest or redemption amounts. Euroclear or the Swedish nominee (in case of nominee registered securities) withholds preliminary tax on interest paid in cash to individuals who are resident in Sweden for tax purposes. A description of the material Swedish tax consequences that may arise in relation to the Bonds is included in the section "Taxation";

Governing Law:

The Bonds shall be governed by and construed in accordance with the substantive laws of the Kingdom of Sweden. Any dispute or claim arising in relation to the Bonds shall be determined by Swedish courts, with the District Court of Stockholm to be the court of first instance.

Risk factors

A number of risk factors could influence the Group's activities (including those beyond Black Earth Farming's control). The following summarises, in no particular order, some of the risk factors and circumstances considered to be of material significance to the Group's future development. Further risks that at present are not known to the Company may have a material impact on the Group's operations, financial position and results. The reader should also read and carefully consider the more detailed description of the various risk factors set out under the section "Risk Factors", together with the other information in this Prospectus.

Financial risks and risks relating to the current macroeconomic environment

- Financing may not be available on reasonable terms

Risks relating to the Group

- The Group's performance depends on its current management team and its ability to recruit skilled and suitably experienced personnel for future operations
- The Group's freehold ownership of agricultural land in Russia may be open to legal challenges
- The Group's operations may be affected by defects in title to the land plots in Russia
- The Company is a holding company

Risks relating to the Group's business

- Poor or unexpected weather conditions
- The Company does not carry the types of insurance coverage customary in more economically developed countries

Risks relating to Russia

- Political and social risks
- Misuse of corporate governance is problematic
- Crime and corruption and the use of illegal or unacceptable business methods and unlawful or arbitrary governmental action

Risks relating to the Bonds

- Uncertainty as to the trading market and price development for Bonds
- Risk of changing interest rates
- Liquidation of the Company

Industry overview

Grains and oilseeds are primarily used for human food or feed for animals. In the past few years there has also been an increasing demand for agricultural crops as raw material in energy production. Some of the main drivers of the agricultural sector are world population growth and rising disposable income.

Russia is one of the world's leading grain exporters but lately trade has been restricted due to a Russian ban on exports of certain grains and flours from August 2010, following a severe drought during the summer of 2010. Due to the drought, estimated Russian grain and oilseed production for the marketing year 2010/11 have come down substantially during the summer of 2010.

Black Earth Farming in brief

Black Earth Farming's business concept is to acquire, develop and farm agricultural land assets in Russia, primarily in the Black Earth Region and secondarily in other regions endowed with fertile agricultural land. The Company's main business is crops, which in turn consists of several elements such as foremost on-field production but also pre- and post-harvest logistics, handling and trading.

In addition to the cropping, Black Earth farming is also involved in dairy farming and meat farming, which is however currently only conducted on a small scale. Lastly, the Company is also engaged in land acquisition and registration. At this point Black Earth Farming has however already amassed a considerable land bank of prime soil and instead focuses on title registration.

As of 30 June 2010, Black Earth Farming has a total of 328 thousand hectares of land under control, of which 228 thousand hectares are under registered ownership. The land bank is situated in the five Russian regions Kursk, Voronezh, Lipetsk, Tambov/Ryazan and Samara. Additionally, the Company has a storage capacity of 204 thousand tons on farms as well as 100 thousand tons in grain elevators. Another 115 thousand tons of internal grain handling and storage infrastructure are under construction.

Board of Directors, senior executives and auditors

The Board of Directors is currently composed of seven Directors including the chairman.

Name	Title	Connection to Company
Per Brilioth	Chairman of the Board	Main Owner
Sture Gustavsson	Executive Director and CEO	Management
Alex Gersh	Non-Executive Director	Independent
Henrik Persson	Non-Executive Director	Main Owner
Poul Schroeder	Non-Executive Director	Independent
Magnus Unger	Non-Executive Director	Independent
Richard Warburton	Non-Executive Director	Main Owner

The team of senior executives consists of Sture Gustavsson, Michael Shneyderman, Alexei Bnatov, Gustav Wetterling and Alexander Fomin.

The Company's auditor is Deloitte AB, with Svante Forsberg as auditor in charge.

Principal Shareholders

The Company's principal shareholders are Investment AB Kinnevik (publ) and Vostok Nafta Investment Ltd., who as at 30 June 2010 held 31,087,097 and 30,888,704 SDRs respectively, corresponding to 24.9 per cent and 24.8 per cent respectively of the voting rights and capital of the Company.

Summary of financial information

The summary of financial information as of and for the years ended 31 December 2008 and 2009 and as of and for the six month periods ended 30 June 2010 and 2009 have been extracted without material adjustment from the Consolidated Financial Statements, Condensed Consolidated Interim Reports and related notes included by reference in this Prospectus. The Consolidated Financial Statements and the Condensed Consolidated Interim Reports have been prepared in accordance with IFRS.

Refer to the section "Selected consolidated financial information of Black Earth Farming" for a description of consolidated financial information that has been subject to an audit by the Company's independent accountants.

In addition to presenting the financial statements in RUR, supplementary information in USD has been presented for the convenience of readers. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00. The supplementary information in USD has not been audited by the Company's independent accountants.

The following summary of Black Earth Farming's accounts should be read together with the section "Selected consolidated financial information of Black Earth Farming", the Company's interim report for the period January-June 2010, the Company's annual report for the year 2009 and the Company's annual report for the year 2008, which all have been incorporated in this Prospectus by reference, see section "Documents incorporated by reference".

Income statements in brief

<i>In thousands of</i>	<i>RUR</i> <i>6 m.</i> <i>2010</i>	<i>RUR</i> <i>6 m.</i> <i>2009</i>	<i>RUR</i> <i>12 m.</i> <i>2009</i>	<i>RUR</i> <i>12 m.</i> <i>2008</i>
Revenue	593,698	1,186,468	2,394,743	698,905
Gross profit (loss)	301,437	186,662	(32,767)	314,572
Profit (loss) after net financial items	(187,295)	(320,354)	(1,305,904)	(737,880)
Profit (loss) for the period from continuing operations	(227,798)	(338,490)	(1,291,797)	(717,379)
Profit (loss) for the period from discontinued operations	-	(57,496)	(57,496)	(16,244)
Total comprehensive income for the period	(227,798)	(395,986)	(1,349,293)	(717,379)

<i>In thousands of</i>	<i>USD*</i> <i>6 m.</i> <i>2010</i>	<i>USD*</i> <i>6 m.</i> <i>2009</i>	<i>USD*</i> <i>12 m.</i> <i>2009</i>	<i>USD*</i> <i>12 m.</i> <i>2008</i>
Revenue	19,032	38,033	79,180	23,109
Gross profit (loss)	9,664	5,984	(1,083)	10,402
Profit (loss) after net financial items	(6,004)	(10,270)	(43,179)	(24,397)
Profit (loss) for the period from continuing operations	(7,302)	(10,851)	(42,712)	(23,720)
Profit (loss) for the period from discontinued operations	-	(1,843)	(1,901)	(537)
Total comprehensive income for the period	(7,302)	(12,694)	(44,613)	(24,257)

Balance sheets in brief

<i>In thousands of</i>	<i>RUR</i> <i>30 Jun 2010</i>	<i>RUR</i> <i>31 Dec 2009</i>	<i>RUR</i> <i>31 Dec 2008</i>
Non-current assets	6,060,222	6,043,535	5,173,235
Current assets	4,514,419	5,006,151	7,369,943
Total assets	10,574,641	11,049,686	12,543,178
Equity	8,536,020	8,743,931	10,054,557
Non-current liabilities	3,784	1,864,886	1,983,636
Current liabilities	2,034,837	440,869	504,985
Total equity and liabilities	10,574,641	11,049,686	12,543,178

<i>In thousands of</i>	<i>USD*</i> <i>30 Jun 2010</i>	<i>USD*</i> <i>31 Dec 2009</i>	<i>USD*</i> <i>31 Dec 2008</i>
Non-current assets	194,267	199,826	171,048
Current assets	144,713	165,525	243,682
Total assets	338,980	365,531	414,730
Equity	273,630	289,112	332,446
Non-current liabilities	121	61,661	65,587
Current liabilities	65,229	14,577	16,697
Total equity and liabilities	338,980	365,351	414,730

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Cash flow statements in brief

<i>In thousands of</i>	RUR 6 m. 2010	RUR 6 m. 2009	RUR 12 m. 2009	RUR 12 m. 2008
Cash flow from operating activities	(438,270)	(28,968)	4,847	(1,940,707)
Cash flow from investment activities	(306,337)	(874,614)	(1,258,942)	(1,485,544)
Cash flow from financing activities	(34,577)	(78,484)	(352,479)	401,238
Cash flow for the period	(779,184)	(982,066)	(1,606,574)	(3,025,013)

<i>In thousands of</i>	USD* 6 m. 2010	USD* 6 m. 2009	USD* 12 m. 2009	USD* 12 m. 2008
Cash flow from operating activities	(14,049)	(929)	160	(64,169)
Cash flow from investment activities	(9,821)	(28,039)	(41,625)	(49,117)
Cash flow from financing activities	(1,108)	(2,516)	(11,655)	13,266
Cash flow for the period	(24,978)	(31,484)	(53,120)	(100,020)

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Sammanfattning

Följande avsnitt utgör en översättning av avsnittet "Summary" ovan. Översättningen har upprättats mot bakgrund av bestämmelserna i 2 kap. 21 § lagen (1991:980) om handel om finansiella instrument och Finansinspektionens beslut i ärende 10-7696, enligt vilket Prospektet får upprättas på engelska med en svensk prospektsammanfattning.

Enligt 2 kap. 15 § lagen (1991:980) om handel om finansiella instrument är ansvaret för innehållet i sammanfattningen och denna översättning av sammanfattningen begränsat. Om en talan avseende informationen i denna sammanfattning överlämnas till domstol för prövning kan målsägande investerare få stå för kostnaderna för att översätta Prospektet. De personer som är ansvariga för att upprätta sammanfattningen har ett civilrättsligt ansvar, men endast om sammanfattningen är vilseledande, inkorrekt eller motsägande när den läses tillsammans med övriga delar av Prospektet. Om översättningen inte stämmer överens med informationen i den engelska originalversionen skall den engelska originalversionen äga tolkningsföreträde.

Denna sammanfattning skall enbart uppfattas som en introduktion till Prospektet och innehåller inte nödvändigtvis all information för ett beslut om att investera i Obligationslånet. Investerare bör därför även ta del av Prospektet i dess helhet på dess originalspråk innan de fattar beslut om att investera i Obligationerna.

Villkor för Obligationslånet i sammandrag

Informationen i denna översikt är enbart en sammanfattning av vissa bestämmelser i Villkoren för Obligationerna och skall inte uppfattas som en fullständig beskrivning av de bestämmelser som sammanfattats. Sammanfattningen nedan skall läsas tillsammans med de fullständiga Villkoren för Obligationerna i Bilaga B "Terms and Conditions for the Bonds".

Emittent:	Black Earth Farming Limited (reg. nr. 89973);
Lånebelopp:	Sjuhundrafemtio miljoner kronor (750 000 000);
Räntesats:	Fast årlig räntesats om 10%, betalas årsvis i efterskott;
Nominellt Belopp:	1 krona;
Utgivningsdag:	1 juli 2010;
Förfallodag:	1 juli 2014;

Första Handelsdag:	Bolaget avser att ansöka om notering av Obligationerna på Företagsobligationslistan vid NASDAQ OMX Stockholm. Den första handelsdagen beräknas bli 24 september 2010;
Överlåtelsebegränsningar:	Obligationerna är fritt överlåtbara;
Obligation:	Skuldförbindelse såsom definierad i lagen (1998:1479) om kontoföring av finansiella instrument och som har utgivits av Bolaget i enlighet med Villkoren vilka återfinns i Bilaga B "Terms and Conditions for the Bonds";
Säkerhet:	Ej tillämpligt. Obligationerna utgör direkt ovillkorade, icke säkerställda och icke efterställda förbindelser för Bolaget;
Datum för Räntebetalning:	1 juli varje år och Förfallodagen (om den dagen inte är en Bankdag utbetalas ränta nästföljande Bankdag, beräknad på Datumet för Räntebetalning, förutsatt att betalningsdagen inte därmed infaller i nästkommande månad, i vilket fall ränta skall utbetalas på den omedelbart föregående Bankdagen);
Inlösen:	Om Obligationerna inte tidigare är inlösta eller köpta och annullerade i enlighet med Villkoren för Obligationerna skall de lösas in för det Nominella Beloppet på Förfallodagen. Betalning av det Nominella Beloppet och ränta skall ske till Innehavarna på den femte Bankdagen före respektive dag för betalning eller på annan Bankdag som infaller närmare en sådan dag för betalning, som allmänt används på den svenska obligationsmarknaden;
Inlösen på Bolagets begäran:	Bolaget kan välja att lösa in samtliga Obligationer (dock ej färre än samtliga) på en Bankdag som infaller efter 1 juli 2011. Bolaget skall meddela Innehavarna om sådant inlösen minst 30 dagar och som mest 60 dagar före inlösen äger rum. Ett sådant meddelande skall vara oåterkalleligt samt ange inlösensdagen och den relevanta Avstämningsdagen. Obligationerna skall lösas in till följande inlösenpris, uttryckt i procent av det Nominella Beloppet nedan: (a) 104.00 procent under perioden från, men inte inklusive, 1 juli 2011 till och med och inklusive 1 juli 2012;

(b) 102.50 procent under perioden från, men inte inklusive, 1 juli 2012 till och med och inklusive 1 juli 2013;

(c) 101.00 procent under perioden från, men inte inklusive, 1 juli 2013 till och med och inklusive 30 juni 2014

tillsammans med, för det fall sådant inlösen sker, upplupen ränta från, men inte inklusive, det senaste Datumet för Räntebetalning till och med och inklusive den relevanta Inlösensdagen;

Finansiella åtaganden:

Så länge det finns utestående Obligationer åtar sig Bolaget att:

a) Skuldrestriktioner;
i. tillse att förhållandet mellan Totala Skulder och Totalt Eget kapital aldrig överstiger 75%

ii. tillse att inget Dotterbolag upptar något Marknadslån

b) Utdelningsrestriktioner;
inte vidta några utdelningar av kapital (vare sig i form av pengar eller annat), inlösa eller återköpa några av Bolagets aktier eller vidta liknande vinstöverföringar till aktieägarna till ett belopp som överstiger 30 procent av det senaste räkenskapsårets nettoresultat på koncernnivå

c) Säkerhet;
inte tillhandahålla eller tillåta existensen av några säkerhetsanspråk i form av garanti eller annat för något Marknadslån upptaget av Bolaget;

Preskription:

Obligationerna, tillsammans med rättigheten att motta betalning för dessa, skall preskriberas om de inte betalas inom en period om tio (10) år (om kapitalbelopp) respektive tre (3) år (om ränta) från Förfallodagen;

Ägarförändring:

Inträffar om: (i) någon eller flera personer i förening förvärvar Kontrollen över Bolaget; eller (ii) ett offentligt uppköpserbudande lämnas för Bolagets aktier och förklaras ovillkorat och budgivaren, ensam eller i förening med andra, förvärvar Kontrollen över Bolaget; eller (iii) en Avnoteringsåtgärd inträffar;

Registrering på Euroclear konto:

Obligationerna kommer att registreras på Innehavarnas Euroclearkonto. Betalning av kapitalbelopp och ränta görs av Euroclear,

Euroclear Sweden AB, Box 7822, 103 97
Stockholm. Telefon: +46 8 402 90 00;

Agent:	CorpNordic Sweden AB, ett bolag registrerat i Sverige med reg. nr. 556625-5476;
ISIN kod:	SE0003366624;
Information:	Bolaget åtar sig att publicera kvartalsrapporter;
Skatteaspekter:	Bolaget gör inte skatteavdrag vid räntebetalningar eller inlösen. Euroclear eller förvaltaren i Sverige (vid förvaltarregistrerade aktier) drar av preliminärskatt på kontanta räntebetalningar till fysiska personer som är skattskyldiga i Sverige. En beskrivning av de väsentliga svenska skattemässiga konsekvenserna som kan uppkomma med anledning av Obligationer finns i avsnittet "Taxation";
Tillämplig lag:	Obligationerna skall lyda under och tolkas i enlighet med svensk materiell rätt. Tvist eller krav som uppstår med anledning av Obligationerna skall avgöras i svensk domstol, med Stockholms tingsrätt som första instans.

Riskfaktorer

Ett antal riskfaktorer skulle kunna påverka Koncernens verksamhet (inklusive sådana som står utanför Black Earth Farmings kontroll). Nedan sammanfattas, utan inbördes rangordning, några av de riskfaktorer och förhållanden som bedöms vara av väsentlig betydelse för Koncernens framtida utveckling. Ytterligare riskfaktorer som för närvarande inte är kända för Bolaget skulle också kunna påverka Koncernens framtida verksamhet, finansiella ställning och resultat. Läsaren bör också läsa och överväga den mer detaljerade beskrivningen av de olika riskfaktorerna som återfinns i avsnittet "Risk factors", tillsammans med den övriga informationen i detta Prospekt.

Finansiell risk och risker relaterade till det nuvarande makroekonomiska klimatet

- Svårigheter att erhålla finansiering på kommersiellt godtagbara villkor

Risker relaterade till Koncernen

- Koncernens resultat är beroende av nuvarande bolagsledning och Koncernens förmåga att rekrytera kompetenta personer med lämplig erfarenhet för den framtida verksamheten
- Legala konsekvenser av utländskt ägande av rysk mark
- Koncernens verksamhet kan påverkas negativt av att Bolagets möjlighet att tillförsäkra sig full äganderätt till mark i Ryssland kan vara begränsad
- Bolaget är ett holdingbolag

Risker relaterade till Bolagets verksamhet

- Ogynnsamma eller oförutsägbara väderförhållanden
- Bolagets försäkringsskydd överensstämmer inte med sedvanligt försäkringsskydd i mer ekonomiskt utvecklade länder

Risker relaterade till Ryssland

- Politiska och sociala risker
- Bolagsstyrningsrisk
- Brottslighet och korruption samt användande av oacceptabla affärsmetoder och olagliga eller godtyckliga myndighetsåtgärder

Risker relaterade till Obligationerna

- Osäkerhet avseende marknaden och prisutvecklingen för Obligationer
- Risk för ändrade räntesatser
- Likvidation av Bolaget

Marknadsöversikt

Spannmål och oljevaxter används företrädesvis för att producera mat eller djurfoder. Under senare tid har även en ökad efterfrågan på förnyelsebara energikällor resulterat i en ökad efterfrågan på energigrödor. Viktiga drivkrafter för jordbruksmarknaden är befolkningstillväxten och ökningen av disponibel inkomst.

Ryssland är en av världens ledande spannmålsexportnationer, men handel har på senaste tid hindrats av ett ryskt förbud mot export av vissa spannmål och mjöl som trädde i kraft i augusti 2010 efter den extrema torkan under sommaren 2010. På grund av torkan har den uppskattade ryska spannmåls- och oljeväxtproduktionen för jordbruksåret 2010/2011 sjunkit väsentligt under sommaren 2010.

Black Earth Farming i korthet

Black Earth Farmings affärsidé är att förvärva, utveckla och bruka jordbruksmark i Ryssland, primärt i Svartajordsregionen och sekundärt i andra regioner där bördig jordbruksmark förekommer. Bolagets huvudsakliga verksamhet är jordbruksproduktion, vilken i sin tur indelas i flera områden, framförallt produktion på plats men även logistik och hantering före och efter skörd samt försäljning.

Utöver jordbruksproduktion bedriver Black Earth Farming mejeri- och köttproduktion, för närvarande dock enbart i begränsad omfattning. Bolaget är även aktivt inom förvärv och registrering av jordbruksmark. I dagsläget har en betydande andel förstklassig jordbruksmark förvärvats och Bolaget fokuserar främst på registreringsarbetet.

Per den 30 juni 2010 kontrollerade Black Earth Farming 328 000 hektar mark, av vilka registreringen är genomförd för 228 000 hektar. Jordlotterna finns i områdena Kursk, Voronezh, Lipetsk, Tambov/Rayzan och Samara. Därutöver har Bolaget lagringskapacitet om 204 000 ton i jordbruksfastigheter och 100 000 ton i spannmålsanläggningar. Bolaget har även kapacitet för ytterligare 115 000 ton spannmålshantering genom infrastruktur som är under uppbyggnad.

Styrelse, ledande befattningshavare och revisorer

Styrelsen består idag av sju Styrelseledamöter inklusive ordföranden.

Namn	Position	Förhållande till bolaget
Per Brilioth	Ordförande	Huvudägare
Sture Gustavsson	Styrelseledamot och VD	Bolagsledning
Alex Gersh	Styrelseledamot	Oberoende
Henrik Persson	Styrelseledamot	Huvudägare
Poul Schroeder	Styrelseledamot	Oberoende
Magnus Unger	Styrelseledamot	Oberoende
Richard Warburton	Styrelseledamot	Huvudägare

I ledningsgruppen för Bolaget ingår Sture Gustavsson, Michael Shneyderman, Alexei Bnatov, Gustav Wetterling och Alexander Fomin.

Bolagets revisionsbolag är Deloitte AB, med Svante Forsberg som huvudansvarig revisor.

Huvudägare

Bolagets huvudägare är Investment AB Kinnevik (publ) och Vostok Nafta Investment Ltd. som innehade 31 087 097 respektive 30 888 704 Depåbevis, motsvarande 24,9 respektive 24,8 procent av röster och kapital i Bolaget per 30 juni 2010.

Finansiell information i sammandrag

Sammanfattningen av Bolagets finansiella information för räkenskapsåren som avslutades 31 december 2009 och 31 december 2008 samt sexmånadersperioderna som avslutades 30 juni 2010 och 30 juni 2009 har utan materiella justeringar hämtats från Koncernredovisningen samt Koncernens Delårsrapporter och sammanhängande material införlivade i Prospektet genom hänvisning. Koncernredovisningen och Koncernens Delårsrapporter har upprättats i enlighet med IFRS.

Se avsnittet "Selected consolidated financial information of Black Earth Farming" för en beskrivning av räkenskaper som har reviderats av Bolagets oberoende revisorer.

Utöver att presentera den finansiella informationen i RUB har tilläggsinformation i USD inkluderats för att underlätta för läsare. För sexmånadersperioden som avslutades 30 juni 2010 och 30 juni 2009 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 30 juni 2010 där växelkursen var 31,1954 RUB per 1,00 USD, för räkenskapsåret som avslutades 31 december 2008 och 2009 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 31 december 2009 där växelkursen var 30,2442 RUB per 1,00 USD. Tilläggsinformation i USD har inte reviderats av Bolagets oberoende revisorer.

Nedanstående sammandrag av Black Earth Farmings räkenskaper skall läsas tillsammans med avsnittet "Selected consolidated financial information of Black Earth Farming", Bolagets delårsrapport för perioden januari-juni 2010 och Bolagets årsredovisningar för räkenskapsåren 2009 och 2008, som har införlivats i Prospektet genom hänvisning, se avsnittet "Documents incorporated by reference".

Koncernens resulträkningar i sammandrag

<i>I tusental</i>	<i>RUR</i> <i>6m</i> <i>2010</i>	<i>RUR</i> <i>6m</i> <i>2009</i>	<i>RUR</i> <i>12m</i> <i>2009</i>	<i>RUR</i> <i>12m</i> <i>2008</i>
Intäkter	593 698	1 186 468	2 394 743	698 905
Bruttovinst (förlust)	301 437	186 662	(32 767)	314 572
Vinst (förlust) efter finansiella poster	(187 295)	(320 354)	(1 305 904)	(737 880)
Vinst (förlust) för kvarvarande verksamhet	(227 798)	(338 490)	(1 291 797)	(717 379)
Vinst (förlust) för avvecklad verksamhet	-	(57 496)	(57 496)	(16 244)
Periodens totalresultat	(227 798)	(395 986)	(1 349 293)	(717 379)

<i>I tusental</i>	<i>USD*</i> <i>6m</i> <i>2010</i>	<i>USD*</i> <i>6m</i> <i>2009</i>	<i>USD*</i> <i>12m</i> <i>2009</i>	<i>USD*</i> <i>12m</i> <i>2008</i>
Intäkter	19 032	38 033	79 180	23 109
Bruttovinst (förlust)	9 664	5 984	(1 083)	10 402
Vinst (förlust) efter finansiella poster	(6 004)	(10 270)	(43 179)	(24 397)
Vinst (förlust) för kvarvarande verksamhet	(7 302)	(10 851)	(42 712)	(23 720)
Vinst (förlust) för avvecklad verksamhet	-	(1 843)	(1 901)	(537)
Periodens totalresultat	(7 302)	(12 694)	(44 613)	(24 257)

Koncernens balansräkningar i sammandrag

<i>I tusental</i>	<i>RUR</i> <i>6m</i> <i>2010</i>	<i>RUR</i> <i>12m</i> <i>2009</i>	<i>RUR</i> <i>12m</i> <i>2008</i>
Anläggningstillgångar	6 060 222	6 043 535	5 173 235
Omsättningstillgångar	4 514 419	5 006 151	7 369 943
Totala tillgångar	10 574 641	11 049 686	12 543 178
Eget kapital	8 536 020	8 743 931	10 054 557
Långfristiga skulder	3 784	1 864 886	1 983 636
Kortfristiga skulder	2 034 837	440 869	504 985
Totalt eget kapital och skulder	10 574 641	11 049 686	12 543 178

<i>I tusental</i>	<i>USD*</i> <i>6m</i> <i>2010</i>	<i>USD*</i> <i>12m</i> <i>2009</i>	<i>USD*</i> <i>12m</i> <i>2008</i>
Anläggningstillgångar	194 267	199 826	171 048
Omsättningstillgångar	144 713	165 525	243 682
Totala tillgångar	338 980	365 531	414 730
Eget kapital	273 630	289 112	332 446
Långfristiga skulder	121	61 661	65 587
Kortfristiga skulder	65 229	14 577	16 697
Totalt eget kapital och skulder	338 980	365 351	414 730

* Utöver att presentera den finansiella informationen i RUB har oreviderad tilläggsinformation i USD inkluderats för att underlätta för läsare att förstå den finansiella informationen i sammandrag. För sexmånadersperioden som avslutades 30 juni 2010 och 30 juni 2009 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 30 juni 2010 där växelkursen var 31,1954 RUB per 1,00 USD, för räkenskapsåret som avslutades 31 december 2009 och 31 december 2008 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 31 december 2009 där växelkursen var 30,2442 RUB per 1,00 USD.

Koncernens kassaflödesanalyser i sammandrag

<i>I tusental</i>	<i>RUR</i> <i>6m</i> <i>2010</i>	<i>RUR</i> <i>6m</i> <i>2009</i>	<i>RUR</i> <i>12m</i> <i>2009</i>	<i>RUR</i> <i>12m</i> <i>2008</i>
Kassaflöde från den löpande verksamheten	(438 270)	(28 968)	4 847	(1 940 707)
Kassaflöde från investeringsverksamheten	(306 337)	(874 614)	(1 258 942)	(1 485 544)
Kassaflöde från finansieringsverksamheten	(34 577)	(78 484)	(352 479)	401 238
Kassaflöde för perioden	(779 184)	(982 066)	(1 606 574)	(3 025 013)

<i>I tusental</i>	<i>USD*</i> <i>6m</i> <i>2010</i>	<i>USD*</i> <i>6m</i> <i>2009</i>	<i>USD*</i> <i>12m</i> <i>2009</i>	<i>USD*</i> <i>12m</i> <i>2008</i>
Kassaflöde från den löpande verksamheten	(14 049)	(929)	160	(64 169)
Kassaflöde från investeringsverksamheten	(9 821)	(28 039)	(41 625)	(49 117)
Kassaflöde från finansieringsverksamheten	(1 108)	(2 516)	(11 655)	13 266
Kassaflöde för perioden	(24 978)	(31 484)	(53 120)	(100 020)

* Utöver att presentera den finansiella informationen i RUB har oreeviderad tilläggsinformation i USD inkluderats för att underlätta för läsare att förstå den finansiella informationen i sammandrag. För sexmånadersperioden som avslutades 30 juni 2010 och 30 juni 2009 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 30 juni 2010 där växelkursen var 31,1954 RUB per 1,00 USD, för räkenskapsåret som avslutades 31 december 2009 och 31 december 2008 har samtliga belopp omvandlats från RUB till USD med stängningskursen per den 31 december 2009 där växelkursen var 30,2442 RUB per 1,00 USD.

Risk factors

All investment in bonds involves a degree of risk. The financial performance of Black Earth Farming and the risks associated with the business are important when making a decision on whether to invest in the Bonds. A number of risk factors could influence the Group's activities and financial performance (including those beyond Black Earth Farming's control) and ultimately Black Earth Farming's ability to make interest payments and payments of principal on final maturity. The risk factors and circumstances considered to be of material significance to the Group's future development are described below, without being ranked in order of importance and without any claim being made that the list is exhaustive. The risks below are not the only risks faced by Black Earth Farming and its bondholders. Further risks that at present are not known to Black Earth Farming may have a material impact on the Group's operations, financial position and results. In addition to the risk factors indicated below, the reader should also pay close attention to the other information in this Prospectus, along with a general analysis of the surrounding world, before deciding to invest in the Bonds.

Investors in companies holding assets in emerging markets such as Russia should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Investors should also note that emerging markets such as Russia are subject to rapid change and that the information set out in this Prospectus may become dated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate.

Financial risks and risks relating to the current macroeconomic environment

Financing may not be available on reasonable terms

The global financial turmoil has significantly affected Russia's economy. While the Russian government has introduced a range of stabilization measures aimed at providing liquidity to Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties. If the Group requires further financing, such financing may involve restrictions on investment and operating activities. There can be no assurance that such funding required by the Group will be made available to it and, if such funding is available, that it will be offered on reasonable terms. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, which may have a material adverse effect on the Group's financial condition and result of operations.

Risks relating to the Group

The Group's performance depends on its current management team and its ability to recruit skilled and suitably experienced personnel for future operations

The Company is dependent on the efficient functioning of its management structure in Jersey, Cyprus and Russia. In addition, the Group's farming operations relies on a small senior management team for the implementation of its strategy and the operation of its day-to-day activities. The Group's performance depends to a significant extent on its ability to attract and retain such highly qualified and skilled managerial personnel, and in particular personnel with experience in the Russian agricultural markets. The loss of any key person or the inability to recruit appropriate personnel could have a negative impact on the Group's performance. No assurance can be given that key senior executives or senior executives at the local operational level will remain with the Group. However, the Group attempts to structure compensation packages in a manner consistent with the evolving standards of the Russian labour market.

Any inability to attract and retain the Group's key employees and managers and other professional personnel could have a material adverse effect on the Group's business, financial condition and operational results.

The Group's freehold ownership of agricultural land in Russia may be open to legal challenges

Russian law does not allow a foreign-controlled entity to own agricultural land in Russia. Accordingly, the Russian assets of the Group are owned under a cross-ownership structure, as described in section "Agro Invest and Agro Invest Regions". Whilst this structure complies with the letter of the Russian law and has been used by a number of foreign funds and companies acquiring Russian assets, no assurances can be given that ownership structures, such as that used by the Group, could not be challenged on the basis that they possibly violate the spirit of the law. If the Company's holding structure of its Russian assets is found to breach Russian law, the Company could be forced to either sell part of its assets, or return the asset to the previous owner, or introduce Russian shareholders to its subsidiaries, which may have a material adverse effect on the Company's business, financial condition and results of operations.

The Group's operations may be affected by defects in title to the land plots in Russia

It is often difficult to determine with certainty the validity and enforceability of ownership or lease title to land in Russia or to what extent it is encumbered. It is not always clear which governmental body or official has the right to lease or otherwise dispose of certain land plots; the construction approval procedures are intricate and such approvals may be contested or totally cancelled; and the building and environmental regulations sometimes contain requirements that are almost impossible to fully comply with in practice.

If the Russian properties owned or leased by the Group, or any activities relating to such properties, are found not to be in compliance with applicable approvals, consents, registrations or other regulations, the Group may be delayed or prevented from using such property or its title to such property may be challenged. This could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is a holding company

The Company is a holding company that conducts its operations through subsidiaries and affiliates. The Company holds no significant assets other than direct and indirect investments in the Group companies and is therefore dependent upon receipt of sufficient dividend income from these companies to meet its own obligations. A decrease in dividend income may have an adverse effect on the Company's financial condition, results of operations and ability to meet financial obligations.

Risks relating to the Group's business

Poor or unexpected weather conditions can affect the Group's results

Weather conditions are a significant operating risk affecting the Group. Poor weather conditions and unpredictable climate change may adversely affect farm output which, in turn, may negatively affect Black Earth Farming's business, financial condition and results of operations.

The Company does not carry the types of insurance coverage customary in more economically developed countries

The insurance industry is not yet well developed in Russia, and many forms of insurance protection common in more economically developed countries are not yet available in Russia on comparable terms, including coverage for business interruption for agricultural business. The Company maintains insurance against some, but not all, potential risks and losses affecting its operations, and the Company cannot guarantee that its insurance will be adequate to cover all of its losses or liabilities, which would usually be covered in other countries. Black Earth Farming also cannot guarantee that insurance will continue to be available to it on commercially reasonable terms.

Risks relating to Russia

The Group's principal activities are within Russia. The risks associated with Russia are common to all investments in growth countries and are not characteristic of any specific Group company. An investment in the Bonds will be subject to general risks associated with investing in securities associated with companies with operations in Russia.

Political and social risks

Laws and regulations affecting business operating in Russia are subject to rapid changes and the Group's assets and operations could be at risk in the event of negative changes in the political and business environment. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. Such instability may in some cases have an adverse impact on Black Earth Farming's business, financial condition and results of operations.

Misuse of corporate governance is problematic

Deficiencies in legislation on corporate governance, judicial enforcement and corporate legislation may lead to hostile takeovers, where the rights of minority shareholders are disregarded or abused, which could affect the Group's business, results of operations and financial condition.

Crime and corruption and the use of illegal or unacceptable business methods and unlawful or arbitrary governmental action

The widespread corruption and non-acceptable business practices conducted in Russia as compared with other more developed countries may decrease a Russian company's ability to compete globally. The operations of the Group could be adversely affected by illegal activities, corruption or claims implicating the Group in illegal activities.

Further, Government authorities have a high degree of discretion in Russia and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is inconsistent with legislation or influenced by political or commercial considerations. Although unlawful, selective or arbitrary government action may be challenged in court, such action, if directed at the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks relating to the Bonds

Uncertainty as to the trading market and price development for Bonds

The Bonds are securities for which there is currently no trading market and for which there can be no assurance of future liquidity. It cannot be guaranteed that the stock exchange prices at which the Bonds will be quoted in the future will not be below the respective nominal value.

Risk of changing interest rates

A change in the current interest rate level may cause changes in the stock exchange prices for fixed interest securities. Rising interest rates will most likely cause decreasing bond prices and vice versa. The longer the remaining tenor of a corporate bond is, the greater the impact on the stock exchange price that will be caused by a change in the interest rate level. Investors who intend to sell bonds during the tenor of a corporate bond are subject to the risk of falling stock exchange prices driven by an increase of the interest rate level which could result in a material adverse effect for investors.

Liquidation of the Company

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company. If the Company should be wound up (whether the liquidation is voluntary, under supervision or ordered by the court), the claims of all secured creditors and other creditors having priority by operation of law or contract will be paid, in respect of the security held, ahead of Holders. Accordingly, a liquidation could result in a material adverse effect for investors.

The Bonds in brief

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider the Prospectus as a whole including documents incorporated by reference before a decision is made to invest in the Bonds.

The full terms for the Bonds can be found in Annex B "Terms and Conditions for the Bonds". Concepts and terms that are defined in that section or anywhere else in the Prospectus are used with the same meaning in the summary unless otherwise is explicitly understood from the context.

The Bonds are debt instruments (*Sw.skuldförbindelse*), intended for public market trading, which confirm that the holder has a claim on the Company. The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company.

The Bonds are denominated in SEK and the ISIN code is SE0003366624. The Bonds have been issued in accordance with Swedish law. The Bonds are connected with the account-based system of Euroclear. This means that the Bonds are registered on behalf of the Holders on a Euroclear account or custodian account and no physical notes will be issued. Payment of principal and interest as well as, if applicable, withholding of preliminary tax will be made by Euroclear, Euroclear Sweden AB, P.O Box 7822, SE-103 97 Stockholm. Phone number: +46 8 402 90 00. The Company and the agent are entitled to obtain information from the register kept by the CSD in respect of the Bonds (*Sw. skuldbok*).

The Bonds will bear interest at the Interest Rate (10 per cent per annum) from, but excluding, the Issue Date up to and including the Maturity Date (or any earlier Redemption Date). Interest shall be paid annually in arrears on the Interest Payment Dates, commencing on the first Interest Payment Date falling after the Issue Date. Interest shall be calculated on a 30E/360-days basis. The Company undertakes to pay the principal amount of, and interest on, the Bonds on the dates and in the manner provided for in the Terms and Conditions.

The Company may elect to redeem all of the Bonds (but not less than all) on any Banking Day falling after 1 July 2011. The Company shall give the Holders at least 30 days but not more than 60 days notice of such redemption. Such notice shall be irrevocable and state the Redemption Date and the relevant Record Date. The Bonds shall be redeemed at the following redemption prices, expressed as percentages of the Nominal Amount as set out below:

- (a) 104.00 per cent during the period from, but excluding, 1 July 2011 up to and including 1 July 2012;
- (b) 102.50 per cent during the period from, but excluding, 1 July 2012 up to and including 1 July 2013;
- (c) 101.00 per cent during the period from, but excluding, 1 July 2013 up to and including 30 June 2014

together in the case of any such redemption with accrued interest from, but excluding, the latest Interest Payment Date up to and including the relevant Redemption Date.

Unless previously redeemed, or purchased and cancelled in accordance with the Terms and Conditions for the Bonds, the Bonds shall be redeemed at the Nominal Amount on the Maturity Date. Payment of Nominal Amount and interest will be made to the person who is a Holder on the fifth Banking Day prior to the respective payment date or on such other Banking Day falling nearer such payment date which may generally be applied in the Swedish bond market.

The Bonds and the right to receive payment thereunder shall become void unless presented for payment within a period of ten (10) years (in the case of principal) and three (3) years (in the case of interest) of the Maturity Date.

Even without a separate authorisation from the Holders, the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds, whether or not in court or before an executive authority. Even though the Agent is entitled to represent the Holders, the Agent is not obliged to take action unless it is explicitly expressed in the Terms and Conditions and the Holders potential to start actions on behalf of the Holders is set out in the Terms and Conditions. Each of the Company or the Agent can at any time call for a Holders' meeting or demand for a procedure in writing among the Holders in accordance with clause 11.2 of the Terms and Conditions of the Bonds. A resolution is passed through voting at a meeting (or, in case of a procedure in writing, through calculation), at which each Holder entitled to vote shall have one vote per Bond at a Nominal Amount of SEK 1 such Holder holds. A resolution will be binding to all Holders irrespective of how and if they have voted.

The Bonds may be transferred without restriction. The Company intends to list the Bonds on the Corporate Bond List at NASDAQ OMX Stockholm.

There is no tax deduction at source (i.e. by the Company) with regard to payment of interest or redemption amounts. Euroclear or the Swedish nominee (in case of nominee registered securities) withholds preliminary tax, at present 30 per cent, on interest paid in cash to individuals who are resident in Sweden for tax purposes. The tax rate and other tax rules may be subject to change during the term of the Bonds.

The Agent, CorpNordic Sweden AB, is the Swedish subsidiary in the Nordic CorpNordic Group with headquarter in Denmark. In Sweden, CorpNordic handles the financial administration and other administrative matters on behalf of about 135 companies and 30 foundations. CorpNordic also acts as agent for the investors in various financing transactions. For further information, see www.corpnordic.se.

E. Öhman J:or Fondkommission AB has acted as financial advisor to the Company in conjunction with the placing of the Bonds.

The Board's declaration regarding the Prospectus

This Prospectus has been prepared in accordance with the European Commissions Regulation (EC) on Prospectuses No. 809/2004 of April 29, 2004 and has been approved and registered by the Swedish Financial Supervisory Authority in accordance with Chapter 2, Section 25 and 26 of the Financial Instruments Trading Act (1991:980). The estimated first day of trading of the Bonds on NASDAQ OMX Stockholm following the Listing is 24 September 2010. Further information is available in this Prospectus, which has been prepared by the Board of Directors in conjunction with the Listing. Certain information in this Prospectus derives from third parties, such as central banks, statistic institutes and research companies. To the best of the Board of Directors' knowledge, this information has been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The Board of Directors is responsible for the contents of this Prospectus. The Board of Directors hereby provides assurance that they have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge, in accordance with actual conditions and that nothing has been omitted that may serve to distort the picture of Black Earth Farming created by this Prospectus.

Stockholm, 17 September 2010

Black Earth Farming
The Board of Directors

Selected consolidated financial information of Black Earth Farming

Selected consolidated financial information of Black Earth Farming as of and for the years ended 31 December 2008 and 2009 and as of and for the six months ended 30 June 2009 and 2010.

The information as of and for the years ended 31 December 2008 and 2009 have been extracted from the "Consolidated Financial Statements as of and for the year ended 31 December 2009" which has been prepared in accordance with IFRS. The information as of and for the six months ended 30 June 2009 and 2010 have been extracted from "Condensed Consolidated Interim Report for the six month period ended 30 June 2010" which has been prepared in accordance with IFRS.

The consolidated financial statements of the Company as at 31 December 2008 and for the year then ended, and as at 31 December 2009 and for the year then ended, incorporated by reference in this Prospectus, have been audited by Deloitte AB, independent accountants, as stated in their reports appearing therein.

The unaudited historical consolidated interim financial statements as of and for the six month periods ended 30 June 2009 and 2010 respectively, have been prepared in accordance with IFRS (IAS 34). The interim results are not necessarily indicative of results to be expected for the full year period since revenue tends to be extremely seasonal in the Company's line of business.

In addition to presenting the financial statements in RUR, supplementary information in USD has been presented for the convenience of readers. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00. The supplementary information in USD has not been audited by the Company's independent accountants.

The following selected consolidated financial information of Black Earth Farming should be read together with the Company's interim report for the period January-June 2010, the Company's annual report for the year 2009 and the Company's annual report for the year 2008, which all have been incorporated in this Prospectus by reference, see section "Documents incorporated by reference".

Income statements in brief

<i>In thousands of</i>	RUR 6m. 2010	RUR 6m. 2009	RUR 12m. 2009	RUR 12m. 2008
<i>Continuing operations</i>				
Revenue	593,698	1,186,468	2,394,743	698,905
(Loss)/Gain on revaluation of biological assets and agricultural produce	320,430	116,656	(111,311)	152,663
Total revenue and gains	914,128	1,303,124	2,283,432	851,568
Cost of sales	(612,691)	(1,116,462)	(2,316,199)	(536,996)
Gross (loss)/profit	301,437	186,662	(32,767)	314,572
Distribution expenses	(60,183)	(85,792)	(302,646)	(242,126)
General and administrative expenses	(321,742)	(419,652)	(849,202)	(771,876)
Taxes other than on income	(27,001)	(9,238)	(22,379)	(18,475)
Other gains and losses	6,740	9,198	86,267	(6,556)
Other income and expenses	(34,989)	(23,919)	(40,482)	(66,612)
Operating loss	(135,738)	(342,741)	(1,161,209)	(791,073)
Financial income	65,472	188,245	151,136	308,610
Financial expenses	(117,029)	(165,858)	(295,831)	(255,417)
Loss before income tax	(187,295)	(320,354)	(1,305,904)	(737,880)
Income tax benefit (expense)	(40,503)	(18,136)	14,107	20,501
Loss for the period from continuing operations	(227,798)	(338,490)	(1,291,797)	(717,379)
<i>Discontinued operations</i>				
Loss for the period from discontinued operations	-	(57,496)	(57,496)	(16,244)
Loss for the period	(227,798)	(395,986)	(1,349,293)	(733,623)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(227,798)	(395,986)	(1,349,293)	(733,623)

<i>In thousands of</i>	USD* 6m. 2010	USD* 6m. 2009	USD* 12m. 2009	USD* 12m. 2008
<i>Continuing operations</i>				
Revenue	19,032	38,033	79,180	23,109
(Loss)/Gain on revaluation of biological assets and agricultural produce	10,272	3,740	(3,680)	5,048
Total revenue and gains	29,304	41,773	75,500	28,157
Cost of sales	(19,640)	(35,789)	(76,583)	(17,755)
Gross (loss)/profit	9,664	5,984	(1,083)	10,402
Distribution expenses	(1,929)	(2,750)	(10,007)	(8,006)
General and administrative expenses	(10,314)	(13,452)	(28,078)	(25,521)
Taxes other than on income	(866)	(296)	(740)	(611)
Other gains and losses	215	295	2,852	(217)
Other income and expenses	(1,122)	(768)	(1,339)	(2,203)
Operating loss	(4,352)	(10,987)	(38,395)	(26,156)
Financial income	2,099	6,034	4,997	10,204
Financial expenses	(3,751)	(5,317)	(9,781)	(8,445)
Loss before income tax	(6,004)	(10,270)	(43,179)	(24,397)
Income tax benefit (expense)	(1,298)	(581)	467	677
Loss for the period from continuing operations	(7,302)	(10,851)	(42,712)	(23,720)
<i>Discontinued operations</i>				
Loss for the period from discontinued operations	-	(1,843)	(1,901)	(537)
Loss for the period	(7,302)	(12,694)	(44,613)	(24,257)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(7,302)	(12,694)	(44,613)	(24,257)

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Balance sheets in brief

<i>In thousands of</i>	RUR 30 Jun 2010	RUR 31 Dec 2009	RUR 31 Dec 2008
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	5,603,685	5,588,241	4,407,639
Goodwill	234,321	234,321	238,164
Other intangible assets	11,971	13,409	11,848
Financial assets	8,458	11,055	152,478
Biological assets (livestock)	21,653	20,289	28,225
Other non-current assets	172,345	100,497	263,993
Deferred tax assets	7,789	75,723	70,888
Total non-current assets	6,060,222	6,043,535	5,173,235
<i>Current assets</i>			
Inventories	257,146	848,923	1,496,473
Biological assets (crop production)	1,559,212	425,884	688,558
Trade and other receivables	448,569	520,125	580,321
Cash and cash equivalents	2,249,492	3,211,219	4,604,591
Total current assets	4,514,419	5,006,151	7,369,943
Total assets	10,574,641	11,049,686	12,543,178
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	32,921	32,921	32,898
Share premium	11,275,731	11,275,731	11,269,910
Reserves	146,817	126,930	94,107
Retained earnings	(2,919,449)	(2,691,651)	(1,342,358)
Total equity	8,536,020	8,743,931	10,054,557
LIABILITIES			
<i>Non-current liabilities</i>			
Non-current loans and borrowings	-	1,838,091	1,935,503
Deferred tax liabilities	3,784	26,795	48,133
Total non-current liabilities	3,784	1,864,886	1,983,636
<i>Current liabilities</i>			
Current loans and borrowings	1,654,699	188,006	344,206
Trade and other payables	380,138	252,863	160,779
Total current liabilities	2,034,837	440,869	504,985
Total liabilities	2,038,621	2,305,755	2,488,621
Total equity and liabilities	10,574,641	11,049,686	12,543,178

<i>In thousands of</i>	USD*	USD*	USD*
	30 Jun 2010	31 Dec 2009	31 Dec 2008
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	179,632	184,771	145,734
Goodwill	7,511	7,748	7,875
Other intangible assets	384	443	391
Financial assets	271	366	5,042
Biological assets (livestock)	694	671	933
Other non-current assets	5,525	3,323	8,729
Deferred tax assets	250	2,504	2,344
Total non-current assets	194,267	199,826	171,048
<i>Current assets</i>			
Inventories	8,243	28,069	49,480
Biological assets (crop production)	49,982	14,082	22,767
Trade and other receivables	14,379	17,198	19,188
Cash and cash equivalents	72,109	106,176	152,247
Total current assets	144,713	165,525	243,682
Total assets	338,980	365,351	414,730
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	1,055	1,089	1,088
Share premium	361,455	372,823	372,630
Reserves	4,706	4,197	3,112
Retained earnings	(93,586)	(88,997)	(44,384)
Total equity	273,630	289,112	332,446
LIABILITIES			
<i>Non-current liabilities</i>			
Non-current loans and borrowings	-	60,775	63,996
Deferred tax liabilities	121	886	1,591
Total non-current liabilities	121	61,661	65,587
<i>Current liabilities</i>			
Current loans and borrowings	53,043	6,216	11,381
Trade and other payables	12,186	8,362	5,316
Total current liabilities	65,229	14,577	16,697
Total liabilities	65,350	76,239	82,284
Total equity and liabilities	338,980	365,351	414,730

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Cash flows in brief

<i>In thousands of</i>	RUR 6m. 2010	RUR 6m. 2009	RUR 12m. 2009	RUR 12m. 2008
Cash flows from operating activities	(438,270)	(28,968)	4,847	(1,940,707)
Cash flows from investing activities	(306,337)	(874,614)	(1,258,942)	(1,485,544)
Cash flows from financing activities	(34,577)	(78,484)	(352,479)	401,238
Net (decrease) / increase in cash and cash equivalents	(779,184)	(982,066)	(1,606,574)	(3,025,013)
Cash and cash equivalents at beginning of period	3,211,219	4,604,591	4,604,591	7,373,985
Effect of exchange rate fluctuations on cash and cash equivalents	(182,543)	267,974	213,202	255,619
Cash and cash equivalents at end of the period	2,249,492	3,890,499	3,211,219	4,604,591

<i>In thousands of</i>	USD*	USD*	USD*	USD*
	6m. 2010	6m. 2009	12m. 2009	12m. 2008
Cash flows from operating activities	(14,049)	(929)	160	(64,169)
Cash flows from investing activities	(9,821)	(28,039)	(41,625)	(49,117)
Cash flows from financing activities	(1,108)	(2,516)	(11,655)	13,266
Net (decrease) / increase in cash and cash equivalents	(24,978)	(31,484)	(53,120)	(100,020)
Cash and cash equivalents at beginning of period	102,939	147,605	152,247	243,815
Effect of exchange rate fluctuations on cash and cash equivalents	(5,852)	8,590	7,049	8,452
Cash and cash equivalents at end of the period	72,109	124,711	106,176	152,247

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Key ratios

Ratios	RUR		RUR	
	30 Jun 2010	30 Jun 2009	31 Dec 2009	31 Dec 2008
Equity ratio, per cent	81%		79%	80%
Debt /Equity ratio, per cent	23.9%		21.4%	19.3%
Share data				
Net asset value, thousands	8,536,020		8,743,931	10,054,557
Net asset value per Share	68.5		70.2	80.7
Basic profit / (loss) per Share for continuing operations	(1.83)	(2.72)	(10.37)	(5.78)
Diluted profit / (loss) per Share for continuing operations	(1.83)	(2.72)	(10.37)	(5.78)
Number of Shares at the end of the period	124,601,667		124,601,667	124,521,667
Number of full-time employees at the end of the period	1,904		1,527	1,942
Average number of employees during the period	1,897		2,041	2,095
Ratios				
	USD*		USD*	
	30 Jun 2010	30 Jun 2009	31 Dec 2009	31 Dec 2008
Equity ratio, per cent	81%		79%	80%
Debt /Equity ratio, per cent	23.9%		21.4%	19.3%
Share data				
Net asset value, thousands	273,631		289,112	332,446
Net asset value per Share	2.2		2.3	2.7
Basic profit / (loss) per Share for continuing operations	(0.06)	(0.09)	(0.34)	(0.19)
Diluted Profit / (loss) per Share for continuing operations	(0.06)	(0.09)	(0.34)	(0.19)
Number of Shares at the end of the period	124,601,667		124,601,667	124,521,667
Number of full-time employees at the end of the period	1,904		1,527	1,942
Average number of employees during the period	1,897		2,041	2,095

Definitions

Equity ratio	Shareholders' equity in relation to total assets
Debt/Equity ratio	Total amount of non-current loans and borrowings in relation to total shareholders' equity
Net asset value	Shareholders' equity
Net asset value per Share	Shareholders' equity divided by the number of Shares outstanding at end of period
Basic profit/(loss) per Share	Net profit attributable to shareholders holding ordinary Shares divided by the number of Shares issued
Diluted profit/(loss) per Share	Net profit attributable to shareholders holding ordinary Shares divided by the number of outstanding Shares on a diluted basis

* In addition to presenting the consolidated financial statements in RUR, supplementary unaudited information in USD has been presented for the convenience of the readers of the consolidated financial statements. For the six month periods ended 30 June 2010 and 30 June 2009 all amounts are translated from RUR to USD at the closing exchange rate at 30 June 2010 of RUR 31.1954 to USD 1.00, for the years ended 31 December 2008 and 2009 all amounts are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.00.

Investments

The Company's ongoing and near term investments will mainly be directed towards agricultural infrastructure in connection to its places of operations in the Black Earth Region in Russia. During 2010 the Company has continued to build out its own internal grain handling and storage infrastructure. Construction of the three new grain elevators has entered its final stage. The elevators, two in Voronezh region and one in Kursk region together add up to an additional 115 thousand tons of elevator capacity. This additional capacity, coupled with the existing internal storage and handling capability, allows the Company to become entirely self-sufficient in terms of its harvested volume of grains. Having own storage makes the Company less dependent on external parties and will reduce costs of storage.

Black Earth Farming has made no firm commitments regarding future investments.

Recent trends and events

2010 to date has seen large swings in the external environment for Black Earth Farming and the Russian grain producing sector in general. Starting the calendar year, expectations of another good Russian grain harvest adding to already high stocks, both domestically and globally, continued to suppress prices overall for soft commodities in the first half of 2010. Starting end of June, Russia has been subjected to extreme weather conditions, resulting in severe drought thereby completely destroying close to 10 million hectares of the cropped area. Since early July grain prices have increased dramatically both domestically and internationally. Latest estimates of total Russian grain production stand at 60 to 63 million tons, a significant drop from the 97 million tons produced in 2009. This is also considerably lower than annual domestic consumption at 73 to 75 million tons. Pending the outcome of the winter crop seeding, Russia – the world's third-largest wheat exporter last year – for the first time in a decade might become a net importer of grains in 2010/11. This domestic shortfall prompted an export ban on wheat and certain other grains and flours from Russia as of 15 August. While the ban imposes restrictions on large scale sales contracts at least until next year's harvest, it is not necessarily negative in terms of pricing. The prospect of Russia becoming a net importer will have a material impact on the domestic pricing of grains.

Given the extreme weather conditions, the Company's harvested volumes for 2010 will be lower than last year. A colder and longer than normal winter has had a negative impact on the planted area for winter crops. Scorching summer temperatures with excessive heat and ensuing drought conditions has also negatively affected winter and spring crops during its final germination period.

Exchange offer and private placement of Bonds

On 7 June 2010, Black Earth Farming announced an exchange offer to the holders of the Company's EUR 55,000,000 13% Bonds 2007/2011 with security, Loan no.1, ISIN SE0001967316 (the "Eurobonds") to exchange their Eurobonds for the Bonds.

On 24 June 2010, Black Earth Farming announced a resolution to issue the Bonds. The Bonds were subscribed for through the exchange offer and, in addition thereto, a private placement to primarily institutional investors.

Holders of the Eurobonds accepted the offer to exchange their Eurobonds in a nominal amount of EUR 27,150,000. Black Earth Farming terminated all Eurobonds tendered in the exchange offer as well as those previously owned by the Company, amounting to a nominal amount of EUR 40,330,000 in total. In conjunction with the completion of the exchange offer, all holders of Eurobonds that had not validly

tendered their Eurobonds in the exchange offer was notified by the Company of an early redemption in accordance with paragraph 5 of the terms and conditions of the Eurobonds. The Eurobonds were delisted from NASDAQ OMX Stockholm on 15 July 2010 and the early redemption was completed on 26 July 2010. Consequently, the Company does not have any outstanding Eurobonds.

The purpose of issuing the Bonds was to redeem the Eurobonds (which has been completed as described above), maintain financial flexibility to act on acquisition opportunities and to execute the adopted investment program.

Significant changes after 30 June 2010

Other than what is mentioned above and in the Company's interim report for January-June 2010 no significant changes of the Company's financial result, position or performance has taken place between the last reporting date on 30 June 2010 and the completion of this Prospectus.

Industry overview

The following chapter provides an overview of the global as well as the Russian agricultural market, with emphasis on grains and oilseeds.

General Russian macroeconomic environment

In 2009, Russian GDP declined 7.9 per cent, down from a growth of 5.6 per cent in 2008. Nevertheless, the Russian economy has grown significantly and GDP is estimated to have more than doubled in current prices between 2004 and 2009. GDP is projected to reach 4.3 per cent in 2010 and inflation is expected to remain relatively subdued, reaching 6.0 per cent at year-end.¹

Previously, the main drivers for growth have to a large extent been the increase in prices for commodities such as oil and gas which have led to large inflows of wealth to large commodity exporters such as Russia. Oil and gas has accounted for approximately 60 per cent of Russian exports and therefore, the decrease in commodity prices following the worldwide financial crises had a negative effect on Russian growth.

The long term sovereign rating of the Russian Federation has gradually improved and in the beginning of 2005 it reached investment grade. As of July 2010, the long term sovereign rating for debt in local currency is Baa1 (Moody's), BBB+ (S&P) and BBB (Fitch).

The global agricultural market

Grains and oilseeds have in the past primarily been used for human food or feed for animals. In the past few years there has also been an increasing demand for agricultural crops as raw material in energy production.

Some of the main drivers of the agricultural sector are world population growth, which means increased demand for food products, and rising disposable income, which often leads to an increased demand for high-protein foods, in turn boosting demand for grains.

In addition, the agricultural market benefits from increasing environmental concerns and the need to counteract global warming. International treaties, national targets and control measures as well as the intention to reduce dependency on oil and other fossil fuels has brought about a trend towards an increased use of alternative energy sources such as biofuels.

Grains are commonly divided into wheat, rice and coarse grains. Coarse grains, in turn, include barley, oats, rye, corn maize, sorghum and millet. Main oilseeds are copra (coconut), cottonseed, palm kernel, peanut, rape seed, soybean and sunflower seed. The following table presents an overview of the global market for grains and oilseeds. The year refers to the marketing year as defined by the USDA.

¹ International Monetary Fund, IMF

Global grain and oilseed market

(million metric tons)	2007/08	2008/09	2009/10	2010/11E
Wheat and coarse grains				
Production	1,691	1,793	1,784	1,754
Consumption	1,674	1,722	1,761	1,789
Ending stock	288	359	382	347
Stock-to-use, days	63	76	79	71
Major oilseeds				
Production	392	396	441	440
Consumption	401	401	452	438
Ending stock	62	56	76	74
Stock-to-use, days	56	51	61	62

Source: USDA

The Russian agricultural market

In 2007, Russia had 76.4 million hectares of land, two-thirds of the total arable area, growing agricultural crops.¹ This is a decrease compared to the early 1990s when Russia, following the transition to a market economy, started implementing a number of agricultural reforms. The reforms have led to a decline in land cultivation and compared to agriculturally developed countries, Russian yields are low and farmland is still underutilized in prime areas.

Important factors explaining the slow development in the Russian agricultural sector and the low yields include the slow pace of continued land reforms, reductions in subsidies, poor infrastructure, low usage of fertilizers and a lack of managerial expertise. Furthermore, investments in the Russian agricultural sector have been lower than in many other industries due to restrictions on owning or transferring farmland and complex ownership structures of the former collective farms.

Russian grain and oilseed market**Volume**

Russia is one of the world's leading grain exporters benefiting from relative cost advantage compared to other major grain producers especially in the trade to regions in North Africa and Middle East. Lately, trade has been restricted due to a Russian ban on exports of certain grains and flours from August 2010 at least until next year's harvest, following a severe drought during the summer of 2010.

Russian grain cultivation

Date of estimate	2008/09	2009/10 Prel.	2010/11E	
			Jul. 2010	Aug. 2010
Wheat				
Area (million hectares)	26.7	28.7	26.8	26.7
Production (million metric tons)	63.7	61.7	53.0	45.0
Yield (metric tons per hectare)	2.39	2.15	1.98	1.69
Coarse grains				
Area (million hectares)	17.7	15.9	14.6	14.3
Production (million metric tons)	40.7	31.8	26.8	20.9
Yield (metric tons per hectare)	2.3	2.0	1.8	1.5
Oilseeds				
Area (million hectares)	7.3	7.0	7.7	7.7
Production (million metric tons)	8.9	8.0	9.4	8.4
Yield (metric tons per hectare)	1.2	1.2	1.2	1.1

Source: USDA

¹ OECD-FAO, Agricultural Outlook 2009-2018

According to USDA, preliminary total Russian wheat production for the last marketing year 2009/10 is totalling 62 million tons, down 3 per cent from the previous year's record crop, despite an increase in area. The decline in wheat production was largely due to unfavourable weather conditions in major winter wheat producing areas during the summer. The combination of smaller planted area with unfavourable weather caused a 22 per cent decline in coarse grain production compared to previous year, totalling 32 million tons.¹ The production of oilseeds has increased significantly in Russia over the last few years. However, the preliminary numbers for marketing year 2009/10 show a decrease in production following a decrease in producing area. In the beginning of 2010 there were expectations on a Russian grain harvest on the same level as in the previous two years. Despite cold winter conditions, April forecasts of a gross harvest of grains ranged between 87 to 92 million tons, including 54 to 57 million tons of wheat. These estimates have been substantially impacted by a severe drought during the summer months.

The projected wheat production for the current marketing year 2010/11 was 45 million tons in August 2010. This represents a sharp decrease from the 53 million tons that were projected the month before. The August projection for coarse grains production is 21 million tons for the current marketing year 2010/11, down from the 27 million tons projected in July. The estimated production of oilseeds for the marketing year 2010/11 has decreased from July to August as well, following a lower estimated yield. As a consequence of the drought and the following estimated supply shortfall, Russian and international grain prices have soared in July and early August.

Competition

The Russian agribusiness sector is fragmented. Black Earth Farming is by far not the largest holder of agricultural land in Russia. Reportedly there are several other private holdings which control land in the amount of 400-650 thousand hectares, Black Earth Farming, however, is one of the very largest companies in terms of planted area and hence soft commodity production.

Among the corporate entities holding agricultural land in Russia today, there are four main categories, crop processing or trading companies which have started to integrate vertically downwards to secure the raw material, real estate companies and land funds that invest for speculative purposes, meat and dairy producers using land as grazing grounds or pure fodder production and the category which Black Earth Farming belongs to, which is diversified soft commodity producers with no or some other diversification or vertical integration.

¹ USDA, Global Crop Production review, 2009

Business of Black Earth Farming

This chapter presents an overview of Black Earth Farming including the Company's main activities, products and strategies.

Company background

Black Earth Farming was established in 2005 and was among the first foreign-financed companies that undertook considerable investments in the Russian agricultural sector.

Business activity

Black Earth Farming's business concept is to acquire, develop and farm agricultural land assets in Russia, primarily in the Black Earth Region and secondarily in other regions endowed with fertile agricultural land.

The Company seeks to leverage off its unique skill set and first-mover advantage, rapidly developing a critical land mass and generating robust profitability in one of the fastest growing agricultural markets in the world, with the long term vision of developing into one of the world's leading vertically integrated companies, thus creating substantial wealth for its shareholders, over time. Black Earth Farming shares the Russian government's belief that Russia has great potential to become a significant agricultural market player and the Company is, and will be, a major contributor to this development.

As of 30 June 2010, Black Earth Farming has a total of 328 thousand hectares of land under control, of which 228 thousand hectares are under registered ownership. The land bank is situated in the five Russian regions Kursk, Voronezh, Lipetsk, Tambov/Ryazan and Samara. Additionally, the Company has storage capacity of 204 thousand tons on farms as well as 100 thousand tons in grain elevators. Another 115 thousand tons of internal grain handling and storage infrastructure are under construction.

Products

The Company's main business is crops, which in turn consists of several elements such as foremost on-field production but also pre- and post-harvest logistics, handling and trading. The following table displays Black Earth Farming's harvest and product offering.

Gross harvest, tons

Crop	2007	2008	2009
Winter wheat	49,262	206,961	292,657
Winter rape	0	1,536	11,527
Winter triticale	n/a	n/a	6,432
Total winter crops	49,262	208,497	310,616
Spring barley	42,477	143,259	127,793
Spring wheat	0	12,779	8,764
Spring rape	12,859	18,761	9,708
Sunflower	3,815	27,742	46,602
Corn maize	1,311	26,088	27,823
Total spring crops	60,462	228,630	220,689
Total commercial crops	109,724	437,127	531,305
Forage crops	2,659	22,928	3,381
Total gross harvest	112,383	460,056	534,686

In addition to the cropping, Black Earth farming is also involved in dairy farming and meat farming, which is however currently only conducted on a small scale. Lastly the Company is also engaged in land acquisition and registration. At this point Black Earth Farming has however already amassed a considerable land bank of prime soil and instead focuses on title registration.

Land holdings, thousand hectares

Hectares	2007	2008	2009	30 Jun 2010
Land in the process of ownership registration	247	214	75	60
Land in registered ownership	29	95	216	228
Land in long term lease	13	8	39	40
Total land under control	289	317	330	328

Strategies**Control over land**

The Company takes every measure to ensure that the acquisition processes of land are closely monitored and in compliance with all the relevant legislation. The Company prioritizes land which is geographically close to existing production clusters. Additionally, Black Earth Farming examines the existence of elevators in proximity to the land area and assesses the infrastructure in general, e.g. regarding railroad and loading capabilities. The Company currently focuses almost exclusively on registration of title to its existing controlled land holdings.

Economies of scale

To create logistic efficiencies and other synergies, the Company has formed several production clusters on the controlled land, each being governed by professional management with support from the central organization. The central organization coordinates investments and purchases of seed, fertilizers and other inputs to benefit from scale discounts. The cluster model optimizes the utilisation of management resources since the production clusters consist of consolidated land areas.

Best practice/technology

An important part of the best practice approach is to perform soil analyses which will determine the selection of crops and the optimal amount of fertilizers needed for each farm. Black Earth Farming seeks to significantly increase productivity by introducing modern agricultural farming practices. Hence, to increase crop yields the Company hires internationally-experienced expertise and adopts efficient farming methods supported by western technology.

Board of Directors, senior executives and independent auditors

Board of Directors

The Board is currently composed of seven Directors including the chairman.

Per Brilioth Chairman of the Board

Mr. Brilioth is a Swedish citizen, born in the Hague, the Netherlands. Mr. Brilioth holds a BA in Business Administration from the University of Stockholm and a Master of Finance from the London Business School. Previously (between 1994 and 2000), Mr. Brilioth was employed by the Stockholm-based brokerage house Hagströmer & Qviberg. During his final year at Hagströmer & Qviberg, Mr. Brilioth was the head of its Emerging Markets department.

Except for Black Earth Farming, Mr. Brilioth is currently Chairman of the Board of Clean Tech East Holding AB, a member of the Board of Directors and Managing Director of Vostok Nafta Investment Ltd., Vostok Gas Ltd., Vostok Gas Sverige AB, Vostok Nafta Sverige AB and a Director of, Kontakt East Holding AB (publ), X5 Group AB and a Deputy Director of the Board of Kontakt East Optionsaktiebolag.

In the last five years Mr. Brilioth has been, but is no longer, a member of the Board of Directors of Auktionskompaniet Stockholm City AB, Våring Capital AB, Konsthands Aktiebolaget Nybroviken, Bukowski Auktioner Aktiebolag, Bukowskis Auktioner AB, Aktiebolaget H Bukowskis Konsthandel, Bukowskis Holding AB, Bukowskis Real Estate AB, Bukowski Strandvägen Auktioner Aktiebolag, Port Capital AB and Port Capital Holding AB.

Sture Gustavsson Executive Director and CEO

Mr. Gustavsson is a Swedish citizen, born in Tidaholm, Sweden. Mr. Gustavsson obtained a degree from the Swedish University of Agricultural Sciences in 1989.

Mr. Gustavsson has been Managing Director of Mellersta Sveriges Lantbruks AB (a wholly-owned subsidiary of Investment AB Kinnevik (publ)) since 1996.

Alex Gersh Non-executive Director

Mr. Gersh is an American citizen, born in St Petersburg, Russian Federation. Mr. Gersh holds a Bachelor's degree in Business Administration from Baruch College (City University of New York) with honours and is a member of the Institute of Certified Public Accountants (CPA).

Mr. Gersh is the CFO of NDS Group plc. and the Chairman of the Audit Commission in Vimpelcom Inc. Previously, Mr. Gersh was the CFO of Flag Telecom, Motorola NGM, NextiraOne LLC and Transora. He has also worked as public accountant at Ernst & Young, as controller at Metro Mobile Communications and as Finance Director in a number of companies, including British Telecommunication Europe, BT Cellnet and Motorola NGM.

Henrik Persson Non-executive Director

Mr. Persson is a Swedish citizen, born in Karlskrona, Sweden. Mr. Persson holds a Bachelor of Science in Business Administration from the University of Lund, with additional courses taken at Georgetown University in Washington DC and the London School of Economics.

Mr. Persson has been employed in various positions within Investment AB Kinnevik (publ) since 2003 where he is currently Head of Investments. Between 1999 and 2003, Mr. Persson was employed by HSBC Investment Bank. Except for Black Earth Farming, Mr. Persson is a member of the Board of Directors of AB Karlskrona Lampfabrik, Förvaltningsaktiebolaget Eris & Co, Kinnevik New Ventures AB, Korsnäs Holding Aktiebolag, Mellersta Sveriges Lantbruksaktiebolag, Millcellvik AB, CDON Group AB and Relevant Traffic Europe AB and the Chairman of the Board of Kontakt East Holding AB (publ).

In the last five years Mr. Persson, has been, but is no longer, a member of the Board of Pontus Frithiof i Gamla Stan AB and Relevant Traffic Incentive AB. Relevant Traffic Incentive AB entered into liquidation on 1 December 2008.

Poul Schroeder Non-executive Director

Mr. Schroeder is a Danish citizen. Mr. Schroeder is a graduate in economics from Aarhus Business School and has completed the International Senior Management Program at Columbia University. Mr. Schroeder is an independent consultant and has been active in the international agricultural industry since 1966, among others, within the Continental Grain Company and Bunge. Mr. Schroeder was up until April 2009 member of the Board of Sodrugestvo Group and is now Chairman of the Risk Committee of Sodrugestvo Group. Mr. Schroeder is Chairman of the Board of AlphaCapita and Dan Store.

Magnus Unger Non-executive Director

Mr. Unger is a Swedish citizen. Mr. Unger holds a Master of Science in Economics and Business from Stockholm School of Economics. Mr. Unger is a businessman with many years of industrial experience, with among others SCA / Mölnlycke and Atlas Copco. Mr. Unger is a member of the Board of Lundin Petroleum AB and Bukowski Auctions AB.

Richard Warburton Non-executive Director

Mr. Warburton is a British citizen. Mr. Warburton holds a Bachelor of Science degree in Agriculture from the University of Newcastle as well as an MBA from Open University. Mr. Warburton has worked in various positions within Bidwells from 1999 until 2010. Mr. Warburton is currently employed by Investment AB Kinnevik (publ).

Senior executives

The individuals identified and presented below as senior executives are individuals having important managerial roles and/or responsibility for certain important functions.

Sture Gustavsson Executive Director and CEO

See section "Board of directors".

Michael Shneyderman Group Chief Financial Officer

Mr. Shneyderman is an American citizen. Mr. Shneyderman holds a B.S. in Finance and Banking from the University of San Francisco and an MBA from the Stanford Graduate School of Business. Mr. Shneyderman joined the Group on 1 June 2008. Mr. Shneyderman previously held the position of CFO of Inchcape plc, a leading UK-based international automotive retailer with significant scale operations

in Russia. Mr. Shneyderman was instrumental in establishing a viable finance infrastructure within several major automotive acquisitions in Moscow and St. Petersburg. Previously, from 2004 to 2007, Mr. Shneyderman was CFO of Verysell, a leading international IT services and systems integration company with operations in Moscow, Russia and Geneva, Switzerland, with revenue in excess of USD 450 million. Mr. Shneyderman was responsible for the Group's strategic financial management, corporate financing activities, financial/ERP systems development and other finance-related projects. From 2000 to 2003, Mr. Shneyderman served as CFO of Entropia, Inc., a San Diego-based start-up company. Mr. Shneyderman was responsible for the company's strategic financial management and building and growing the financial and administrative infrastructure. Mr. Shneyderman has also been Director of Sector Capital Fund, a Moscow-based investment firm, co-manager of the Moscow office of Siguler, Guff & Company, a New York-based international private equity firm as well as working in the financial departments of American Express in Russia and Wells Fargo in the US.

Alexei Bnatov General Manager of Agro-Invest

Mr. Bnatov is a Russian citizen. Mr. Bnatov holds a degree in Commerce from the Moscow State Institute of International Relations and an MBA in Sales and Marketing from Ashridge Business School in Hertfordshire, UK. Mr. Bnatov joined the Company of 1 March 2010. Mr. Bnatov has most recently held the position of Vice President & General Manager for Greif CIS. – an international leader in industrial packaging products and services, listed on the New York Stock Exchange. Mr. Bnatov has been with Greif since 1997. Before that, in 1992 – 1997, he worked as Business Unit Manager for the Russian subsidiary of AkzoNobel – an international manufacturing company specializing in chemicals production.

Gustav Wetterling Director of Procurement of Agro-Invest

Mr. Wetterling is a Swedish citizen. Mr. Wetterling holds a Master of Science in Economics and Business from Stockholm School of Economics. Mr. Wetterling has worked for Black Earth Farming since July 2007, after having worked for the Russia-focused investment company Vostok Nafta Investment Ltd since 2006. Mr. Wetterling has previously also worked for Svenska Handelsbanken in Moscow and has additional experience from the finance and consulting sector in Sweden.

Alexander Fomin Director of Sales of Agro-Invest

Mr. Fomin is a Russian citizen. Mr. Fomin has a Degree in Economics and Finance from the Moscow Finance Academy as well as an MBA from the Higher School of Economics in Moscow. Before joining the Company, from 2006, Alexander Fomin, was the General Director of OGO PRODUCTS - a top-10 soft commodities trader in Russia. Before that, in 2002 – 2006, he was the Deputy General Director of Economics and Finance of the same company.

Independent auditors

At the AGM on 15 May 2010, Deloitte AB, 113 79 Stockholm, Sweden, was appointed the Company's auditors up until the next AGM, with Svante Forsberg, authorised public accountant with Deloitte AB as auditor in charge.

The consolidated financial statements of the Company as at 31 December 2008 and for the year then ended, and as at 31 December 2009 and for the year then ended, incorporated in this Prospectus by reference, have been audited by Deloitte AB, independent accountants, as stated in their reports appearing therein.

Other information regarding the Board, senior executives and independent auditors

Conflicts of interest

None of the Directors or senior executives has a private interest that may be in conflict with the interests of Black Earth Farming. Most Directors and senior executives are likely to have financial interests in the Company through their current holdings of shares and warrants in Black Earth Farming.

Corporate governance

In the absence of a Jersey Code of Corporate Governance, Black Earth Farming applies the Swedish Code of Corporate Governance ("the Code"), as is also required by the Stock Exchange where the Company's shares are traded. The Company will apply the Code in full or, where applicable, explain deviations from it. The principles of corporate governance in Black Earth Farming are governed by its Articles of Association, applicable laws, exchange requirements and praxis, including the Swedish Code of Corporate Governance.

Committees of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors may delegate any of its powers, authorities and discretions to any committee consisting of one or more Directors. In pursuit of an efficient and reliable corporate governance structure, the Board in 2007 established two subcommittees, those being the audit committee and the investment committee. Described below is also the Board's discharge of remuneration committee tasks.

Audit committee

The audit committee is charged with the responsibility of reviewing the system of internal control, management and reporting of financial risks and the audit process. When relevant and appropriate, the Chief Financial Officer and the Company's auditors are invited to attend the meetings, including a yearly planning stage meeting before the audit and after the audit, at the reporting stage. Other Directors may also be invited to attend, although at least once a year the audit committee must meet the Company's external auditors without any management being present.

The tasks of the audit committee include consideration of matters relating to the appointment of external auditors for Black Earth Farming and its main subsidiaries, the independence of the Company's auditors, as well as review of the audit fees. The audit committee shall also review the integrity of the Company's annual and interim reports, preliminary results' announcements and any other formal announcements relating to the Company's financial performance and situation.

The Chairman of the committee must have significant knowledge and experience in accounting in general and the accounting principles applicable to the Company in particular.

The audit committee shall meet as regularly as deemed necessary by the Board, but at least four times a year, in connection with the release of the Company's interim and full year financial statements.

The audit committee consists of two board members, Alex Gersh as Chairman, Henrik Persson and of Paul Wojciechowski who is director of General Secretaries Limited.

Investment committee

The investment committee, when established in 2007, was to be responsible for:

- formulating corporate policies and strategies on environmental and social responsibility issues;
- ensuring that the policies and strategies are well established and respected throughout the Company;
- co-ordinating and following up relations and communication with stakeholders such as governmental and non-governmental organisations;
- taking initiatives for the development of relevant management procedures;
- analysing the legal and political environment in which the Company operates; and
- reviewing the Company's legal and financial risk profile within its environment.

In 2009, the Board in full subsumed the functions of the investment committee, as defined above, whose business has since then instead been conducted within the framework of ordinary Board meetings with all members of the Board and not separately.

Remuneration Committee

The function of a specific remuneration committee, as per the Code's guidelines, is to prepare proposals on remuneration and other terms of employment for the executive management. The Board of Directors has generally felt it more appropriate that the entire Board of Directors performs the remuneration committee's tasks, however without the Board member(s) who are also part of the executive management. In some specific cases, Per Brilioth, Henrik Persson and Alex Gersh have been given the typical task of a remuneration committee, to prepare remuneration proposals. The guiding philosophy of the Board of Directors in determining compensation for executives is the need to provide a compensation package that is competitive and motivating, will attract and retain qualified executives, and encourage and motivate performance.

Office addresses

The business address for all Directors and senior executives is:

Black Earth Farming Ltd.
P.O. Box 781
8 Church Street
St Helier
Jersey JE4 0SG
Channel Islands

Share capital and ownership structure

Share capital

The Company has only one class of Shares. Each Share is entitled to one vote at the General Meeting and carries an equal right to the Company's assets and profits. The Shares are denominated in USD and have a quota value of USD 0.01 per Share.

As of the date of this Prospectus, the share capital of Black Earth Farming amounts to USD 1,246,016.67, divided into 124,601,667 issued and fully paid up Shares.

According to the Articles of Association, the Company's authorised share capital is USD 2,000,000, divided into 200,000,000 Shares.

Ownership structure

The table below sets out the ownership structure of Black Earth Farming as at 30 June 2010.

Owner	Type of holding	No. of SDRs/Shares	Proportion of voting rights and capital
Investment AB Kinnevik (publ) ¹	SDRs	31,087,097	24.9%
Vostok Nafta Investment Ltd. ²	SDRs	30,888,704	24.8%
Alecta Pensionsförsäkring	SDRs	11,600,000	9.3%
DnB NOR Bank ASA	SDRs	3,038,090	2.4%
Länsförsäkringar	SDRs	2,893,478	2.3%
Clearstream Banking S.A., W8IMY	SDRs	2,552,565	2.0%
SIX SIS AG, W8IMY	SDRs	2,326,758	1.9%
Varma Mutual Pension Insurance Company	SDRs	2,069,948	1.7%
Avanza Pension	SDRs	1,501,250	1.2%
Pictet & Cie, W8IMY	SDRs	1,458,800	1.2%
Other	SDRs/Shares	35,184,977	28.2%
Total		124,601,667	100.00%

Shareholders' agreements

On 27 February 2006, Investment AB Kinnevik (publ) ("Kinnevik") and Vostok Nafta Investment Ltd. ("Vostok") entered into a shareholders' agreement, as amended, through which the parties have agreed that the Board of Directors shall consist of up to seven Directors, of which each of Kinnevik and Vostok shall have the right to nominate (and have elected) two of the Directors. Pursuant to an amendment agreement, all rights and obligations have been assumed by Vostok Komi (Cyprus) Ltd.

¹ Through its subsidiary Kinnevik New Ventures AB

² Through its subsidiary Vostok Komi (Cyprus) Ltd.

Subject to any mandatory provisions in the 1991 Law, the parties shall procure that no action is taken or resolution is passed by the Company or its shareholders, without, in the case of Board meetings, the consent of all Directors nominated by the parties, or, in the case of shareholders' meetings, the consent of both parties. This shall among other things have reference to any amendments of the Articles of Association or any change in the share capital of the Company and the issue of convertibles, warrants and other equity related instruments as well as any changes in the Company's business as described in the shareholders' agreement and decisions to sell, pledge or encumber any assets of the Company or its subsidiaries. Further, the agreement states that the Company shall not, and shall see to it that its subsidiaries do not, sell, pledge, otherwise dispose of or encumber any legal entity or its assets without the prior written consent of Kinnevik and Vostok. In the event of any ambiguity or discrepancy between the provisions of the shareholders' agreement and the Articles of Association (further described below), the provisions of the agreement shall prevail as between the parties.

Through the shareholders' agreement, each party shall have the right to transfer all, but not part, of its Shares in the Company to a third party, provided that the other party is given a written offer to purchase the Shares prior to such transfer and that it chooses to decline such offer. The shareholders' agreement shall remain in force during a period of 15 years from the date of the agreement, and thereafter, unless and until terminated by either party giving at least 12 months' notice in writing.

On the same date, 27 February 2006, Kinnevik and Vostok entered into another shareholders' agreement with Michel Orlov, founder and former CEO of Black Earth Farming. According to this agreement, Michel Orlov is given tag-along rights in relation to Kinnevik and/or Vostok, which, upon the request by Mr. Orlov, shall ensure that he may transfer his Shares in the Company on no less price and terms if either Vostok or Kinnevik intends to transfer more than 50 per cent of the Shares held by each of them in the Company to a third party. Further, the agreement contains a provision stating that each party shall have the right to transfer any Shares in the Company to a third party, provided that the other party is given a written notice to purchase the Shares prior to such transfer. However, Mr. Orlov shall only have the right to acquire the Shares being transferred to the extent Kinnevik and Vostok do not want to acquire the Shares. The shareholders' agreement shall remain in force so long as any party holds Shares in the Company. The shareholders' agreement between Kinnevik and Vostok shall take precedence over any contradictory provisions in the agreement between the parties and Mr. Orlov.

Except for the two above mentioned shareholders' agreements and as far as the Directors are aware, no other shareholder agreements or equivalent agreements exist between the present shareholders in the Company for the purpose of creating joint influence over the Company.

Related party transactions

No material transactions with related parties have been entered into by the Company. Any future transactions with related parties will be entered into on an arms length basis.

Swedish depository receipts

Shares in the Company are represented by SDRs. Issuing SDRs is a method to enable trading in foreign shares in Sweden. Öhman is registered as a shareholder in the Company's share register. The Shares are represented by SDRs registered with Euroclear. Each SDR corresponds to one Share in the Company with a par value of USD 0.01. SDRs are to be registered in a securities account designated by the holder according to the terms of the Financial Instruments Accounts Act (SFS 1998:1479). The information available in the Euroclear register of SDRs is not public.

An SDR entails the same right to dividends as the underlying Share, and an SDR holder has the same right to vote at general meetings as a shareholder. In order to attend a general meeting it is, however, required that the holder of SDRs follows the instructions from the custodian bank. The SDRs are subject to Swedish law and any disputes arising will be referred for settlement to the Stockholm District Court.

The SDRs have been issued by Öhman, a company registered by the Swedish Companies Registration Office on 10 October 1980. The legal form of the company is governed by the Swedish Companies Act (2005:551). The registered office of the company is in Stockholm. The SDRs are denominated in SEK.

Trading in SDRs

The Company's SDRs are traded on NASDAQ OMX Stockholm since June 2009. The ticker on NASDAQ OMX Stockholm is BEF SDB.

Taxation

The following is a summary of certain Swedish tax consequences that may arise from the holding of the listed Bonds. The summary is based on Swedish tax legislation as currently in effect and is intended only as general information for Holders who are resident in Sweden for tax purposes, unless otherwise indicated. The summary does not deal comprehensively with all tax consequences that may occur in this context, nor does it cover the specific rules which may apply when Bonds are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and mutual funds. Each Bond Holder is recommended to consult a tax advisor for information with respect to the tax consequences that may arise based on the Holder's particular situation, including the applicability and effect of foreign tax legislation, provisions in tax treaties for the avoidance of double taxation and other rules which may be applicable.

Individuals

Capital income, such as interest on the Bonds and capital gains on the sale of Bonds, is generally taxed as income from capital at a flat rate of 30 per cent. A capital gain is taxable at the time of a binding agreement. Interest is generally taxable at the time the Holder can dispose of the interest. A preliminary tax at a flat rate of 30 per cent is withheld in respect of interest paid in cash on Bonds held in a VPC account or by a Swedish nominee. The withholding is made by Euroclear or, for nominee-registered securities, by the nominee. In some cases, preliminary tax is also withheld on payments of compensation for unpaid interest (e.g., when Bonds are redeemed).

The capital gain or capital loss resulting from a sale or redemption of Bonds is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the acquisition cost. The acquisition cost for all receivables of the same type and class is determined collectively in accordance with the "average method".

Compensation for interest that is accrued but not due (interest compensation) which is received on the disposal of a receivable is usually not taken into account when calculating a capital gain or capital loss. Such interest compensation is instead taxed separately as interest, in the fiscal year in which it is received. For the purchaser, the interest compensation is treated as an interest expense, deductible at the earliest of the interest falling due or the receivable being sold. Paid interest compensation is deducted separately and is, accordingly, not included in the purchaser's acquisition cost.

As a general rule, 70 per cent of a capital loss is deductible against any other taxable income from capital. Capital losses on listed receivables are, however fully deductible in the income from capital category. Receivables admitted to trading on regulated markets, such as the Bonds being listed on NASDAQ OMX Stockholm, should normally be considered as listed.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as real estate tax and the municipal real estate fee, is allowed. The tax reduction amounts to 30 per cent of any deficit not exceeding SEK 100,000 and 21 per cent of any remaining deficit. Deficits may not be carried forward to a later fiscal year.

Legal entities

Limited liability companies and other legal entities are normally taxed on all income, including capital gains and interest, as income from business operations at a flat rate of 26.3 per cent. As a general rule, capital losses on receivables, such as the Bonds, incurred by a corporate Holder are fully deductible against any taxable income from business activities. For the calculation of capital gains and losses, see section "Individuals" above.

Compensation for unpaid interest should be treated as a taxable income for the seller and a tax deductible expense for the purchaser for the financial year to which it is attributable under generally accepted accounting principles.

Deficits in a legal entity may be carried forward to a later fiscal year without any limitation in time.

Shareholders resident outside of Sweden

Generally, holders of receivables, such as the Bonds, who are not fiscally resident in Sweden and do not carry on business operations from a permanent establishment in Sweden are not subject to Swedish taxation in respect of a sale of such receivables. The same applies to interest income. These holders may, nevertheless, be subject to tax in their country of residence.

There is no Swedish withholding tax on capital gains or interest paid on the Bonds.

Legal matters and supplementary information

The Company

The Company, Black Earth Farming Limited (company registration number 89973), was incorporated in Jersey as a private limited liability company on 20 April 2005 under the 1991 Law. The Company became a public limited liability company after a special resolution was passed by a General Meeting on 30 October 2006 and it intends to operate under this legal form of business entity henceforth. The Company has its registered office at 8 Church Street, St. Helier, Jersey JE4 0SG, Channel Islands.

Legal group structure

The legal structure of Black Earth Farming consists of the following top companies. The Company holds no significant assets other than the direct and indirect investments in the operational Group companies and is therefore dependent upon receipt of sufficient dividend income from these companies.

Black Earth Farming

The Company is a public limited liability company incorporated in Jersey, Channel Islands with the registered number 89973. The Company owns 100 per cent of the shares in Planalto Enterprises (Cyprus) Ltd. ("Planalto").

Planalto Enterprises Ltd.

Planalto is a holding company incorporated in Cyprus.

AGRO-Invest and AGRO-Invest-Regions

Under Russian law, a foreign company, or a Russian company with more than a 50 per cent foreign shareholding, cannot own agricultural land in Russia. To comply with this prohibition and to enable indirect ownership of Russian agricultural land, Black Earth Farming has established a cross-ownership structure. The limited liability companies, AGRO-Invest and AGRO-Invest Regions, control 60 per cent of the shares in each other and Planalto owns the remaining 40 per cent of the shares in AGRO-Invest and in AGRO-Invest Regions. Through such a structure, Planalto indirectly holds 100 per cent of the shares in AGRO-Invest, which in turn holds 100 per cent of the shares in the operating companies. The Board of AGRO-Invest and AGRO-Invest Regions consists of Sture Gustavsson, Michael Shneyderman, Alexei Bnatov, Zorigto Sakhanov and Gustav Wetterling. This Board has financial authority to approve all important transactions of the companies within the AGRO-Invest Group before being submitted to the Board of Directors for final approval. In the beginning of 2010, the Company

also recruited Mr Alexei Bnatov as new General Manager of Agro-Invest. OOO Management Company AGRO-Invest (Kursk) was previously a part of the AGRO-Invest Group and has been liquidated during 2007.

For each new land project, AGRO-Invest generally establishes a Russian wholly-owned subsidiary which obtains lease and/or ownership rights to the land. Currently, there are 5 land-related ZAOs and twenty three OOOs registered. The land-related ZAOs were established from September 2005 to January 2006 and the land-related OOOs were established from April 2006 onwards. Further subsidiaries will be established as OOOs. There are also two OAO within the legal group. One of these companies, OAO Kastorenskaya MTS, does not own any land plots. The charter capital of AGRO-Invest and each respective subsidiary is RUR 10,000, except for OOO Rus (RUR 69,500,000) and OAO Kastorenskaya MTS (RUR 2,098) and OAO Kalacheevskaya Selkhozhiimiya (RUR 5,898), which are in compliance with the Russian minimum charter capital requirements.

Material agreements

Material agreements outside the Company's ordinary course of business

Due to the nature of the Company's business, and the contractual relationships created in the Company's ordinary course of business, the Company has not, outside its ordinary course of business, entered into any agreements with a single counterparty or group of affiliated counterparties which may affect the Company's ability to fulfil its obligations under the Bonds.

Litigation

The Company has not been, within the last twelve months, and is not currently subject to any material court or administrative proceedings.

Permits

The Board of Directors considers that the Company holds the required permits regarding their activities.

Credit rating

The Company does not have a credit rating from an international credit rating institute.

Other events

No significant negative changes of the Company's prospects have occurred between the publication date of the annual report 2009 and the completion of this Prospectus.

Provision of documents

The Company will provide, on request, all reports and other documents, historical financial information, valuations or statements prepared by experts at the Company's request, and any part thereof which is included or referred to in this Prospectus. Historical financial information, the Articles of Association and all information which has been made public is available in electronic form at the Company's website www.blackearthfarming.com. Financial information about the Company and its subsidiaries may also be ordered from the Company directly.

Memorandum and Articles of Association (including a general description of the 1991 Law)

General

The Company was incorporated under the 1991 Law on 20 April 2005 under the name “Black Earth Farming Limited” with company registration number 89973. The Company is a public limited liability company under the laws of Jersey, Channel Islands. The Company’s registered office is at 8 Church Street, St Helier, Jersey JE4 0SG, Channel Islands.

The Company is a par value company under the 1991 Law. The liability of each member arising from the shareholding in the Company is limited to the amount (if any) unpaid on it. Currently, there are no Shares that are issued but not fully paid up.

Set out below is a description of certain rights attaching to the Shares and related material provisions of the Articles of Association. This information is not exhaustive and reference should be made to the Articles of Association and to Jersey law.

Memorandum of Association

The Memorandum of Association of the Company does not restrict the activities of the Company and thus the Company has unlimited legal capacity. A copy of the Memorandum of Association is available for review at the address specified in the section “Legal matters and supplementary information”.

The Memorandum of Association may only be amended with the sanction of a special resolution of the Company. A special resolution is defined in the 1991 Law as a resolution passed by a majority of not less than two-thirds of members who (being entitled to do so) vote in person or by proxy, at a General Meeting of the Company or at a separate meeting of a class of members of the Company of which in either case not less than 21 days notice, specifying the intention to propose the resolution as a special resolution, has been duly given.

Articles of Association

The current Articles of Association were adopted on 15 November 2007. A copy of the Articles of Association is available for review at the address specified in the section “Legal matters and supplementary information”.

The Articles of Association may only be amended with the sanction of a special resolution of the Company.

Rights attaching to shares

Issue of shares

Subject to the provisions of the 1991 Law and the Articles of Association and without prejudice to any rights attached to any issued shares, any share may be issued with such special rights or restrictions as the Company in General Meeting may by ordinary resolution determine.

In principle, the Board of Directors has the power to allot, grant options over, offer or otherwise deal with or dispose of shares (or rights to subscribe for or convert any securities into shares) in the authorised but unissued share capital of the Company. However, the Board of Directors may not exercise such power in relation to relevant securities (which includes shares but excludes shares allotted in pursuance of the initial public offering or shares allotted pursuant to the exercise of warrants issued pursuant to the warrant instrument dated 11 August 2005, as amended) unless the Board of Directors is authorised to do so by the General Meeting by ordinary resolution. Such authority may be given for a particular exercise of the power or for its exercise generally, and may be unconditional or subject to conditions. The authority must state the maximum amount of relevant securities that may be allotted under it and the date on which the authority will expire, which must be not more than 5 years from the date on which the resolution is passed by virtue of which the authority is given, but such authority may be previously revoked or varied by the General Meeting by ordinary resolution.

Pre-emption rights

Subject to the provisions of the Articles of Association, if the Company proposes to allot equity securities (other than equity securities which are, or are to be, wholly or partly paid up otherwise than in cash, equity securities allotted pursuant to the exercise of warrants or equity securities allotted pursuant to an offering) then the Company (i) shall not allot any of them on any terms to a person unless it has made an offer to each member who holds relevant shares to allot to him on the same or more favourable terms a proportion of those securities which is as nearly as practicable equal to the proportion in number held by him of the aggregate of relevant shares; and (ii) shall not allot any of those securities to a person unless the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made. These rights in favour of members are called “pre-emption” rights. The Company in General Meeting may by special resolution disapply such pre-emption rights, in which case such equity securities may be allotted as if members did not have such pre-emption rights. The 1991 Law does not include a statutory right of pre-emption.

Voting rights

Subject to any special rights or restrictions as to voting attached to shares (of which there are none at present), on a show of hands every shareholder who is present in person shall have one vote and on a poll every holder who is present in person or by proxy shall have one vote for every share of which he is the holder. A corporate member may, by resolution of its Directors or other governing body, authorise a person to act as its representative at General Meetings and that person may exercise the same powers as the corporate member could exercise if it were an individual member.

Each member may appoint multiple proxies in respects of the shares held by him and any proxy validly appointed by such members shall have the right to attend and vote at a General Meeting.

In the case of joint holders, the vote of the person whose name appears first in the register of shareholders shall be accepted to the exclusion of the votes of the other joint holders.

Dividends

The profits of the Company available for dividends and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests in the profits of the Company. The Company in General Meeting may, by ordinary resolution, declare dividends accordingly, but no dividends shall exceed the amount recommended by the Board of Directors. No dividends shall be payable otherwise than in accordance with the 1991 Law and the Articles of Association. There are no fixed dates on which entitlement to dividends arises. Subject to the provisions of the 1991 Law and the Articles of Association, the Board of Directors may from time to time pay to shareholders such interim dividends as appear to the Board of Directors to be justified by the profits of the Company.

No dividends or other monies payable in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share. Any dividends which have remained unclaimed for a period of ten years from its due date of payment shall, if the Board of Directors so resolves, be forfeited and shall cease to remain as a debt for the Company and thereafter belong to the Company.

Variation of rights and changes of capital

If at any time the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may, subject to the provisions of the 1991 Law, be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of such provision, either with the consent in writing of the holders of two-thirds in number of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class, but not otherwise. At every such separate meeting, the provisions of the Articles of Association relating to General Meetings of the Company shall apply with the necessary modifications except that the necessary quorum shall be not less than two persons holding or representing by proxy at least one-third in number of the issued shares of that class.

The General Meeting may from time to time by special resolution increase its share capital by such sum to be divided into shares of such amounts and carrying such rights as the resolution may prescribe.

The General Meeting may by special resolution increase or reduce the number of shares that it is authorised to issue, consolidate all or any of its shares (whether issued or not) into fewer shares or divide all or any of its shares (whether issued or not) into more shares.

The General Meeting may by special resolution reduce its share capital or any capital redemption reserve or any share premium account. The Company may, subject to the provisions of the 1991 Law and to any rights for the time being attached to any shares, purchase any of its own shares (including redeemable shares).

Meetings of shareholders

Annual General Meetings

Subject to the provisions of the Law, Annual General Meetings shall be held, either in Sweden or such other country as the Board of Directors may determine, at such time and place as the Board of Directors may determine. An Annual General Meeting shall be convened by not less than 21 clear days'

notice in writing, or on shorter notice if so agreed by all of the members entitled to attend and vote at the meeting.

Extraordinary General Meetings

The Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit. An Extraordinary General Meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the 1991 Law. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the Board of Directors. An Extraordinary General Meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing and all other Extraordinary General Meetings shall be convened by not less than 14 clear days' notice in writing. An Extraordinary General Meeting may be held on shorter notice if so agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in number of the shares giving that right.

Meetings generally

In the case of both an Annual General Meeting and an Extraordinary General Meeting, the notice must specify whether the meeting is an Annual General Meeting or an Extraordinary General Meeting, the place, day and time of the meeting, the general nature of the business (if special business is to be transacted) and the intention to propose a special resolution if that be the case, and with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member. The notice of meeting may specify a time (which shall not be more than 21 clear days before the time fixed for the meeting) by which a person must be on the register of shareholders in order to have the right to attend and vote at the meeting. The Board of Directors may also determine that shareholders who wish to attend and vote at a meeting must notify the Company of their intention to do so not later than a day stipulated in the notice, which day may not be earlier than the fifth weekday prior to the meeting or fall on a Sunday, public holiday, Saturday, Midsummer's Eve, Christmas Eve, or New Year's Eve.

The notice must be given to the members (other than any who, under the provisions of the Articles of Association or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), the Directors and the auditors.

The Board of Directors may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a General Meeting, from time to time make such arrangements as the Board of Directors shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements. The entitlement of any member or proxy to attend a General Meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board of Directors. In the case of any meeting to which such arrangements apply the Board of Directors may, when specifying the place of the meeting:

- (i) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (the "Principal Place"); and
- (ii) make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the General Meeting but excluded therefrom under these provisions or who wish to attend at any of such other places, provided that persons attending at the Principal Place and at any of such other places shall be able to see, and hear and be seen and heard by, persons attending at the Principal Place and at such other places, by any means.

Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. Any such meeting shall be treated as being held and taking place at the Principal Place.

The Board of Directors may direct that any person wishing to attend any General Meeting should provide such evidence of identity and submit to such searches or such other security arrangements or restrictions as the Board of Directors shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse admission to any person who fails to provide such evidence of identity or fails to submit to such searches or to otherwise comply with such security arrangements or restrictions.

Disclosure of interests

The 1991 Law does not contain any provisions which entitle the Company to require members to disclose interests in the shares.

Distribution of assets on liquidation

If the Company is wound up, the assets available for distribution among the members shall be applied first in repaying to the members the amount paid up on their shares respectively, subject to any rights or limitations being attached to any shares.

If the Company should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator (or, if no liquidator is appointed, the Board of Directors) may with the authority of a special resolution and any other sanction required by the 1991 Law, divide amongst the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division should be carried out as between the members or different classes of members. No member shall be compelled to accept any assets upon which there is a liability.

Directors and the Board

Number of Directors

Unless and until otherwise determined by the General Meeting by ordinary resolution, the number of Directors (other than any alternate Directors) shall be not less than two but there shall be no maximum.

Appointment of Directors

The members are entitled to appoint and dismiss any person as a Director by ordinary resolution. The Board of Directors may also appoint a Director either to fill a vacancy or as an addition to the Board of Directors.

Permitted interests of Directors

Subject to the 1991 Law and provided such Director has disclosed to the Board of Directors the nature and extent of any direct or indirect interest, a Director, notwithstanding his office:

- may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of any office or place of profit or as vendor, buyer or otherwise;
- may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his or her firm in a professional capacity to the Company, and in any such case on such terms as to remuneration and otherwise as the Board of Directors may arrange, either in addition to or instead of any Board fees;
- may be a Director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or in which the Company has any powers of appointment; and
- is not liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal,

and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

Interested Director not to vote

Save as mentioned below, a Director shall not vote on (but shall still be counted in the quorum in relation to) any resolution of the Board of Directors or committee of the Board of Directors concerning any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares, debentures or other securities of, or otherwise in or through, the Company.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting in which he is to participate;
- (iv) any proposal relating to any other body corporate in which he (together with persons connected with him) does not to his knowledge hold an interest of any kind whatsoever;
- (v) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award to him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including the Directors.

If any question shall arise at a meeting as to the right of a Director to vote or to the materiality of a Director's interest, and such question is not resolved by his voluntary agreement to abstain from voting, the question may (subject to the 1991 Law) be referred to the chairman of the meeting (or, if the Director concerned is the chairman of the meeting, to such other Directors present at the meeting) and his ruling in relation to any other Director shall be final and conclusive.

Remuneration of Directors

The Directors shall be entitled to receive by way of fees for their services such sum as the Board of Directors may from time to time determine. The Directors shall also be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance by them of their duties as Directors including any expenses in attending meetings of the Board of Directors or any committee of the Board of Directors or General Meetings or separate meetings of the holders of any class of shares or debentures of the Company. Extra remuneration may be paid out of the funds of the Company by way of salary, commission, participation in profits or otherwise as the Board of Directors may determine to any Director who, by arrangement with the Board of Directors, shall perform or render any special duties or services outside the scope of the ordinary duties of a Director and not in his capacity as a holder of employment or executive office. The salary or remuneration of any Director may either be a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board of Directors. The Board of Directors may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director or employee of the Company or any body corporate which is a holding body or a subsidiary undertaking of or allied to or associated with the Company or any such holding body or subsidiary undertaking or any predecessor in business of the Company or of any such holding body or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the Board of Directors may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the 1991 Law, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the aforesaid matters. The Board of Directors may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under the Articles of Association and shall not be obliged to account for it to the Company.

Meetings of the Board of Directors

The quorum for a meeting of the Board of Directors may be determined by the Board of Directors and until otherwise determined shall be two persons. In any meeting of the Board of Directors a simple majority is required to pass a resolution. In the event of an equality of votes the chairman shall have a second or casting vote. A resolution can be passed without a meeting if all the Directors entitled to receive notice of a Board meeting, and being not less than a quorum for a meeting, consent in writing to the proposal.

Powers of the Board of Directors and delegation of the Board's powers

Subject to the provisions of the 1991 Law, the memorandum of association of the Company and the Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Board of Directors, which may exercise all powers of the Company.

Subject to the provisions of the Articles of Association, the Board of Directors may delegate any of its powers, authorities and directions for such time and on such terms and conditions as it thinks fit.

Borrowing powers

The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and, subject to the provisions of the 1991 Law, to create and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

Right to indemnification

Pursuant to the Articles of Association and subject to the 1991 Law, each present or former Director (including any alternate Director), Secretary or other officer of the Company shall be indemnified out of the assets of the Company against any costs, charges, losses, damages and liabilities incurred by him in the actual or purported execution or discharge of his duties or exercise of his powers or otherwise in relation thereto.

The Board of Directors may authorise the purchase or maintenance of, on behalf of any Director (including any alternate Director), Secretary or other officer or employee of the Company or any other body corporate which is a subsidiary or in which the Company has an interest, such insurance as is permitted by the 1991 Law in respect of any liability which would otherwise attach to such person.

Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company

There are no provisions in the Articles of Association that would have the effect of delaying, deferring or preventing a change of control in the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

Financial statements and the statutory auditor

Within seven months after the end of each financial period, the accounts of the Company for that period shall be prepared, and examined and reported upon by auditors and laid before a General Meeting of the Company together with a copy of the auditors' report. A copy of the audited accounts shall, not less than 14 clear days before the General Meeting before which they are to be laid, be available at the premises of the Company and published on the Company's website. The auditors of the Company must be qualified to act as such as a matter of Jersey law.

Documents incorporated by reference

Investors should read all information which is incorporated in the Prospectus by reference. Those parts of the documents set forth below, which are not incorporated by reference, are not part of this Prospectus.

The information set forth below as part of the following documents shall be regarded as incorporated into the Prospectus by reference.

- The Company's interim report for January-June 2010,
- The Company's annual report for 2009 and
- The Company's annual report for 2008

Information	Source
The complete interim report for the period January-June 2010, which has not been subject to an audit or a review.	Interim report January-June 2010.
Audited consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, notes and information regarding accounting principles for the financial year 2009	Annual report 2009, p. 39-65.
Auditor's report for the financial year 2009	Annual report 2009, p. 38.
Audited consolidated income statement, consolidated balance sheet, consolidated cash flow analyses, notes and information regarding accounting principles for the financial year 2008	Annual report 2008, p. 35-59
Auditor's report for the financial year 2008	Annual report 2008, p. 61

Information to which reference is made shall be read as a part of the Prospectus. This information is available on the Company's website, www.blackearthfarming.com or can be obtained from the Company in hard copy at its registered office on 8 Church Street, St. Helier, Jersey JE4 0SG, Channel Islands during the validity period of the Prospectus.

Addresses

The Company's registered office

8 Church Street
St Helier
Jersey JE4 0SG
Channel Islands
Telephone: +44 1534 82 33 33

Company Secretary

General Secretaries Limited
P.O. Box 781
8 Church Street
St. Helier
Jersey JE4 0SG
Channel Islands

The Company's representative office in Moscow

Agroinvest
Vereyskaya st., 17
121357 Moscow
Russia
Telephone: +7 495 589 22 04

Annex A: Definitions and explanations

The following definitions and explanations apply in this Prospectus.

“1991 Law”	The Companies (Jersey) Law 1991 as amended.
“AGRO-Invest”	OOO Management Company AGRO-Invest.
“AGRO-Invest Group”	The Company’s subsidiary AGRO-Invest and its subsidiaries, including AGRO-Invest Regions.
“AGRO-Invest Regions”	OOO Management Company AGRO-Invest-Regions.
“Articles of Association”	The Articles of Association of the Company.
“Black Earth”	A soil type which contains a very high percentage of organic matter in the form of humus, rich in phosphorus.
“Black Earth Farming” or the “Company”	Black Earth Farming Limited, a company incorporated in Jersey, Channel Islands, under the 1991 Law with company registration number 89973, including its subsidiaries, unless otherwise is apparent by the surrounding context.
“Black Earth Region”	A territory located in parts of Russia, Ukraine and Kazakhstan endowed with Black Earth.
“Board of Directors”	The from time to time duly constituted Board of Directors of the Company.
“Directors”	The current directors of the Company.
“Euroclear”	Euroclear Sweden AB (formerly VPC AB), the Swedish central securities depository and clearing house with address Regeringsgatan 65, Box 7822, SE-103 97, Stockholm, Sweden.
“Group”	Black Earth Farming Ltd., and its subsidiaries including Planalto Enterprises Ltd, AGRO-Invest and AGRO-Invest Regions, unless otherwise can be derived from the context in which the reference appears, and Group company or Group companies means any of them.
“NASDAQ OMX Stockholm”	The exchange owned by NASDAQ OMX Stockholm AB.
“OAO”	Open joint stock company, the Russian equivalence to a public company.
“OOO”	“Closed joint stock company”, the Russian equivalence to a limited liability company.
“Prospectus”	The prospectus prepared for the Listing.
“SDR”	The Swedish depository receipts issued representing the Shares according to the general terms and conditions for depository receipts in Black Earth Farming.

“Shares”	Shares in the Company. The term “Share” is used for any individual share in the Company.
“United States”	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
“ZAO”	“Closed joint stock company”, the Russian equivalence to a private company.
“Öhman”	E. Öhman J:or Fondkommission AB, company registration number 556206-8956. Box 7415, SE-103 91, Stockholm, Sweden. Öhman is acting, in conjunction with the Listing, as financial adviser to the Company.

Annex B: Terms and Conditions for the Bonds

Strictly private and confidential

Terms and Conditions for Black Earth Farming Ltd's SEK 750,000,000 10% Bonds 2010/2014, Loan no. 2, ISIN SE0003366624

1 Definitions

For the purpose of these Terms and Conditions (the “**Terms and Conditions**”) the following definitions shall apply:

“ Account Operator ”	a bank or other party duly authorised to operate as an account operator (Sw. kontoförande institut) pursuant to the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and with which a Holder has opened a Euroclear Account in respect of the Bonds;
“ Agent ”	CorpNordic Sweden AB, a company organised under the laws of Sweden with reg. no. 556625-5476;
“ Banking Day ”	a day which is not a Sunday or other public holiday or a day which in respect of payment of promissory notes is not equated with a public holiday in Sweden;
“ Bond ”	a debt instrument (Sw. skuldförbindelse) as defined in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and which has been issued by the Company pursuant to these Terms and Conditions;
“ Company ”	Black Earth Farming Ltd, a company organised under the laws of Jersey with reg. no. 89973;
“ Control ”	in relation to any entity (i) the holding, ownership, acquisition or control of, or the right to acquire, hold, own or control, more than 50 per cent of the voting rights of the relevant entity or (ii) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the relevant entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and “controlled” shall be construed accordingly;
“ CSD ”	the Company's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear;
“ Default Rate ”	STIBOR plus two (2) percentage units per annum, to be determined for each interest period of one (1) week starting from, but excluding, the relevant due date;

“De-listing Event”	occurs if at any time: (i) the Company’s shares in the form of Swedish Depository Receipts are not listed and admitted to trading on NASDAQ OMX Stockholm; or (ii) trading of the Company’s shares on NASDAQ OMX Stockholm is suspended for a period of 15 consecutive dealing days;
“Euroclear”	Euroclear Sweden AB (the Swedish Central Securities Depository).
“Euroclear Account”	a securities account (account for shares and other securities (Sw: avstämningskonto)) according to the Swedish Financial Instruments Accounts Act (SFS 1998:1479) in which each Holder’s holding of Bonds is registered;
“Financial Indebtedness”	means any indebtedness in respect of: <ul style="list-style-type: none">(a) the principal amount outstanding in respect of any monies borrowed or raised including, without limitation, pursuant to the Bonds;(b) the principal amount outstanding in respect of any Market Loan;(c) any net liability incurred under interest rate management arrangements;(d) any guarantee or other assurance against financial loss in respect of a type referred to in the above items; and(e) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
“Group”	the Company and its Subsidiaries for the time being;
“Holder”	a person registered on a Euroclear Account as holder or otherwise is entitled to receive payment in respect of a Bond;
“Interest Payment Dates”	1 July each year and the Maturity Date (if that day is not a Banking Day, payment of interest will occur on the next following Banking Day, but as calculated on the Interest Payment Date, unless it would thereby fall into the next calendar month, in which event interest shall be payable on the immediately preceding Banking Day);
“Interest Rate”	ten (10) per cent per annum;
“Issue Date”	1 July 2010;

“Issuing Agent”	means the bank or an issuing agent that the Company from time to time appoints to manage certain tasks in accordance with the Rules, which initially shall be E. Öhman J:or Fondkommission AB, reg. no. 556206-8956;
“Market Loan”	any loan or other indebtedness raised by the issuance of commercial paper, subordinated debentures, bonds or other securities of whatever kind (including debt raised under MTN- or other debt issuance programmes), which are or may be quoted, listed or ordinarily dealt in or traded on any Swedish or foreign stock exchange, over-the-counter or other regulated or unregulated securities market;
“Maturity Date”	means 1 July 2014;
“Nominal Amount”	has the meaning set forth in Clause 2.1;
“Record Date”	has the meaning set forth in Clause 5.1;
“Redemption Date”	means, in respect of any Bond to be redeemed, the date fixed for redemption pursuant to these Terms and Conditions;
“Reference Banks”	the principal Stockholm offices of SEB and two other banks as may be appointed by the Agent in consultation with the Company;
“Relevant Event”	occurs if: (i) any person or persons, acting together, acquires or acquire Control of the Company; or (ii) a public offer is made in respect of the shares of the Company and such offer has been declared unconditional and the offeror, and any person or persons acting together with the offeror, acquire or acquires Control of the Company;
“Rules”	means the legislation, rules and regulations applicable to and/or issued by Euroclear that are in force and effect from time to time;
“SEK”	means Swedish kronor;
“STIBOR”	means (a) the percentage rate per annum displayed on the appropriate page of the Thomson Reuters screen (or if that page is replaced or the service ceases to be available, such other page designated by the Agent displaying that percentage rate) or (b) if such percentage rate is not available, the arithmetic mean of the rates as supplied to the Agent at its request quoted by the Reference Banks for lending in SEK in the Stockholm interbank market, in each case for a period of seven (7) days as of 10.00 a.m. (Stockholm time) on the first Banking Day of the period for which STIBOR is to apply and rounded upwards to three decimals places;
“Subsidiary”	means in relation to any company or corporation (a “holding company”), a company or corporation: (a) which is controlled, directly or indirectly, by the holding company; (b) more than half the issued share capital of which is owned, directly or indirectly, by the holding company; or

(c) which is a Subsidiary of another Subsidiary of the holding company,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to determine the composition of the majority of its board of directors or equivalent body;

“Total Debt” the total debt of the Group on a consolidated basis as stated in the relevant financial report;

“Total Shareholders’ Equity” the total shareholders’ equity of the Group on a consolidated basis as stated in the relevant financial report.

2 The amount of the Bonds and undertaking to make payments

2.1 The aggregate amount of the Bonds will be an amount of SEK seven hundred fifty million (750,000,000) and will be represented by the Bonds, each of a nominal amount of SEK one (1) or full multiples thereof (**“Nominal Amount”**).

2.2 The Company undertakes to pay the principal amount of, and interest on, the Bonds on the dates and in the manner provided for herein, and to otherwise act in accordance with these Terms and Conditions.

3 Interest

The Bonds will bear interest at the Interest Rate from, but excluding, the Issue Date up to and including the Maturity Date (or any earlier Redemption Date). Interest shall be paid annually in arrears on the Interest Payment Dates, commencing on the first Interest Payment Date falling after the Issue Date. Interest shall be calculated on a 30E/360-days basis.

4 Bonds in book-entry form

4.1 The Bonds will be registered on behalf of the Holders on a Euroclear Account and no physical notes will be issued. Registration requests relating to the Bonds shall be directed to an Account Operator. Anyone who, pursuant to an assignment, pledge or by operation of the provisions of the Swedish Children and Parents Code (Sw: *Föräldrabalken*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register such entitlement to receive payment.

4.2 The Company and the Agent shall be entitled to obtain information from the register kept by the CSD in respect of the Bonds (Sw. *skuldbok*).

5 Redemption of the Bonds and payments

5.1 Redemption at maturity and Holders eligible for payments

Unless previously redeemed, or purchased and cancelled in accordance with these Terms and Conditions, the Bonds shall be redeemed at the Nominal Amount on the Maturity Date. Payment of Nominal Amount and interest will be made to the person who is a Holder on the fifth Banking Day prior to the respective payment date or on such other Banking Day falling nearer such payment date which may generally be applied in the Swedish bond market (**“Record Date”**).

5.2 Company’s purchase of Bonds

The Company shall be entitled to purchase each and all of the Bonds in the market.

5.3 Redemption at the Company's option

The Company may elect to redeem all of the Bonds (but not less than all) on any Banking Day falling after 1 July 2011. The Company shall give the Holders at least 30 days but not more than 60 days notice of such redemption. Such notice shall be irrevocable and state the Redemption Date and the relevant Record Date. The Bonds shall be redeemed at the following redemption prices, expressed as percentages of the Nominal Amount as set out below:

- (a) 104.00 per cent during the period from, but excluding, 1 July 2011 up to and including 1 July 2012;
- (b) 102.50 per cent during the period from, but excluding, 1 July 2012 up to and including 1 July 2013;
- (c) 101.00 per cent during the period from, but excluding, 1 July 2013 up to and including 30 June 2014

together in the case of any such redemption with accrued interest from, but excluding, the latest Interest Payment Date up to and including the relevant Redemption Date.

5.4 Payments of principal and interest

If a Holder has, through an Account Operator, designated a certain bank account for payments of principal and interest, the CSD will on the relevant payment dates transfer the relevant payment to the account so designated. In other cases, payments will be made by the CSD transferring the payment to the Holder at the address registered with the CSD on the Record Date. If a day on which an amount becomes due and payable in accordance with these Terms and Conditions is not a Banking Day, payment will be made as aforesaid on the following Banking Day. Interest only accrues, however, up to and including the relevant due date. Should the CSD, due to a delay on behalf of the Company or some other obstacle, not be able to effect the payment of amounts as aforesaid, the CSD will pay such amount to the Holders on the Record Date as soon as possible after such obstacle has been removed. If a person to whom payment has been made in accordance with the above was not entitled to receive such payment, the Company and the CSD shall nevertheless be deemed to have fulfilled their obligations, provided that the Company and/or the CSD did not have knowledge that such payment was made to a person not entitled to receive such amount and provided the Company and/or the CSD acted with normal care.

6 Default interest

- 6.1** If the Company fails to pay any amount payable by it under these Terms and Conditions on its due date, the Company shall pay default interest on such amount at a rate corresponding to the applicable Interest Rate plus the applicable Default Rate from, but excluding, the date such payment was due up to and including the time of actual payment. Accrued default interest shall not be capitalized.
- 6.2** If the delay is due to an existence of an obstacle for the Issuing Agent or the CSD, respectively, as set out in Clause 18.1, the default interest shall not exceed the relevant Interest Rate.

7 Prescription

- 7.1** The Bonds and the right to receive payment thereunder shall become void unless presented for payment within a period of ten (10) years (in the case of principal) and three (3) years (in the case of interest) of the Maturity Date. The Company is entitled to any funds set aside for payments in respect of which the Holders right to receive payment has become void as aforesaid.

7.2 If the periods of limitation set out in Clause 7.1 are duly interrupted, in accordance with the Swedish Act on Limitations (SFS 1981:130), a new period of ten and three years, respectively, will commence, in both cases calculated from the date of interruption of the relevant period of limitation, as such date is determined pursuant with the provisions of the Swedish Act on Limitations.

8 Financial covenant and other undertakings

8.1 For as long as any Bonds remain outstanding, the Company undertakes:

- (a) to procure that the ratio of Total Debt to Total Shareholders' Equity will never exceed 75 per cent (calculated on the basis of audited annual financial reports, quarterly unaudited financial reports or, where relevant, a special financial report prepared pursuant to Clause 8.1(g));
- (b) not to make a dividend or distribution of capital (whether in cash or specie), redeem or purchase any of its shares or make other similar distributions to shareholders in an amount exceeding 30 per cent of the most recent financial year's net profit on a consolidated basis;
- (c) not to provide or permit to subsist any security or permit someone else to provide or permit to subsist security in the form of a guarantee or otherwise, for any Market Loan raised by the Company;
- (d) to procure that none of its Subsidiaries raises any Market Loan;
- (e) not to use any of the proceeds from the issue of the Bonds outside of the ordinary course of business;
- (f) to prepare and publish quarterly reports (which reports shall be prepared consistently with the same accounting principles that are applied when preparing the Company's annual financial reports and published not later than two months after the end of the relevant quarter. Once the Bonds have been listed such reports shall be published in accordance with the then applicable regulations by NASDAQ OMX Stockholm);
- (g) not later than within twenty (20) days from the Agent's request to prepare a special unaudited financial report as per the historic date the Agent stated in its request (which report shall be prepared consistently with the same rules and accounting principles that are applied when preparing the Company's annual financial reports and quarterly financial reports);
- (h) together with each quarterly report referred to in Clause 8.1(f) above or no later than twenty (20) days from the Agent's request, to provide a compliance certificate signed by two duly authorised signatories of the Company on its behalf, and accompanied by a report setting out the calculations of (and compliance with) the financial covenants as set out in this Clause 8, certifying that so far as it is aware no event which would entitle the Agent to accelerate the Bonds is outstanding or, if it is aware that such an event is outstanding, specifying the event and the steps, if any, being taken to remedy it.

8.2 The Company undertakes to ensure that the Bonds are listed at the Corporate Bond List of NASDAQ OMX Stockholm and will use all efforts to maintain such listing as long as any Bonds are outstanding, however not longer than up to and including the last day on which trading in the Bonds on the exchange reasonably can, under to the then applicable regulations by the exchange and the CSD, take place before the Maturity Date. The application for listing of the Bonds shall be filed with NASDAQ OMX Stockholm in due time to have the listing completed not later than 31 December 2010.

9 Acceleration of the Bonds

- 9.1 The Agent is entitled, on behalf of the Holders, to declare all of the Bonds (but not less than all), including accrued interest, due for payment immediately or at such later date as the Agent determines (such later date always being a date falling prior to the Maturity Date):
- (i) if the Company fails to pay the interest payment on the date it is due;
 - (j) if the Company fails to comply with or in any other way acts in violation of these Terms and Conditions, provided that the Agent has notified the Company to remedy such failure or violation and the Company fails to do so within 45 Banking Days;
 - (k) if:
 - (i) any Financial Indebtedness of the Company is not paid when due or within any originally applicable grace period; or
 - (ii) any Financial Indebtedness of any Subsidiary of the Company in excess of an amount equal to SEK 15,000,000 is not paid when due or within any originally applicable grace period; or
 - (iii) an event of default howsoever described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute such an event of default) occurs under any document relating to Financial Indebtedness of any member of the Group; or
 - (iv) any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes prematurely due and payable or is placed on demand as a result of an event of default (howsoever described) under any document relating to that Financial Indebtedness; or
 - (v) any commitment for, or underwriting of, any Financial Indebtedness of any member of the Group is cancelled or suspended as a result of an event of default (howsoever described) under any document relating to that Financial Indebtedness; or
 - (vi) any security interest securing Financial Indebtedness over any asset of member of the Group becomes enforceable;
 - (l) if any member of the Group suspends its payments, is unable to pay its debts, or is deemed unable to pay its debts under applicable law;
 - (m) if any member of the Group ceases or threatens to cease to carry on all or a substantial part of its business or disposes or threatens to dispose of all or substantially all of its assets;
 - (n) if any member of the Group takes any corporate action or other steps are taken or legal proceedings are started (other than proceedings which are being disputed in good faith by appropriate legal proceedings and are withdrawn or struck out or dismissed within 30 days) by any person for such member's winding-up, dissolution, administration or re-organisation or for the appointment of a liquidator, provisional liquidator, receiver, administrator, administrative receiver, trustee or similar officer of it or of any or all of its revenues and assets or any execution, distress or diligence is levied against all or a material (as determined by the Agent in its reasonable discretion) part of its revenues and assets; or
 - (o) if a Relevant Event or a De-Listing Event occurs.

- 9.2** If the Bonds are declared due and payable pursuant to this Clause 9, the Company shall redeem the Bonds at the relevant redemption price set forth in Clause 5.3 plus the accrued interest referred to in said Clause. However, if the Bonds are declared due and payable during the period from the Issue Date up to and including 1 July 2011, the relevant redemption price shall be 104.00 per cent plus the accrued interest from the Issue Date up to and including the relevant Redemption Date.
- 9.3** The Agent is however only entitled to declare the Bonds due for payment prematurely on the grounds mentioned in Clauses 9.1(a)-(g), if the nature of the particular circumstance is such that, in the Agent's opinion, it could adversely and materially affect the Holders' interests and is continuing at the time of the Agent's declaration.
- 9.4** If Holders representing not less than 50 per cent of the aggregate then outstanding Nominal Amount instruct the Agent to declare the Bonds due and payable in accordance with the provisions in this Clause 9, then the Agent shall do so. However, if the Agent is of the opinion that the Bonds may not be declared due and payable, the Agent is only obliged to take such action if the instructing Holders undertake to indemnify and hold the Agent harmless in a satisfactory manner. Further, the Agent shall at the request of not less than 25 per cent of the aggregate then outstanding Nominal Amount, without delay, request the Company to provide a special financial report pursuant to Clause 8.1(g).
- 9.5** If the right to accelerate the Bonds is based upon a decision of a court of law, an arbitral panel, a government authority or an annual general meeting, it is not necessary for the valid exercise of the right that the relevant decision has acquired legal force or that the period of appeal has expired in.
- 9.6** The Company shall immediately upon becoming aware of it inform the Agent if any circumstance of the type specified in Clauses 9.1(a)-(g) should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur provided that the Agent does not have knowledge of such circumstance. At the request of the Agent the Company shall within five (5) days provide the Agent with a certificate regarding the circumstances dealt with in Clauses 9.1(a)-(g). The Company shall further promptly provide the Agent with such details as the Agent may request regarding any circumstances referred to in Clauses 9.1(a)-(g) and provide at the request of the Agent all documents that may be of significance in the application of this Clause 9.6.
- 9.7** The Company's obligation to provide information according to Clause 9.6 above applies provided that the dissemination of information does not violate the provisions of the Company's listing agreement with a regulated market place.

10 Allocation of funds

Where both interest and any principal amount have become due and payable and where the available funds are not sufficient for full payment thereof, the funds shall firstly be used for payment of interest and thereafter payment of any principal due but unpaid under the Bonds.

11 The Agents' right to represent the Holders, Holders' meeting etc.

11.1 General

Even without a separate authorisation from the Holders, the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds, whether or not in court or before an executive authority.

11.2 Holders' meeting and procedure in writing

- (p) Each of the Company or the Agent can at any time call for a Holders' meeting or demand for a procedure in writing among the Holders. Holders representing at least ten (10) per cent of

the total outstanding Nominal Amount may demand that such call is made. Such demand shall be made in writing to the Company and the Agent including (i) information regarding the issues that shall be discussed and (ii) documentation which evidences the holdings of Bonds of the relevant Holders. If the Agent establishes that such demand has been received in due order the Agent shall, within twenty (20) Banking Days from receipt of such demand, call a meeting or order that a procedure in writing be commenced. The Agent shall not be obliged to proceed as aforesaid if, according to the Agent, (i) the proposal must be approved by the Company and the Company informs the Agent that it will not give such approval, (ii) the proposal is not in accordance with applicable laws or (iii) it is manifestly clear that the meeting is unlikely to approve of the proposal(s) (having regard to previous meetings or previous procedures in writing).

- (q) Notice shall be made to the Holders and the Agent or, as the case may be, the Company in accordance with Clause 15 below and shall be made not later than ten (10) Banking Days and not earlier than thirty (30) Banking Days prior to the meeting or the last day for written replies. The notice shall include (i) time for the meeting or the last day for written replies, (ii) place for the meeting or address for written replies, (iii) agenda for the meeting, (iv) information regarding which day a Holder shall be registered as owner or, in case of nominee registration and such possibility is provided by the CSD is entitled to vote in the register of the CSD and (v) what is otherwise required by a Holder in order to be entitled to attend the meeting. The Company, the Agent (as the case may be) shall determine the contents of the notice and provide, in written or electronic form, a proxy form or, in case of a procedure in writing, a decision form with the relevant alternatives for resolution.
- (r) A resolution is passed through voting at a meeting (or, in case of a procedure in writing, through calculation). Each Holder shall have one (1) vote per SEK one (1) of the aggregate Nominal Amount of the Bonds held by such Holder. A Holder that holds more than one Bond must vote in the same manner for all Bonds held. However, any representative which represents more than one Holder may cast differentiated votes for different Holders. Bonds held by the Company or by a Subsidiary of the Company shall not entitle to any voting rights and shall not be considered when calculating whether necessary majority has been achieved in accordance with these Terms and Conditions. The resolution of the Holders shall be the opinion which represents the majority of the Nominal Amount for the Bonds. In respect of the below issues the following qualified majority is required among the votes cast and the answers received in order for a resolution to be validly passed ("**Qualified Majority**"):
- (i) two thirds when (1) one of the conditions in Clause 8 is waived or (2) a condition in this Clause 11 is amended, subject to (ii) below;
 - (ii) three quarters when (1) principal amount, interest rate or interest amount which shall be paid by the Company is reduced, (2) amendment of any redemption day for principal or interest amount and (3) amendment of the conditions in this Clause 11.2(c).

If the number of votes are equal the opinion which is most beneficial for the Company, according to the chairman of the meeting (or, in case of a procedure in writing, the Agent) will prevail.

- (s) Quorum exists where (i) Holders representing at least one fifth of the aggregate outstanding Nominal Amount attend the meeting (or, in case of a procedure in writing, provide answers), or (ii) where any decision requiring a Qualified Majority is at issue, Holders representing at least half of the aggregate outstanding Nominal Amount attend the meeting (or, in case of a procedure in writing, provide answers). If quorum is not achieved within fifteen (15) minutes

from the time fixed for the meeting (or, in case of a procedure in writing, at the expiry of the deadline set for replies), the meeting shall be adjourned (or, in case of a procedure in writing, the time for replies shall be extended) to the day which falls on the fifth Banking Day thereafter. Notice containing information regarding time and place for a continued meeting (or, in case of a procedure in writing, information regarding extended time for replies) shall promptly be provided to the Holders in accordance with Clause 15. At a continued meeting (or, in case of a procedure in writing, at a new calculation) a resolution can be passed through an ordinary resolution (or, if required in accordance with (c) above, through Qualified Majority) by Holders entitled to vote irrespective of the share of Bonds represented.

- (t) At the meeting the Company, the Holders and the Agent may be accompanied by their representatives, counsels and assistants. The meeting may decide that other individuals may attend. The meeting is opened by a person present appointed by the Company (or, if such person does not exist, a person present appointed by the Agent) and the meeting is chaired by that person until the Holders present (in person or by proxy) have appointed a chairman for the meeting. The chairman shall arrange for minutes to be kept at the meeting in which Holders entitled to vote at the meeting shall be listed, which other persons have been attending, what has been discussed, how the voting has turned out and which resolutions that has been passed. The minutes shall be signed by the chairman and by at least one person appointed to verify the minutes. In case of a procedure in writing, the Agent shall provide for the calculation and prepare minutes in respect of the calculation. The Agent may request additions and clarifications but is not obliged to do so and may disregard any unclear or illegible answers. The Agent shall disregard answers which do not follow listed alternatives or answers where right to vote may not be verified by reviewing the material provided by the Holder or CSD. The Company may attend the calculation. The minutes shall be completed promptly and be held available for the Holders at the Company and the Agent.
- (u) If the Company and the Agent deem it appropriate a meeting may be combined with a procedure in writing such that there shall be a possibility for Holders to provide answers in accordance with a written resolution form, as an alternative to being present or being represented at a meeting.
- (v) A resolution that has been passed at a duly called and held meeting or a procedure in writing is binding on all Holders irrespective of their having been present or represented at the meeting or if having participated in the procedure in writing and irrespective of how and if they would have voted.

The Company shall bear all cost for the Company and the Agent in connection with a meeting or a procedure in writing irrespective of who has initiated such meeting or procedure.

In connection with this Clause 11 the Company shall be entitled to require extracts from the book of debts from the CSD.

12 Substitution of the Agent

The Agent may not resign as agent and/or transfer its position as agent, unless the Company has provided its prior written consent, not to be unreasonably withheld, save where the Agent is obliged to resign or transfer its position as agent by operation of law or regulation or where the Company has, in a not immaterial way, failed to fulfil its obligations towards the Agent hereunder and does not, within a reasonable time, remedy such failure after the Agent having made the Company aware thereof.

13 The Agent's obligations and liabilities, right to engage third parties etc.

- 13.1** The Agent's obligations are exhaustively regulated herein. For the avoidance of any doubt, the Agent has no obligation to monitor the Company's financial standing or its fulfilment of obligations and liabilities, other than as expressly set forth herein.
- 13.2** The Agent shall not be bound to account to any Holder for any sum received by it for its own account.
- 13.3** For the avoidance of any doubt, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- 13.4** The Agent shall not be liable for any action taken by it under these Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct.
- 13.5** The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants or other experts where so reasonably needed to fulfil its obligations hereunder. The costs for such third party advice shall be borne by the Company.

14 Substitution of the Issuing Agent

The Issuing Agent may resign its appointment at any time, provided that no resignation by the Issuing Agent shall take effect until a new Issuing Agent has been appointed by the Company. The appointment of the Issuing Agent shall forthwith terminate if the Issuing Agent is subject to bankruptcy or financial reconstruction according to law or regulations from a supervising authority or if a resolution is passed at a Holders' meeting to replace the Issuing Agent, and, in such circumstances the Company shall immediately appoint a new issuing agent.

15 Notices

Notices to the Holders shall be made to the Holders at their respective addresses registered with the CSD.

16 Amendments

The Agent may, on behalf of the Holders, agree with the Company to amend these Terms and Conditions provided that (i) such amendment does not in any way limit the obligation of the Company to pay the principal of or interest on the Bonds or (ii) such amendment does not, in the Agent's opinion, adversely affect the interests of the Holders or such amendment is made solely with a view to rectify obvious errors and mistakes in these Terms and Conditions.

17 Nominee registration

In respect of Bonds registered with authorised nominees in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), the authorised nominee shall be deemed to be the Holder for the purpose of applying these Terms and Conditions.

18 Limitation of liability

- 18.1** The Agent, the Issuing Agent and the CSD shall have no liability for damage caused by Swedish or foreign enactment, action taken by a Swedish or foreign authority, war, strike, blockade, boycott, lockout or other similar circumstance. This limitation of liability in the case of a strike, blockade, boycott or lockout also applies if the Agent, the Issuing Agent or the CSD would itself initiate or become subject to such conflict.

- 18.2** Damage caused in any other event will not be indemnified by the Agent, the Issuing Agent and the CSD unless the damage is caused by gross negligence or wilful misconduct. In no event will indemnification be made for indirect damage.
- 18.3** Should the Agent, the Issuing Agent or the CSD be prevented from performing their obligations due to the circumstances mentioned in Clause 18.1 above, performance may be postponed until fulfilment is no longer prevented by such events.
- 18.4** The provisions in this Clause 18 apply unless they are inconsistent with the provisions of the Swedish Financial Instruments Accounts Act (SFS 1998:1479) which provisions shall take precedence.

19 Governing law and jurisdiction

- 19.1** These Terms and Conditions shall be governed by and construed in accordance with the substantive laws of the Kingdom of Sweden.
- 19.2** Any dispute or claim arising in relation to these Terms and Conditions shall be determined by Swedish courts, with the District Court of Stockholm to be the court of first instance.

We hereby certify that the above Terms and Conditions are binding upon the Company.

Jersey, 23 June 2010

BLACK EARTH FARMING LTD