

Press release
St Helier, Jersey
22 October 2012

Black Earth Farming Ltd Operational Update

Black Earth Farming Ltd (“BEF”) had as of 18 October harvested 80% of the 2012 crop area. 2012 spring crop yields are on average up 33% versus 2011 while the cost per ton of production for several spring crops is the lowest ever achieved in the company’s history. For the 2013 crop season 74 thousand hectares have been seeded with winter wheat into good conditions and have established well.

With 80% of the 2012 crop area harvested, actual crop yields are summarized in the table below. Harvesting of soybeans, sugar beets and sunflowers is well underway while corn is still in the early stages. As highlighted below yields for spring wheat, corn, spring rape and sunflower crops are among the best ever achieved. Spring rape would have been a very good yield if crop had not been lost due to strong winds and rain just prior to harvest. The 2012 spring crop results have benefitted to an extent from the planned crop initiatives to improve yields but more so from the combination of better execution and management and more favorable weather.

Average Crop Yields					
(tons/hectare)	2009	2010	2011	2012 (Gross)	% of 2012 area harvested
Winter wheat	3.5	1.9	2.4	2.3	100%
Spring wheat	2.3	1.4	1.6	2.8	100%
Spring barley	3.0	1.4	1.9	2.5	100%
Corn maize	3.4	0.7	4.9	6.4	8%
Spring rape	1.4	0.6	1.1	1.4	100%
Sunflower	1.8	0.8	2.0	2.1	50%
Soybean	n/a	0.3	0.9	1.3	96%
Sugar beet	n/a	n/a	25.6	30.7	44%

The corrective measures initiated during late 2011 to improve crop yields by relieving soil compaction, correcting soil pH, reducing weeds, improving seed management and changing fertilizer applications are all on plan. The benefits of these initiatives are expected to come through as increased crop yields over the next two to three years. The returns on the additional working capital outlay are significant given the high sensitivity of revenue and profit to changes in crop yields.

74 thousand hectares have been planted with winter wheat into good soil conditions and the crops are well established. The total 2013 crop area is expected to be approximately 230 thousand hectares subject to changes in weather conditions which is in line with the area planted in 2012. The spring crop mix will be similar to 2012 except that areas of corn, sugar beet and potatoes will increase further.

Richard Warburton, BEF CEO, comments;

“Although we have a lot of work still to do during the remainder of 2012, I believe that we have made significant operational progress this year. Conditions during the 2012 season have been more favourable but the quality of field works has also been much better than ever before. Harvest and storage logistics have also been effectively managed and controlled and our sales and export program is running more smoothly. We still have some way to go before we have corrected all of the constraints to crop yields but I believe that we are now much more in control, are executing better than we ever have and have made many of the steps forward that we planned.”

About the Company

Black Earth Farming Ltd. is a leading farming company, publicly listed on Nasdaq OMX Stockholm and operating in Russia. It acquires, develops and farms agricultural land assets primarily in the fertile Black Earth region in southwest Russia. Black Earth Farming has gained a strong market position in the Kursk, Tambov, Lipetsk and Voronezh areas, controlling some 310,000 hectares of what perhaps is the world’s most fertile soil. In 2012 Black Earth Farming intends to harvest over 222,000 hectares, effectively making it one of the world’s largest public farming companies by cropped area. The Company’s main products are wheat, barley, corn, sunflower, soya and rapeseeds.

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