ABOUT ALROSA GROUP

ALROSA Group is a group of Russian diamond mining companies that for seven years has been a leader in terms of rough diamond production and owns the largest proven diamond reserves in the world. The share of ALROSA Group in global natural diamonds production is 28%.
GENERAL INFORMATION

ALROSA Group is comprised of PJSC ALROSA, the parent company, and its subsidiaries and affiliates. The core activities of our enterprises are exploration, production and sale of natural diamonds.

38.3 mn carats was production of natural diamonds in 2015

39,508 people is the annual average ALROSA Group headcount

11 kimberlite pipes

16 placer deposits

PJSC ALROSA SHARE CAPITAL STRUCTURE

ALROSA was established in 1992 being a legal successor of the enterprises forming Yakutalmaz Research and Production Association (established in 1957 in the USSR). The Company gained control of exploration, production and sales of natural diamonds in domestic and international markets. Currently the share capital of PJSC ALROSA is owned by legal entities and private individuals.

<table>
<thead>
<tr>
<th>Shareholder Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of the Russian Federation</td>
<td>43.9256%</td>
</tr>
<tr>
<td>Government of the Republic of Sakha (Yakutia)</td>
<td>25.0002%</td>
</tr>
<tr>
<td>8 municipalities of the Republic of Sakha (Yakutia)</td>
<td>8.0003%</td>
</tr>
<tr>
<td>Other legal entities and individuals</td>
<td>23.0739%</td>
</tr>
</tbody>
</table>

The largest PJSC ALROSA minority shareholders are Oppenheimer Funds, Lazard Asset Management, Genesis and Capital Group.

PRODUCTION CHAIN AND GEOGRAPHY

PJSC ALROSA is a vertically integrated company whose management controls all processes of the production chain from mining design, geological exploration, production and processing of rough diamonds, to sorting and sales.
### Geological exploration

**Geological exploration complex**

Our geological exploration policy is based on the understanding that without timely replacement of the mineral resources base it is impossible to maintain the leading position in diamond production and foster further development of the diamond mining industry in general. We continue to maintain and expand the ALROSA Group resource base and reserves through targeted geological exploration in promising regions of Russia and Africa.

### Mining and processing

**Mining and processing complex**

Our mining and processing divisions constitute the core of the Company production capacity. The key distinction in our production today is the transition to underground diamond mining, which requires managing a number of specific risks.

### Sorting, evaluation, sale

**Polished diamond sales complex**

Sales enterprises carry out a complete cycle of sorting, initial valuation, pre-sale treatment and sales of all the rough diamonds produced by mining and processing divisions of the Company. Since 2000, PJSC ALROSA has been developing its own cutting enterprise, BRILIANTY ALROSA, producing highest quality polished diamonds of any sizes and any type of faceting, and selling them in domestic and international markets.

### PRODUCTION INFRASTRUCTURE

**Innovation and R&D complex**

The research is closely linked with production tasks of the Company, the most important of which are maintenance of the resource base and efficient diamond mining. Yakutniproalmaz Research and Design Institute is active in the three key areas: namely research and technology, design and surveying, engineering and economics as well as acting in the capacity of general designer, coordinator and project initiator.

**Construction complex**

Given the remoteness and severe climatic conditions of the diamond mining region, the Company carries out a large-scale construction and development of diamond industry facilities and infrastructure of the region along with its core activities.

**Specialised repairs complex**

Almazavtomatika Specialised Division is engaged in design, introduction and operation of communication and telecom communication facilities. Almazavtomatika assembly and repair units are located at all northern production sites of the Company and deal with automation of technological processes at plants, open pit mines and underground mines.

**Transportation and procurement division**

Remoteness of structural units of PJSC ALROSA from main transportation routes was the reason for choosing to deliver most of the resources via a main navigational artery and to develop the Company’s own logistic infrastructure.

**Social and wellbeing complex**

The complex is represented by a corporate enterprise whose activities are aimed at the support and safeguarding of personnel health and fostering a healthy lifestyle.
The core activities of ALROSA Group for natural rough diamonds production are concentrated in the Russian Federation and the Republic of Angola. Gem-quality rough diamond sales account for about 90% of ALROSA Group revenue. The largest export markets for our enterprises are trading venues in Belgium, India, Israel and China.
About ALROSA Group

NJSC Almazy Anabara
Ebelyakh, Gusinaya, Istok and Morgogor placer deposits.
Headcount is 1,814 employees.
In 2015, production amounted to 3,308.9 thousand carats totaling USD 176.2 mn

NJSC Nizhne-Lenskoe
Molodo, Billyakh, Pritki Billyakh and Talakhakh placer deposits.
Headcount is 62 employees.
In 2015, production amounted to 1,964.0 thousand carats totaling USD 185.3 mn

PJSC ALROSA
Udachny Mining and Processing Division
Udachnaya pipe, underground mine. Zarnitsa pipe, open pit mine. Dellyuvialnaya and Pyripovy Creek placer deposits.
In 2015, there was completed open pit mining of Udachnaya pipe, the oldest kimberlite pipe in Western Yakutia. Processing plant No. 12 with the capacity of 12 mn tons per year.
Headcount is 3,393 employees.
In 2015, production amounted to 4,297.3 thousand carats totaling USD 417.9 mn

PJSC ALROSA
Nyurba Mining and Processing Division
Nyurbinskaya pipe, open pit mine. Botuobinskaya pipe, open pit mine.
Processing plant No. 15 with the capacity of 0.5 mn tons per year and processing plant No. 16 with the capacity of 1.3 mn tons per year.
Headcount is 1,574 employees.
In 2015, production amounted to 7,509.6 thousand carats totaling USD 603.3 mn

REPUBLIC OF SAKHA (YAKUTIA),
Russian Federation
Diamond mining, geological exploration, sorting, evaluation and sale of diamonds
Executive division
(Headquarters: 6 Lenina Street, Mirny)

PJSC ALROSA
Mirny Mining and Processing Division
Mir pipe, underground mine. Internatsionalnaya pipe, underground mine. Billyakh, Levoberezhnoe, Gornoe and Vodorazdelnye galechniki placer deposits.
Tailing dump of Processing Plant No. 5 technogenic deposit. Processing plant No. 5 with the capacity of 2 mn tons per year.
Headcount is 3,926 employees.
In 2015, production amounted to 6,908.3 thousand carats totaling USD 1,117.6 mn

PJSC ALROSA
Aikhal Mining and Processing Division
Aikhal pipe, underground mine. Komsomolskaya pipe, open pit mine.
Processing plant No. 8 with the capacity of 1.7 mn tons per year and processing plant No. 14 with the capacity of 10 mn tons per year.
Headcount is 4,271 employees.
In 2015, production amounted to 12,322.2 thousand carats totaling USD 1,338.6 mn

ARHANGELSK REGION,
Russian Federation
Diamond mining

ALTAI KRAI,
Russian Federation
Cutting enterprise, representative office

HONG KONG,
Peoples Republic of China
Trading activity

DUBAI,
UAE
Trading activity
# KEY PERFORMANCE RESULTS 2015

## OUR STRATEGIC PRIORITIES

- Gaining the status of recognised leader of the diamond industry with a flawless reputation among customers
- Maintaining and expanding the ALROSA Group resource base and reserves through targeted geological exploration in promising regions of Russia and Africa
- Focusing on the rough diamond business
- Increasing productivity through innovation and continuous improvement of production processes
- Implementing in Yakutia a new model of social responsibility aimed at ensuring availability of vital services in remote regions

## RESULTS OF THE YEAR WITHIN THE FRAMEWORK OF IMPLEMENTATION OF THE ALROSA GROUP STRATEGY

<table>
<thead>
<tr>
<th>Strategic priorities</th>
<th>Goals for 2015</th>
<th>Results 2015</th>
</tr>
</thead>
</table>
| **Industry leadership in rough diamond production** | Increase rough diamond production by ALROSA Group to 38 mn carats  
- Increase ore production at Mir underground mine to 750 thousand tons  
- Increase PJSC Severalmaz rough diamond production to 1.9 mn carats  
- Start operations on the open pit mine at Botuobinskaya pipe deposit and ensure ore production of 250 thousand tons | Rough diamond production by ALROSA Group amounted to 38.3 mn carats  
- Ore production at Mir underground mine in the reporting year amounted to 783 thousand tons  
- PJSC Severalmaz actual rough diamond production amounted to 1.95 mn carats  
- Ore production at Botuobinskaya pipe deposit in 2015 amounted to 250 thousand tons |
| **Group mineral resource base expansion** | Ensure ALROSA Group reserves growth to 43 mn carats. | Based on results of the works performed in 2015 within the framework of implementation of the Program for Key Areas of Geological Exploration of PJSC ALROSA for 2011–2018, ALROSA Group reserves growth in 2015 amounted to 43.6 mn carats. |
| | Start prospecting in Angola and Botswana | In the reporting year, prospecting works for diamond deposits were performed at licensed joint venture sites in Botswana and Angola. |
### Strategic priorities

<table>
<thead>
<tr>
<th>Goals for 2015</th>
<th>Results 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focusing on the rough diamond business</strong></td>
<td>Ensure a balanced policy in implementation of the Non-Core Assets Disposal Program</td>
</tr>
<tr>
<td><strong>Increasing productivity through innovation and continuous improvement of production processes</strong></td>
<td>Continue introduction of new techniques and methods of prospecting for diamond deposits</td>
</tr>
<tr>
<td><strong>Implementation of a new model of social responsibility</strong></td>
<td>Implementing the Program of Reforming the Housing and Utility Complex</td>
</tr>
<tr>
<td><strong>Operations efficiency improvement</strong></td>
<td>For the purpose of improving economic efficiency based on quality changes of the materials and equipment procurement system, it is necessary to ensure: • conclusion of direct agreements with manufacturers and their official dealers amounting to at least 60% of the total number of agreements and maximum reduction of the procurement lead time; • carrying out public procurement procedures, including e-procurement, amounting to at least 80% of the total number of purchases.</td>
</tr>
</tbody>
</table>

For the purpose of improving business efficiency, we continue to develop mechanisms of interaction with the largest diamond mining companies.

In the reporting year, at a meeting held in Las Vegas, USA, the Company entered into an agreement with the seven largest diamond mining companies of the world through the establishment of the Diamond Producers Association.
KEY OUTCOMES OF THE COMPANY IN THE SPHERE OF SUSTAINABLE DEVELOPMENT IN 2011–2015

<table>
<thead>
<tr>
<th>Indicators</th>
<th>UoM</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2015/2011, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rough diamond production volume</td>
<td>thousand carats</td>
<td>34,551.4</td>
<td>34,420.3</td>
<td>36,913.9</td>
<td>36,212.1</td>
<td>38,260.5</td>
<td>110.7</td>
</tr>
<tr>
<td>Cost of rough diamonds extracted</td>
<td>mn USD</td>
<td>2,567.5</td>
<td>2,684.4</td>
<td>3,065.2</td>
<td>3,770.7</td>
<td>3,966.6</td>
<td>154.5</td>
</tr>
<tr>
<td>Revenue from sales of diamond products</td>
<td>mn USD</td>
<td>4,454.8</td>
<td>4,610.7</td>
<td>4,945.4</td>
<td>5,045.0</td>
<td>3,554.4</td>
<td>79.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>RUB mn</td>
<td>65,217.0</td>
<td>61,828.0</td>
<td>69,100.0</td>
<td>93,857.0</td>
<td>118,498.0</td>
<td>181.7</td>
</tr>
<tr>
<td>Payment of dividends</td>
<td>RUB mn</td>
<td>2,134.0</td>
<td>7,979.0</td>
<td>9,009.0</td>
<td>11,487.0</td>
<td>12,789.0</td>
<td>599.3</td>
</tr>
<tr>
<td>Environmental expenses</td>
<td>RUB mn</td>
<td>2,689.7</td>
<td>3,377.1</td>
<td>6,676.6</td>
<td>5,960.5</td>
<td>6,031.1</td>
<td>224.2</td>
</tr>
<tr>
<td>Emissions of contaminants into the atmosphere</td>
<td>thousand tons/carat</td>
<td>0.27</td>
<td>0.26</td>
<td>0.28</td>
<td>0.30</td>
<td>0.30</td>
<td>111.1</td>
</tr>
<tr>
<td>Discharge of polluting substances into surface water bodies</td>
<td>thousand tons</td>
<td>6.5</td>
<td>6.0</td>
<td>5.6</td>
<td>4.6</td>
<td>4.8</td>
<td>73.8</td>
</tr>
<tr>
<td>Discharge of waste water onto water body surfaces</td>
<td>thousand tons</td>
<td>16.7</td>
<td>16.8</td>
<td>15.4</td>
<td>14.5</td>
<td>12.7</td>
<td>76.0</td>
</tr>
<tr>
<td>Energy resources consumption</td>
<td>GJ/carat</td>
<td>0.30</td>
<td>0.32</td>
<td>0.32</td>
<td>0.33</td>
<td>0.32</td>
<td>108.4</td>
</tr>
<tr>
<td>Water consumption level</td>
<td>cub. m/carat</td>
<td>0.53</td>
<td>0.48</td>
<td>0.42</td>
<td>0.46</td>
<td>0.40</td>
<td>75.5</td>
</tr>
<tr>
<td>Disturbed land areas</td>
<td>ha</td>
<td>2,482.3</td>
<td>2,853.0</td>
<td>1,307.2</td>
<td>1,443.4</td>
<td>1,414.3</td>
<td>57.0</td>
</tr>
<tr>
<td>Reclaimed land areas</td>
<td>ha</td>
<td>1,343.9</td>
<td>2,394.3</td>
<td>1,932.5</td>
<td>1,570.9</td>
<td>1,132.3</td>
<td>84.3</td>
</tr>
<tr>
<td>ALROSA Group Headcount</td>
<td>people</td>
<td>36,630.0</td>
<td>41,319.0</td>
<td>41,015.0</td>
<td>40,140.0</td>
<td>39,508.0</td>
<td>107.9</td>
</tr>
<tr>
<td>PJSC ALROSA Headcount</td>
<td>people</td>
<td>30,295.0</td>
<td>31,183.0</td>
<td>30,287.0</td>
<td>29,796.0</td>
<td>29,400.0</td>
<td>97.0</td>
</tr>
<tr>
<td>General workplace injury rate</td>
<td>Number of injuries including fatal/1,000 employees</td>
<td>0.89</td>
<td>0.99</td>
<td>0.89</td>
<td>0.40</td>
<td>0.78</td>
<td>87.6</td>
</tr>
<tr>
<td>LTIFR</td>
<td>Number of lost time injuries/1,000,000 hours worked</td>
<td>0.50</td>
<td>0.55</td>
<td>0.48</td>
<td>0.21</td>
<td>0.45</td>
<td>90.0</td>
</tr>
<tr>
<td>FTIFR</td>
<td>Number of fatal injuries/1,000,000 hours worked</td>
<td>0.06</td>
<td>0.08</td>
<td>0.08</td>
<td>0.04</td>
<td>0.04</td>
<td>66.7</td>
</tr>
<tr>
<td>Staff turnover rate</td>
<td>%</td>
<td>10.0</td>
<td>10.5</td>
<td>10.3</td>
<td>9.8</td>
<td>9.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Proportion of women in managerial positions</td>
<td>%</td>
<td>30.6</td>
<td>32.1</td>
<td>31.9</td>
<td>32.5</td>
<td>31.0</td>
<td>101.0</td>
</tr>
<tr>
<td>Volume of social investments</td>
<td>RUB mn</td>
<td>4,382.0</td>
<td>9,249</td>
<td>4,609.0</td>
<td>5,707.0</td>
<td>5,410.0</td>
<td>123.5</td>
</tr>
</tbody>
</table>

* The data is presented in accordance with the consolidated financial statements of PJSC ALROSA and its subsidiaries for 2015 prepared under IFRS