



IR-Release: update on non-core assets

March 30th, 2012

Since 2009 ALROSA has been concentrating on diamond business, taking steps to dispose its non-core assets



- ◆ Pursuing previously adopted diversification strategy, in 2005-2006 ALROSA acquired 90% of ZAO “Geotransgaz” and OOO “Urengoyskaya Gaz Company” (further – the “Gas assets”)
- ◆ Having revised its strategy, in October 2009 ALROSA sold 90% interest in Gas assets for a total cash consideration of US\$ 620 mln
- ◆ At the same time ALROSA entered into put option agreements with the buyers pursuant to which ALROSA will buy these Gas assets back in October 2012 for a total price of up to US\$ 1.1 bln, if counterparty does not sell them to third parties before that

Recently ALROSA took a decision to buy Gas assets back in order to proactively control and accelerate their divestment to a third party



- ALROSA took a decision to buy assets back for US\$ 1 037 mln and terminate put options agreements. The price includes original sale amount, investments in Gas assets in 2009-2012 and accumulated interest. The deal was closed on March 29th, 2012
- Besides acquiring 90% of Gas assets, ALROSA bought 10% of Gas assets from minority shareholders for US\$ 100 mln on March 6th 2012, consolidating 100% of Gas assets
- Gas assets buyback was financed by new debt issuance (2 tranches of ECP total of US\$ 1 040 mln) and ALROSA`s cash from operations

ECP tranche	Size	Tenor	MMY
1	US\$ 725 mln	9 months	4,125%
2	US\$ 315 mln	12 months	4,250%

Next steps - ALROSA's near term strategy regarding Gas assets is selling 50% + 1 share to a third party in 2012



- ◆ Gas assets are situated in Yamalo-Nenets region of Russia, well-known for its vast reserves of natural gas. It is the region of principal operations for the largest Russian gas producers – Gazprom and Novatek
- ◆ Total reserves and resources of Gas assets are 187 bln m³ of gas and 26 mln tons of condensate
- ◆ ALROSA's plan is to sell 50% + 1 share of Gas assets in 2012 to a third party. Proceeds to be used to repay part of existing debt
- ◆ ALROSA is in negotiations with OAO "Zarubezhneft" and some other interested parties regarding Gas assets divestment



Thank you!