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ALROSA Group's production results for the first half-year 2017

Moscow, July 24, 2017 – Diamond mining by ALROSA Group in January to June 2017 amounted to 19.3 million carats, growing by 14% year-on-year. Increased diamond grade, 19% on the average, made the growth possible.

Production results

In the first six months of this year, ALROSA Group processed 16.2 million tons of ore and sand, which gave 19.3 million carats of extracted rough diamonds, 14% higher against the same period in 2016. The increased processing of ore with higher diamond grade from the pipes Yubileynaya, Zarnitsa, Karpinskogo-1, Mir underground mine, and sand from alluvial deposits has been the major growth driver. Aikhal and Udachny underground mines also demonstrated a growth in diamond mining.

As a comparison, in the same period last year, ALROSA processed 16.9 million tons of ore and sand, each ton contained an average of 1 carat of rough diamonds.

Igor Sobolev, ALROSA First Vice President:

– Most of the Company's major mining and processing divisions demonstrated an upward trend in the production results—both in terms of production output and in terms of diamond grade. For the first six months of this year, Aikhal Mining and Processing Division, accounting for more than a third of the whole diamond output by ALROSA Group, extracted 6.9 million carats of rough diamonds, 26% higher year-on-year. Mirny Mining and Processing Division increased production by 13% up to 4.4 million carats, Udachny – by 29% up to 2.1 million carats, Nyurba – by 2% up to 3.4 million carats, Lomonosov – by 28% up to 1.2 million carats. It helps provide consistent supply of rough diamonds to the sales divisions and meet the demand for the Company's products.

Provisional sales results

Preliminary figures indicate that ALROSA Group's rough diamond sales in Q2 2017 amounted to 10.201 million carats, including 8.048 million carats of gem-quality rough diamonds at the average price of USD 138.4/carat, and 2,153 million carats of industrial-grade rough diamonds at the average price of USD 8.5/carat. Rough diamond sales for Q2 2017 amounted to as much as USD 1,132.2 million. Polished diamond sales for this period amounted to USD 22.7 million.

ALROSA Group's operating performance for Q2 and H1 2017 is posted to the Company's website on the Operating Results page (<http://www.alrosa.ru/documents/operational-results/>).

Press Release

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Reference

ALROSA is the world's largest producer of rough diamonds in terms of carats. The Company is engaged in exploration, production and sale of rough diamonds. ALROSA's operations are located in the Republic of Sakha (Yakutia) and Arkhangelsk region. In 2016, the Company produced 37.4 million carats of rough diamonds, with the proceeds in 2016 amounting to RUB 317.1 billion.