



ALROSA Q4 and 12M 2020 operating results

Moscow, 21 January 2021 – ALROSA, a global leader in diamond production, reports its Q4 2020 diamond production of 7.1 m carats and a q-o-q increase in sales to 17 m carats. 12M 2020 diamond production amounted to 30 m carats, and sales reached 32.1 m carats.

- **Q4 ore and gravels output** grew 20% q-o-q to **5.6 mt** due to resumed operations at some of the assets after their suspension. **12M** ore and gravels output amounted to **29.7 mt** (down 32%).
- **Q4 ore and gravels processing** declined 58% q-o-q (down 32% y-o-y) to **4.9 mt** driven by seasonal suspension of production at alluvial deposits coupled with long planned maintenance at processing plant No. 14 of the Aikhal Division. The 32% y-o-y decline resulted primarily from crisis response measures taken in 2020. **12M** volumes were at **29.7 mt** (down 28%).
- **Q4 diamond production** decreased by 23% q-o-q to **7.1 m cts** due to seasonality as well as planned maintenance at processing plant No. 14. **12M** production amounted to **30 m cts** (down 22%).
- **Q4 diamond grade** seasonally improved by 80% q-o-q to **1.45 cpt**. For **12M**, diamond grade came in at **1.01 cpt**, with the 8% growth driven by the suspension of operations at less profitable assets.
- **Q4 diamond sales** grew 3.4x q-o-q and 2.1x y-o-y to **17 m cts**, including 12.2 m cts of gem-quality diamonds on the back of recovering demand from both the midstream and end consumers. **12M** sales declined 4% to **32.1 m cts**.
- **Diamond inventories as at the end of Q4** dropped to **20.7 m cts** (Q3: 30.6 m cts). **Q4 ore and gravels inventories** amounted to **26.9 mt**, an increase of 4% q-o-q and of 1% y-o-y.
- **Q4 average realised price for gem-quality diamonds** totalled **\$91/ct** (down 31% q-o-q and 38% y-o-y) amid a larger share of small-size diamonds in the sales mix driven by deferred demand for this category. For **12M**, the price stood at **\$109/ct** (down 18%) due to changes in the sales mix as well as the lower average price index (down 10%).
- **Average price index** gained **2% during Q4** (though Q4 index was down by 2% q-o-q on high base effect at the beginning of Q3 before one-off price correction in August). For **12M**, the average price index declined by **10% y-o-y** – see page 5.
- **Proceeds from rough and polished diamond sales in Q4** came in at **\$1,222 m** (an increase of 2.1x q-o-q and of 33% y-o-y), including \$1,144 m in revenue from rough diamond sales and \$78 m in revenue from polished diamond sales. **12M** total sales amounted to **\$2,802 m** (down 16%), including \$2,652 m in diamond sales.

	Unit	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore and gravels output	mt	5.6	4.7	20%	9.9	(43%)	29.7	43.6	(32%)
Ore processing	mt	4.9	11.5	(58%)	7.2	(32%)	29.7	41.3	(28%)
Grade	cpt	1.45	0.80	80%	1.22	19%	1.01	0.93	8%
Diamond production	m cts	7.1	9.2	(23%)	8.8	(20%)	30.0	38.5	(22%)
Ore and gravels inventories	mt	26.9	25.8	4%	26.5	1%	26.9	26.5	1%
Diamond inventories	m cts	20.7	30.6	(32%)	22.6	(8%)	20.7	22.6	(8%)
Average realised price	\$/ct	67.4	110.3	(39%)	108.5	(38%)	82.7	97.9	(15%)
Average realised price for gem-quality diamonds	\$/ct	91.1	132.9	(31%)	147.7	(38%)	109.5	133.0	(18%)
Diamond price indices*		0.82	0.85	(2%)	0.95	(12%)	0.80	0.90	(10%)
Diamond sales, incl.	m cts	17.0	5.0	3.4x	8.2	2.1x	32.1	33.4	(4%)
gem-quality diamonds	m cts	12.2	4.1	3.0x	5.9	2.1x	23.8	24.2	(2%)
Revenue from sales, incl.	\$ m	1,222	589	2.1x	916	33%	2,802	3,338	(16%)
rough diamonds	\$ m	1,144	553	2.1x	888	29%	2,652	3,273	(19%)
polished diamonds	\$ m	78	36	2.2x	28	2.8x	150	65	2.3x

*For gem-quality diamonds. For quarterly indicators Q1 2017 = 1.00, for annual, 2013=1.00.

Management response to the 2020 crisis

- **Production cuts:** in May 2020, the Company revised its 2020 production outlook downwards from 34.2 to 28–31 m cts amid the suspension of operations at less profitable assets in order to reduce costs in response to the deteriorating market environment in Q2 caused by COVID-19 (for more details, see the press release on the temporary suspension of mining operations at the Aikhal and Zarya pipes dated 5 May 2020 [here](#), the press release on the downward revision of 2020 production guidance dated 22 May 2020 [here](#) and the press release on the production cuts at Seversalmaz dated 4 June 2020 [here](#)).
- **The operational efficiency improvement programme:** the Company continued to roll out projects to improve operational efficiency by introducing advanced production and management solutions. An example of these efforts is the development of production systems at mining and processing divisions (for more details, see the press release on the progress in this area in 2020 [here](#)).
- **Sales policy:** the Company offered its customers the most flexible conditions, including a zero buyout obligation under effective contracts, which helped speed up the reduction of stocks in the cutting and polishing sector. To ensure sustainability and stability of the industry, ALROSA kept all flexible trading conditions for its long-term customers during the first trading session of 2021 (for more details, see the press release dated 18 January 2021 [here](#)).
- **Pricing policy:** the Company implements the “price-over-volume” strategy, which helped stabilise rough diamond prices during the crisis. In the middle of

2020, ALROSA made a one-off price correction, spurring trade recovery, which supported price increases at year-end. These efforts also helped the Company sell stocks of small- and medium-size diamonds, including low liquid goods and industrial diamonds. For more details on prices, see page 4.

Diamond market overview

- First seen in the second half of the year, the recovery of end consumer demand in the key sales markets of the US and China continued into Q4. Many US retailers launched their holiday offers early to ensure a more even distribution of demand and allow for social distancing. As a result, the Christmas holiday season in the US kicked off with strong online sales as the pandemic pushed consumers to shop online. Another sustainable trend in the retail sector is the steady recovery of sales in mainland China, where travel restrictions make Chinese consumers spend more domestically.
- **India's cutting and polishing industry** increased diamond production as the epidemiological situation allowed COVID-19 restrictions to be eased. Large cutters started operating at 70–90% of their capacity, and the nation's traditional Diwali celebration this year was shorter than usual. Diamond stocks in the cutting sector remained unchanged, which helped prices for polished diamonds to recover and stabilise at pre-COVID-19 levels as jewelry demand rebounded in the second half of the year.
- **Demand for rough diamonds.** By the end of the year, demand for rough diamonds was strong and stable, driven by a balanced sales policy of major diamond producers seeking to meet real demand, along with a seasonal uptick in demand and robust performance across all segments of the diamond market.
- In early 2021, cutters and polishers are increasing their diamond production to 100% capacity in anticipation of stable orders in Q1 as jewelry businesses and dealers seek to replenish inventories they sold during the holiday season and due to market activity ahead of the Chinese New Year.

Hereinafter, data on Q4 and 12M 2020 production, sales, prices, and inventories is preliminary and may be updated. Data on the diamond market is the Company's estimate.

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Key events in the next three months (*Investor calendar*)

10 February	January 2021 sales results
2 March	Investor Day 2020 IFRS results
10 March	February 2021 sales results
9 April	March 2021 sales results
16 April	Q1 2021 trading update

PRELIMINARY SALES RESULTS

Sales

Q4: 17 m cts

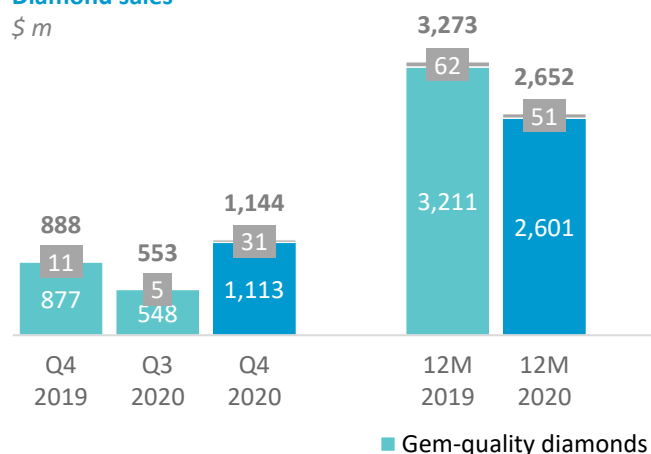
12M: 32.1 m cts

- Due to a decrease in inventory of end products at cutters and polishers, as well as at retailers as demand for diamond jewelry gradually recovered, the demand for rough diamonds has been improving since August 2020.
- **Q4 diamond sales** grew 3.4x q-o-q (2.1x y-o-y) to **17 m cts**, including 12.2 m cts of gem-quality diamonds on the back of strong demand recovery toward year-end. Industrial diamond sales amounted to 4.8 m cts.

12M sales declined 4% to **32.1 m cts**, including 23.8 m cts of gem-quality diamonds and 8.3 m cts of industrial diamonds.

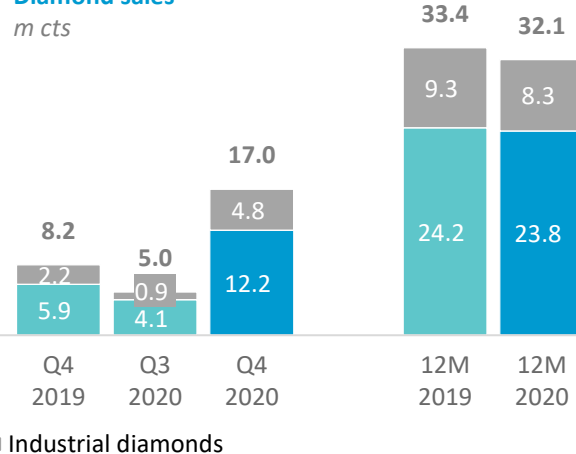
Diamond sales

\$ m



Diamond sales

m cts



Inventories

Q4: 20.7 m cts

- **Diamond inventories as at the end of Q4** decreased to **20.7 m cts** (down 32% or 9.9 m cts q-o-q), as sales exceeded production due to stronger demand and lower output.

Total sales

(incl. polished diamonds)

Q4: \$1,222 m

12M: \$2,802 m

- **Q4 total sales** grew 2.1x to **\$1,222 m**, including \$1,144 m in rough diamond sales (excl. polished) (up 2.1x q-o-q and 29% y-o-y).

12M total sales amounted to \$2,802 m (down 16% y-o-y), including \$2,652 m in rough diamond sales (excl. polished) (down 19%).

Rough diamond sales

Q4: \$1,144 m

12M: \$2,652 m

- **Q4 polished diamond sales** amounted to \$78 m, up 2.2x q-o-q and 2.8x y-o-y due to the sale of the previously accumulated stock and proceeds from the sale of the unique Spirit of the Rose diamond. **12M** polished diamond sales increased 2.3x to **\$150 m**, among other things due to the consolidation of PO "Kristall" in October 2019.

Average realised prices for gem-quality diamonds

Q4: \$91/ct

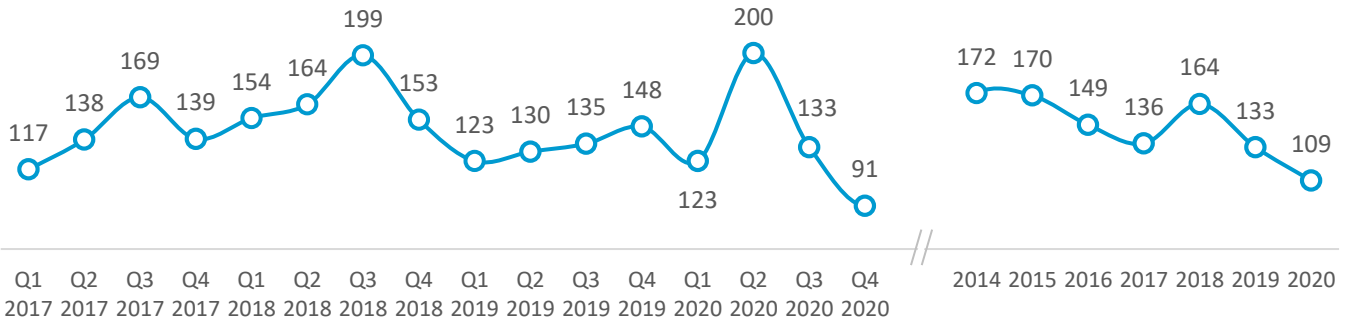
12M: \$109/ct

- **Q4 average realised price for gem-quality diamonds** totalled **\$91/ct** (down 31% q-o-q and 38% y-o-y) amid a larger share of small-size diamonds in the sales mix driven by deferred demand for this category.

In 12M, average prices went down by 18% to **\$109/ct** due to changes in the sales mix as well as adjustments in the diamond price index in 2020.

Average realised prices for gem-quality diamonds

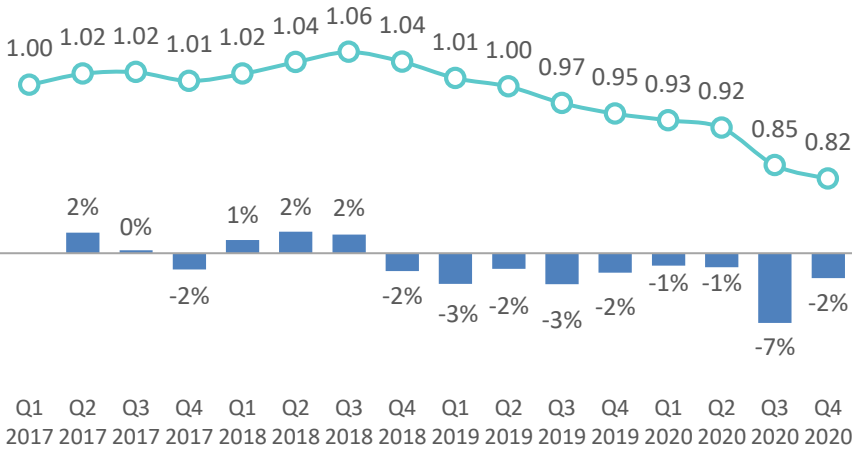
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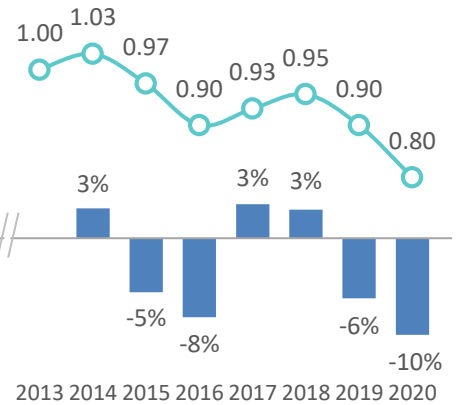
- Average price index gained 2% during Q4 (though Q4 indicator was down 2% q-o-q on high base effect at the beginning of Q3 before one-off price correction in August). For 12M, the average price index declined by 10% y-o-y.

Gem-quality diamond price indices

q-o-q

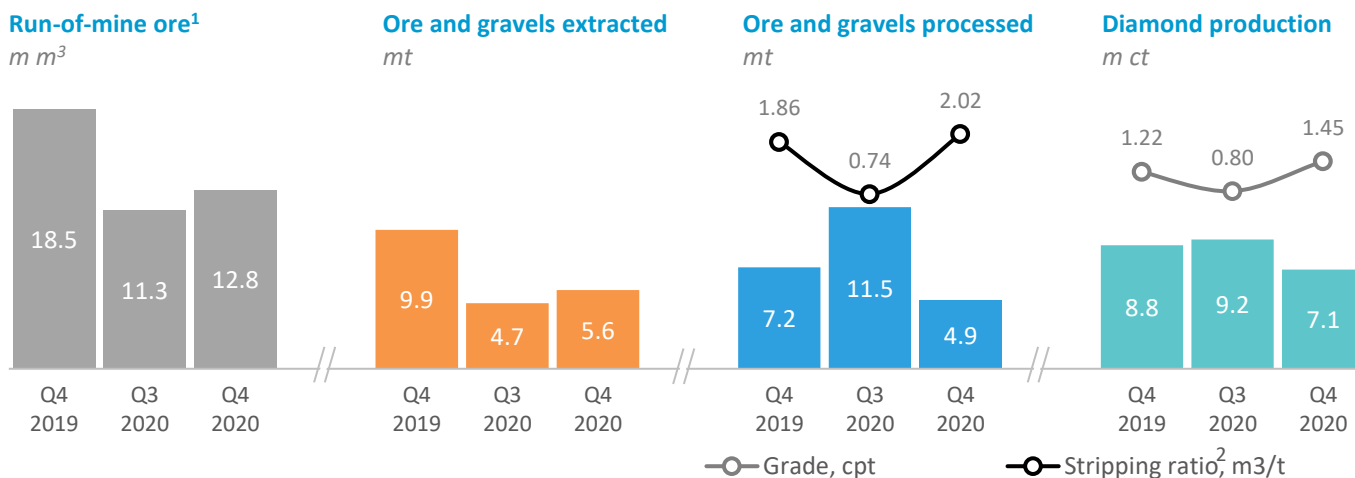


y-o-y

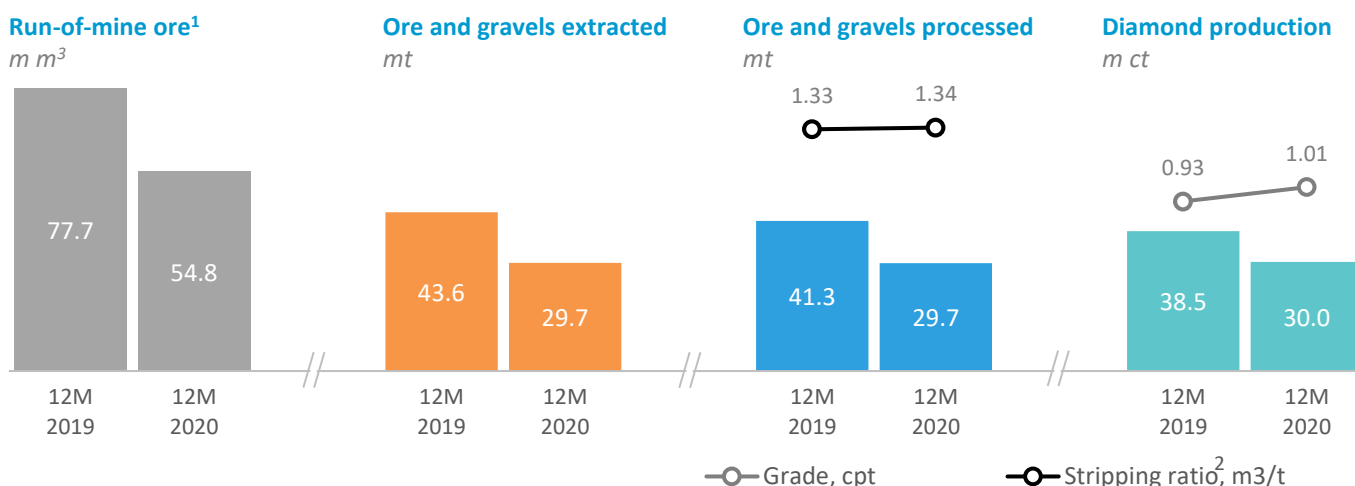


PRODUCTION

Key highlights for Q4



Key highlights for 12M



Production

Q4: 7.1 m cts

12M: 30.0 m cts

- **Diamond production in Q4** decreased by 23% q-o-q (down 20% y-o-y) to **7.1 m cts** due to seasonal discontinuation of production at the alluvial deposits, lower output at the Jubilee pipe as a result of long planned maintenance at processing plant No. 14 of the Aikhal Division in Q4, and reduced production at Severalmaz caused by suspension of processing plant as part of the crisis response to the COVID-19 pandemic.

12M production declined by 22% to **30.0 m cts** as part of measures to cut the 2020 output due to the crisis caused by the spread of COVID-19 (see the press release dated 22 May [here](#)).

- **Q4 ore and gravels processing** decreased by 58% q-o-q (down 32% y-o-y) to **4.9 mt** due to seasonal discontinuation of production at alluvial deposits, lower processing at the Jubilee pipe as a result of long planned maintenance at

¹ Less pre-stripping.

² The stripping ratio is calculated as rock moved in cubic metres (less pre-stripping) divided by ore and gravels processed (in tonnes).

processing plant No. 14 of the Aikhal Division in Q4, and reduced processing at Severalmaz caused by suspension of processing plant as part of the crisis response to the COVID-19 pandemic.

12M ore and gravels processing amounted to **29.7 mt**, down 28% as a result of the 2020 output reduction.

- **Ore and gravels inventories as at the end of Q4** increased marginally (up 4% q-o-q and 1% y-o-y) to **26.9 mt**, as production exceeded processing.
- **Q4 run-of-mine ore** increased by 13% q-o-q (down 31% y-o-y) to **12.8 m m³** due to resumed mining operations at the V.Munskoye and Severalmaz deposits, as well as seasonality of operations at Almazy Anabara. The 31% y-o-y decrease in Q4 was the result of decisions to cut production for 2020.

Run-of-mine ore
Q4: 12.8 m m³
12M: 54.8 m m³

12M run-of-mine ore decreased by 30% to **54.8 m m³** also as a result of decisions to cut production for 2020.

- **Q4 stripping ratio** increased 2.7x q-o-q to 2.02 m³/t due to a 58% decrease in processing volumes coupled with a 16% rise in stripping operations as a result of resumed mining at the V.Munskoye and Severalmaz deposits that was suspended as part of anti-crisis measures, as well as a seasonal increase in rock moved at Almazy Anabara. **12M** stripping ratio remained largely unchanged at **1.34 m³/t** (up 1%).

- **Q4 open-pit mining** amounted to **3.1 m cts** (up 2% q-o-q). The 48% decline y-o-y was due to general output reduction and lower production at the Jubilee pipe as a result of long planned maintenance at processing plant No. 14 of the Aikhal Division. Open-pit mining accounted for 43% of the Group's total production.

12M open-pit mining totalled **15.1 m cts** (down 34%), with its share in total production standing at 51%.

- **Q4 underground mining** grew 2.5x q-o-q (up 34% y-o-y) to **3.5 m cts**, driven by an increased processing of stockpiles from the Udachnaya underground mine (Q2 saw the suspension of operations at plant No. 12 processing ore from the pipe) and a ramp-up in production capacity of the mine. Underground mining accounted for 49% of the Group's total production.

12M underground mining amounted to **7.6 m cts** (down 4% y-o-y), with its share in total production standing at 25%.

- **Q4 alluvial mining** decreased 9x q-o-q to **0.5 m cts** (up 2x y-o-y) due to the seasonal discontinuation of production at the alluvial deposits of Almazy Anabara and a seasonal reduction in production at alluvial deposits of the Nyurba Division.

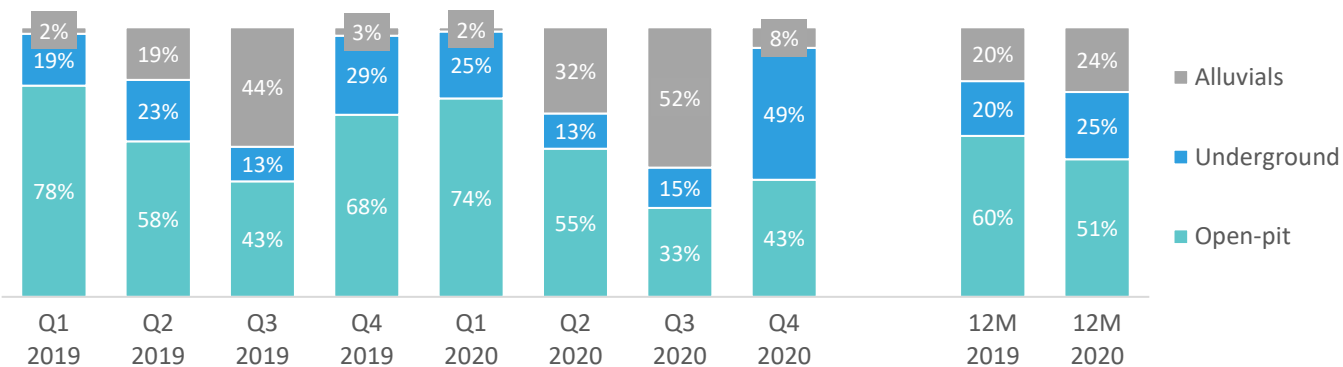
12M alluvial mining declined by 5% to **7.3 m cts**, mainly as a result of lower output at Almazy Anabara (down 32%). 12M alluvial mining accounted for 24% of the Group's total production.

Average diamond grade:
Q4: 1.45 cpt
12M: 1.01 cpt

- **Q4 average diamond grade** went up by 80% q-o-q (up 19% y-o-y) to **1.45 cpt** primarily due to seasonal halt of production at the alluvial deposits of Almazy Anabara (Q3 average diamond grade: 0.51 cpt).

12M average diamond grade added 8% and amounted to **1.01 cpt** as a result of discontinued operations at less profitable assets in 2020.

Diamond production by mining type



PERFORMANCE BY DIVISION

Aikhal Division operational overview

Accounted for 13% and 27% in ALROSA Group's total diamond production in Q4 and 12M, respectively

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore processing, '000 t	986	2,299	(57%)	2,407	(59%)	7,619	9,153	(17%)
Grade, cpt	0.95	0.84	13%	1.32	(28%)	1.06	1.11	(4%)
Diamond production, '000 cts	941	1,937	(51%)	3,180	(70%)	8,110	10,147	(20%)

Aikhal Division:

- Jubilee pipe
- Aikhal pipe
- Zarya pipe
- Komsomolskaya pipe
(mining completed in 2019)

Location: Republic of Sakha (Yakutia), near Aikhal settlement, 485 km away from Mirny town

Q4 diamond production decreased by 51% q-o-q (down 70% y-o-y) to **941,000 cts**. **Ore processed** in this period amounted to **986,000 t**, down 57% q-o-q (down 59% y-o-y) due to long-term scheduled maintenance works at processing plant No. 14 in Q4 (1.5 months).

12M diamond production was down 20% to **8,110,000 cts**, driven by a halt in operations at the Aikhal pipe from 15 May to 1 October 2020 as part of 2020 output optimisation and maintenance works at processing plant No. 14. **Ore processed** in this period amounted to **7,619,000 t** (down 17%).

Open-pit mining

Jubilee:

- A 71% decrease q-o-q **in Q4** (down 72% y-o-y) was attributable to a reduction in ore processing (down 73% and 70%, respectively) due to maintenance works at processing plant No. 14.
- A 14% decline in **12M** was associated with a decrease in ore processing from this deposit.

Zarya:

- **Q4** saw the processing of ore from the stockpiles, with production for this period amounting to 75,000 cts (up 76% q-o-q). Mining operations at this deposit have been suspended since 15 May 2020. Processing of Zarya ore started in Q4 2019.

Underground mining

Aikhal:

- Diamond production in **Q4** grew 4x q-o-q (down 73% y-o-y), as the mining operations that were suspended in May as part of 2020 output optimisation were resumed on 1 October 2020.
- A 36% production decrease **in 12M** is a result of mining being suspended from 15 May to 1 October 2020.

Mirny Division operational overview

Accounted for 13% and 8% in ALROSA Group's total diamond production in Q4 and 12M, respectively

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore and gravels processing, '000 t	892	1,463	(39%)	1,270	(30%)	3,773	5,041	(25%)
Grade, cpt	1.00	0.47	2.1x	0.64	55%	0.62	0.60	5%
Diamond production, '000 cts	891	691	29%	818	9%	2,354	3,006	(22%)

Mirny Division:

- Mir pipe
- International pipe
- Alluvial deposits

Location: Republic of Sakha (Yakutia), Mirny town, 220 km south of the Arctic Circle

Q4 diamond production totalled **891,000 cts** (up 29% q-o-q and 9% y-o-y). The increase is attributable to the resuming of operations at processing plant No. 3 suspended since 1 April 2020 and higher average diamond grade of processed ore. **Ore and gravels processed** in this period amounted to **892,000 t**, a decrease of 39% q-o-q (down 30% y-o-y).

12M diamond production shrank by 22% to **2,354,000 cts**, mainly as a result of ore and gravels processed decreasing by 25% to 3,773,000 t and operations suspended at processing plant No. 3 between 1 April and 1 September 2020.

Underground mining

International:

- **Q4** production increased by 21% q-o-q (up 17% y-o-y) on the back of resumed operations at processing plant No. 3 on 1 September 2020 and ore processed from the stockpiles that accumulated in Q2–Q3 while plant No. 3 was shut down. It is worth noting that the average diamond grade per tonne of ore mined at deep horizons was slightly lower (4.95 cpt in Q4).
- A 17% production decline in **12M** was associated with less intensive production due to mining at deep horizons, with average diamond grade having decreased slightly.

Alluvial mining

- Diamond production in **Q4** grew by 64% q-o-q (down 13% y-o-y) on the back of resumed operations at the processing plant after a long downtime coupled with processing of gravels from the Vodorazdelnye Galechniki and Irelyakh deposits with higher average diamond grade.
- A 33% decrease in **12M** was due to a planned reduction in mining at alluvial deposits factored in to the 2020 output targets.

Udachny Division operational overview

Accounted for 38% and 17% in ALROSA Group's total diamond production in Q4 and 12M, respectively

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore and gravels processing, '000 t	2,434	726	3.4x	2,140	14%	5,529	8,793	(37%)
Grade, cpt	1.09	1.08	1%	0.61	80%	0.90	0.65	39%
Diamond production, '000 cts	2,654	784	3.4x	1,297	2.0x	4,963	5,674	(13%)

Udachny Division:

- Udachnaya pipe
- Zarnitsa pipe
- V.Munskoye deposit
- Mining at the alluvial deposits was completed in 2019.

Location: Republic of Sakha (Yakutia), 550 km north of Mirny town

Q4 diamond production was up 3.4x q-o-q (up 2.0x y-o-y) to **2,654,000 cts** due to the reopening of processing plant No. 12 after the suspension of operations from 1 May to 1 September 2020 as part of 2020 output optimisation. **Ore processed** in this period also increased 3.4x q-o-q (up 14% y-o-y) to **2,434,000 t**.

12M diamond production totalled **4,963,000 cts**, down 13% as a result of crisis response measures to cut output in 2020, including the suspension of mining at the Zarnitsa and Zapolyarnaya (V.Munskoye deposit) pipes and the suspension of operations at the processing plant. **Ore processed** in this period amounted to **5,529,000 t** (down 37%).

Open-pit mining

Zarnitsa:

- In **Q4** saw the processing of small amounts of ore from stockpiles, with production for this period totalling 4,000 cts (Q3 2020: 30,000 cts). In 2019, the Company decided to suspend mining operations at this deposit from 1 May 2020.
- In **12M**, production declined by 58% following the decision to suspend mining operations from 1 May 2020.

Zapolyarnaya (V.Munskoye deposit):

- In **Q4**, diamond production grew 17x q-o-q (down 37% y-o-y) to 216,000 cts, driven by the reopening of the processing plant.
- A 67% decrease in **12M** production to 499,000 cts is a result of operations at the processing plant being suspended for a long time and the processing facilities being predominantly fed with ore from the Udachnaya pipe.

Underground mining

Udachnaya:

- In **Q4**, diamond production increased 3.3x, both q-o-q and y-o-y, backed by resumed processing and improved productivity.
- In **12M**, production added 33% to 4,143,000 cts due to an increase in ore processing as mining rates at the Udachny underground mine were ramped up to design capacity. Another driver was an increase in the plant's productivity following the replacement of the pumping equipment at the thickening section.

Nyurba Division operational overview

Accounted for 23% and 26% in ALROSA Group's total diamond production in Q3 and 9M, respectively

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore and gravels processing, '000 t	482	914	(47%)	495	(3%)	2,464	2,456	0.3%
Grade, cpt	4.90	2.37	2.1x	4.83	1%	3.36	4.18	(20%)
Diamond production, '000 cts	2,362	2,161	9%	2,393	(1%)	8,272	10,267	(19%)

Nyurba Division:

- Nyurbinskaya pipe
- Botuobinskaya pipe
- Alluvial deposits

Location: Republic of Sakha (Yakutia), 200 km north-west of Nyurba town and 320 km north-east of Mirny town

Q4 diamond production increased 9% q-o-q (down 1% y-o-y) to **2,362,000 cts**. **Ore and gravels processed** in this period amounted to **482,000 t**, down 47% q-o-q and 3% y-o-y.

12M diamond production totalled **8,272,000 cts**, a decrease of 19% due to mining of ore and gravels from lower-grade blocks. Ore and gravels processed remained flat y-o-y at **2,464,000 t**. 2019 saw the processing of high-grade ore at the Nyurba Division, with no gravels from the alluvial deposits being processed at plant No. 16, as part of a project to improve operational efficiency.

Open-pit mining

In **Q4**, production rose substantially q-o-q on the back of resumed ore processing (as part of the decisions to reduce the 2020 output, no ore from the Nyurba Division deposits was processed in Q3 as the capacity of plant No. 16 was utilised by gravels from the alluvial deposits).

Nyurbinskaya: 1,133,000 cts (up 15.7x q-o-q and up 14% y-o-y).

Botuobinskaya: 892,000 cts (up 15.3x q-o-q and down 36% y-o-y).

Production decline in **12M** was associated with the reduction in ore processed at plant No. 16 under the 2019 project to improve operating efficiency (suspension of gravel processing at the plant in 2019), as well as processing of lower-grade ore. Nyurbinskaya: 2,857,000 cts (down 13%).

Botuobinskaya: 2,197,000 cts (down 60%).

Alluvial mining

In **Q4**, production decreased by 83% due to seasonality of operations at processing plant No. 15. A 19x increase y-o-y is a result of the suspension of gravel processing at plant No. 16 as part of the project to improve operating efficiency.

In **12M**, production grew 2.2x due to resumed processing of gravels at plant No. 16 in 2020.

Severalmaz operational overview

Accounted for 3% and 9% in ALROSA Group's total diamond production in Q4 and 12M, respectively

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Ore processing, '000 t	102	843	(88%)	929	(89%)	2,221	3,611	(38%)
Grade, cpt	2.25	1.17	92%	1.21	86%	1.25	1.17	7%
Diamond production, '000 cts	230	986	(77%)	1,123	(80%)	2,787	4,230	(34%)

Severalmaz

(Lomonosov Division):

- Arkhangelskaya pipe
- Karpinskogo-1 pipe
- Karpinskogo-2 pipe

Location: Arkhangelsk
Region, Russian
Federation

Q4 diamond production declined 77% q-o-q (down 80% y-o-y) to **230,000 cts** as a result of the measures to reduce the 2020 output (the processing plant operations have been suspended since 13 October). **Ore processing** decreased 88% q-o-q (down 89% y-o-y) to **102,000 t**.

Arkhangelskaya: Q4 production totalled 192,000 cts (down 68% q-o-q and 65% y-o-y).

Karpinskogo-1: Q4 production totalled 38,000 cts (down 90% q-o-q and 93% y-o-y).

In 12M, diamond production declined 34% to **2,787,000 cts** as part of the 2020 output optimisation. Mining operations were suspended from 13 May to 1 November, while work at the processing plant was halted from 16 May to 8 July, following which operations resumed until 13 October. **Ore processed** in this period amounted to **2,221,000 t**, down 38% y-o-y.

Arkhangelskaya: 12M production totalled 1,563,000 cts (down 25%).

Karpinskogo-1: 12M production totalled 1,225,000 cts (down 41%).

Almazy Anabara operational overview

Accounted for 12% in ALROSA Group's total diamond production in 12M

	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y	12M 2020	12M 2019	y-o-y
Gravels processing, '000 t	–	5,280	–	–	–	8,080	12,200	(34%)
Grade, cpt	–	0.51	–	–	–	0.44	0.42	3%
Diamond production, '000 cts	–	2,678	–	–	–	3,534	5,161	(32%)

Almazy Anabara: several alluvial deposits located in the north-west of the Republic of Sakha (Yakutia)

Almazy Anabara conducts mining operations from May/June to September (weather permitting). There was no **diamond production in Q4 2020**.

Diamond production in 12M declined 32% to **3,534,000 cts** on the back of the decisions to cut the 2020 output.

APPENDICES

Appendix 1. Diamond production

'000 cts	Production method	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y
Aikhal Division		941	1,937	(51%)	3,180	(70%)
Jubilee pipe	Open pit	520	1,814	(71%)	1,843	(72%)
Komsomolskaya pipe	Open pit	4	–	–	40	(91%)
Aikhal mine	Underground	342	80	4.3x	1,259	(73%)
Zarya pipe	Open pit	75	43	76%	38	97%
Mirny Division		891	691	29%	818	9%
International mine	Underground	687	566	21%	585	17%
Alluvial and technogenic deposits	Alluvials	204	125	64%	234	(13%)
Udachny Division		2,654	784	3.4x	1,297	2x
Zarnitsa pipe	Open pit	4	30	(88%)	193	(98%)
Zapolyarnaya pipe	Open pit	216	13	16.7x	342	(37%)
Udachnaya mine	Underground	2,434	741	3.3x	740	3.3x
Alluvial deposits	Alluvials	–	–	–	22	(100%)
Nyurba Division		2,362	2,161	9%	2,393	(1%)
Nyurbinskaya pipe	Open pit	1,133	71	15.8x	990	14%
Botuobinskaya pipe	Open pit	892	59	15.3x	1,386	(36%)
Alluvial deposits	Alluvials	337	2,031	(83%)	18	19.1x
Severalmaz		230	986	(77%)	1,123	(80%)
Arkhangelskaya pipe	Open pit	192	599	(68%)	549	(65%)
Karpinskogo-1 pipe	Open pit	38	387	(90%)	575	(93%)
Karpinskogo-2 pipe	Open pit	–	–	–	–	–
Almazy Anabara	Alluvials	–	2,678	(100%)	–	–
Total		7,077	9,235	(23%)	8,812	(20%)

Appendix 2. Ore and gravels processing

'000 t	Production method	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y
Aikhal Division		986	2,299	(57%)	2,407	(59%)
Jubilee pipe	Open pit	583	2,120	(73%)	1,930	(70%)
Komsomolskaya pipe	Open pit	10	–	–	162	(94%)
Aikhal mine	Underground	82	12	6.8x	215	(62%)
Zarya pipe	Open pit	311	167	86%	100	3.1x
Mirny Division		892	1,463	(39%)	1,270	(30%)
International mine	Underground	139	109	28%	103	35%
Alluvial and technogenic deposits	Alluvials	753	1,354	(44%)	1,168	(36%)
Udachny Division		2,434	726	3.4x	2,140	14%
Zarnitsa pipe	Open pit	15	117	(87%)	786	(98%)
Zapolyarnaya pipe	Open pit	263	23	11.4x	545	(52%)
Udachnaya mine	Underground	2,156	586	3.7x	679	3.2x
Alluvial deposits	Alluvials	–	–	–	130	(100%)
Nyurba Division		482	914	(47%)	495	(3%)
Nyurbinskaya pipe	Open pit	264	36	7.3x	266	(1%)
Botuobinskaya pipe	Open pit	155	24	6.5x	212	(27%)
Alluvial deposits	Alluvials	63	854	(93%)	17	3.7x
Severalmaz		102	843	(88%)	929	(89%)
Arkhangelskaya pipe	Open pit	88	555	(84%)	496	(82%)
Karpinskogo-1 pipe	Open pit	14	288	(95%)	433	(97%)
Karpinskogo-2 pipe	Open pit	–	–	–	–	–
Almazy Anabara	Alluvials	–	5,280	(100%)	–	–
Total		4,896	11,525	(58%)	7,241	(32%)

Appendix 3. Grade

cpt	Production method	Q4 2020	Q3 2020	q-o-q	Q4 2019	y-o-y
Aikhal Division		0.95	0.84	13%	1.32	(28%)
Jubilee pipe	Open pit	0.89	0.86	4%	0.95	(7%)
Komsomolskaya pipe	Open pit	0.36	–	–	0.25	45%
Aikhal mine	Underground	4.17	6.64	(37%)	5.86	(29%)
Zarya pipe	Open pit	0.24	0.26	(5%)	0.38	(37%)
Mirny Division		1.00	0.47	2.1x	0.64	55%
International mine	Underground	4.95	5.22	(5%)	5.69	(13%)
Alluvial and technogenic deposits	Alluvials	0.27	0.09	2.9x	0.20	35%
Udachny Division		1.09	1.08	1%	0.61	80%
Zarnitsa pipe	Open pit	0.24	0.25	(4%)	0.25	(1%)
Zapolyarnaya pipe	Open pit	0.82	0.56	46%	0.63	31%
Udachnaya mine	Underground	1.13	1.26	(11%)	1.09	4%
Alluvial deposits	Alluvials	–	–	–	0.17	(100%)
Nyurba Division		4.90	2.36	2.1x	4.83	1%
Nyurbinskaya pipe	Open pit	4.29	1.99	2.2x	3.72	15%
Botuobinskaya pipe	Open pit	5.76	2.44	2.4x	6.54	(12%)
Alluvial deposits	Alluvials	5.35	2.38	2.3x	1.04	5.2x
Severalmaz		2.25	1.17	92%	1.21	86%
Arkhangelskaya pipe	Open pit	2.18	1.08	2x	1.11	97%
Karpinskogo-1 pipe	Open pit	2.66	1.34	98%	1.33	2x
Karpinskogo-2 pipe	Open pit	–	–	–	–	–
Almazy Anabara	Alluvials	–	0.51	(100%)	–	–
Total		1.45	0.80	80%	1.22	19%

Appendix 4. Diamond, ore and gravels inventories

Inventories (as at the end of the period)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Diamonds, m cts	20.7	30.6	26.3	21.1	22.6	21.7	15.9	14.3	17.0	15.5	11.7
Ore and gravels, mt	26.9	25.8	32.7	30.2	26.5	23.6	31.8	29.6	23.9	21.7	29.8

GLOSSARY

gem-quality diamonds – diamonds used in jewellery

V.Munskoye deposit – the Udachny Division’s Verkhne-Munskoye deposit

ct, cts – carat, unit of mass (weight) equal to 200 mg; one of the 4Cs of diamond quality along with colour, cut and clarity

stripping ratio is calculated as rock moved in cubic metres (less pre-stripping) divided by ore and gravels processed (in tonnes)

p.p. – percentage point

diamond price index helps track changes in average diamond prices on a like-for-like basis (excluding 10.8+ cts stones)

average realised price is sales revenue in US dollars divided by sales volume in carats

t – tonne