



ALROSA

IR-release: Q4 and FY 2016
Operational overview

30 January 2017

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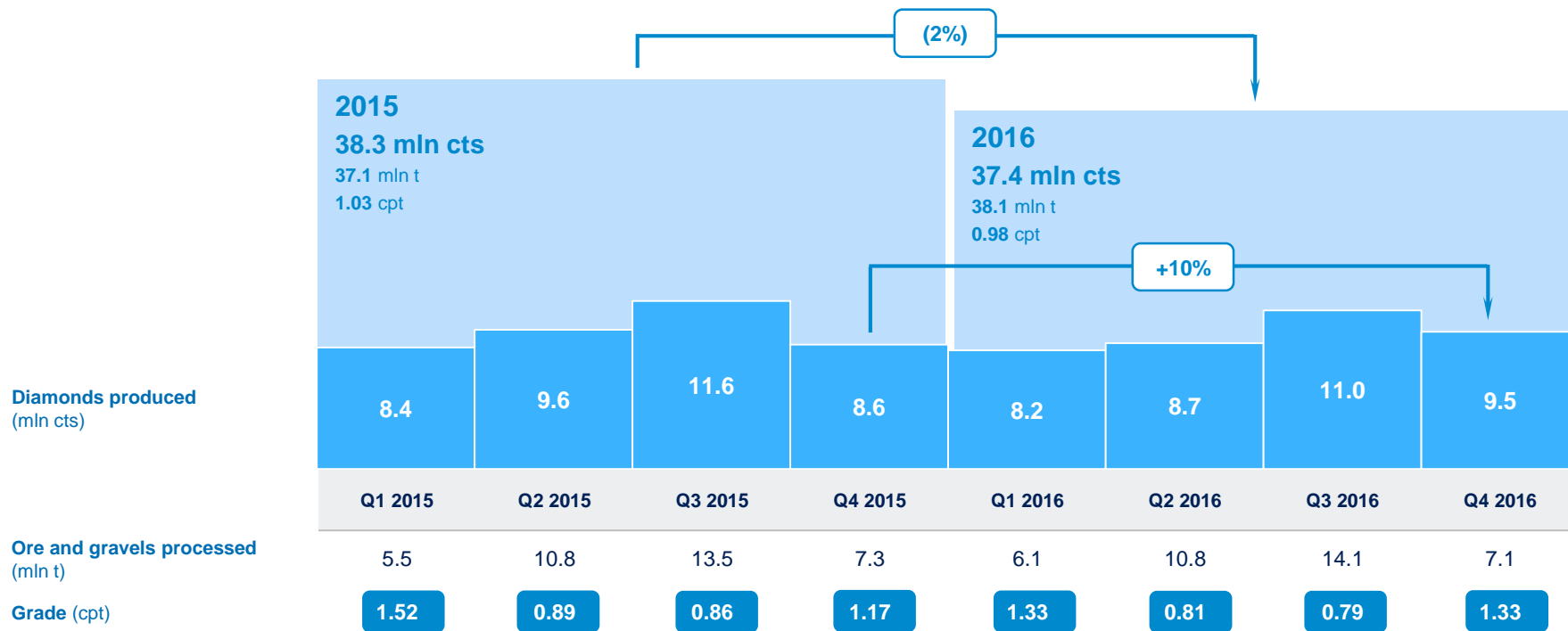
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Operational overview of ALROSA

Diamond production



2016 results

- ALROSA Group's production for 2016 decreased by 2% y-o-y as a result of a downward revision in production plans for the alluvial deposits in Q2 and Q3 2016, which is in line with the diamond market environment after 2015.
- 10% y-o-y growth in production in Q4 2016 is driven by ramping up diamond mining at ALROSA's underground mines and also by the fact that the Mir underground mine had reached its project capacity.

ALROSA's production footprint

Mining methods:

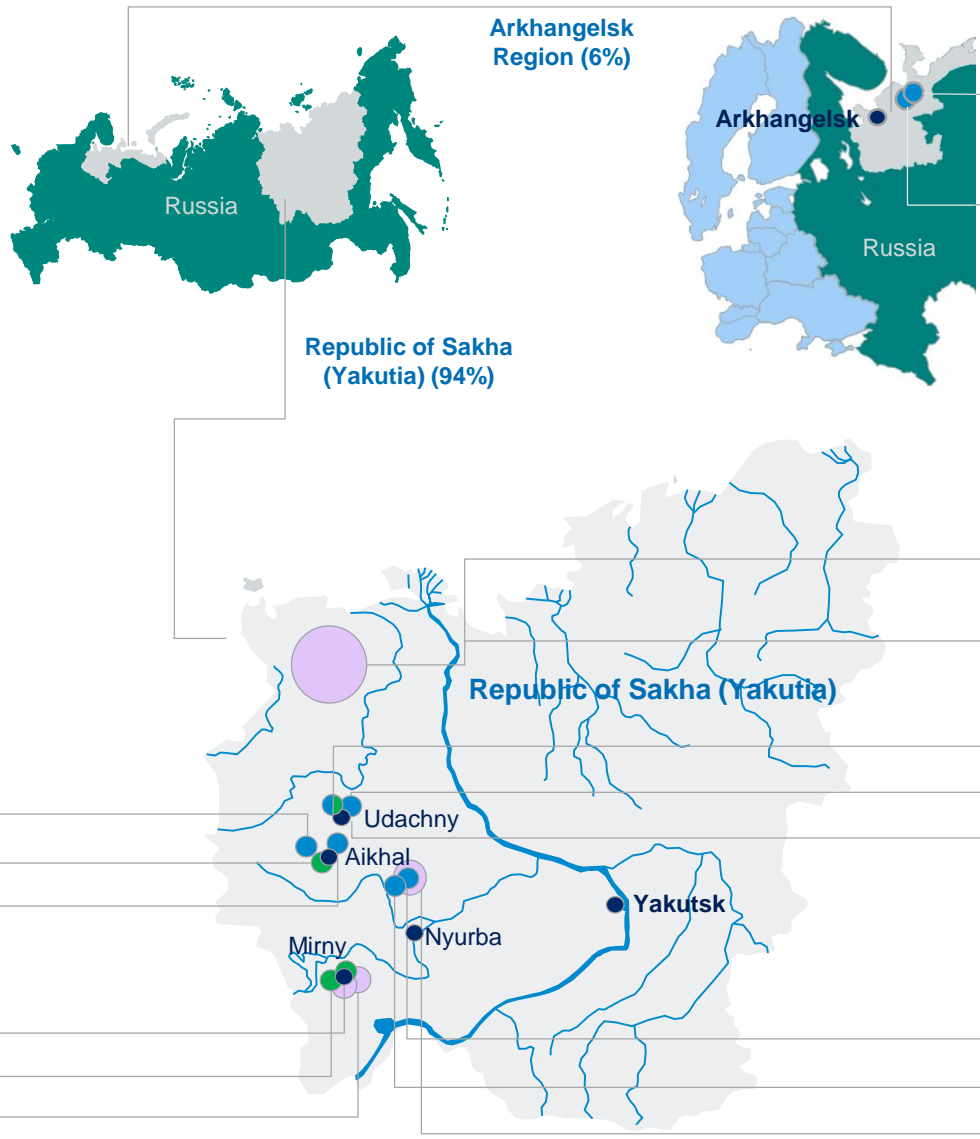
- Underground mining (30%)
- Open-pit mining (51%)
- Alluvial mining (19%)

Aikhal Division (33%)

- Jubilee pipe (25%)
- Aikhal pipe (7%)
- Komsomolskaya pipe (1%)

Mirny Division (21%)

- Mir pipe (9%)
- International pipe (11%)
- Alluvial deposits (1%)



Lomonosov Division (6%)

- Arkhangelskaya pipe (3%)
- Karpinskogo-1 pipe (3%)

Almazny Anabara (9%)

Nizhne-Lenskoye (5%)

Udachny Division (8%)

- Udachnaya pipe (6%)
- Zarnitsa pipe (2%)
- Alluvial deposits (less than 1%)

Nyurba Division (18%)

- Nyurbinskaya pipe (13%)
- Botuobinskaya pipe (2%)
- Alluvial deposits (3%)

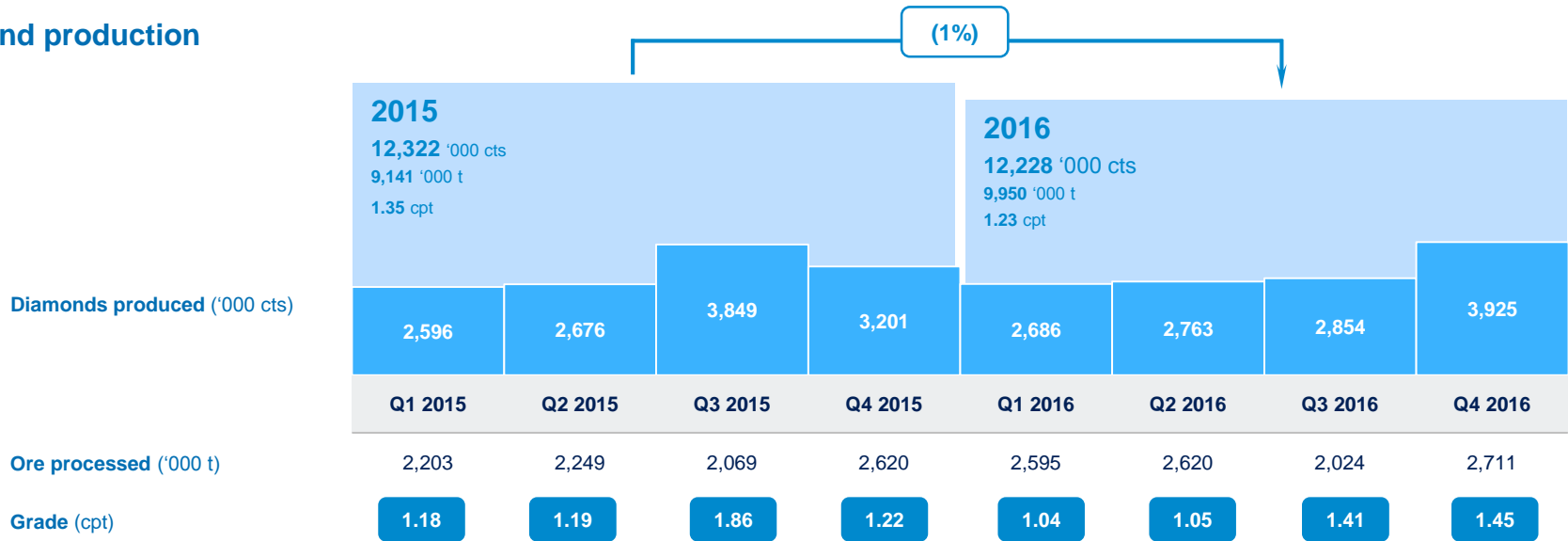
Note: Percentage in brackets indicates the share of region/division/pipe in 2016 ALROSA diamond production



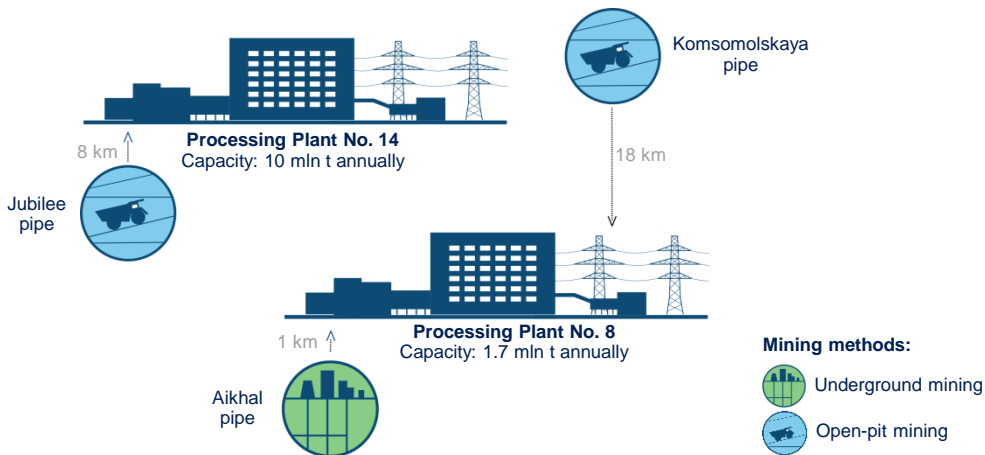
AIKHAL DIVISION

Aikhal Division operational overview

Diamond production



Structure of operations



2016 results

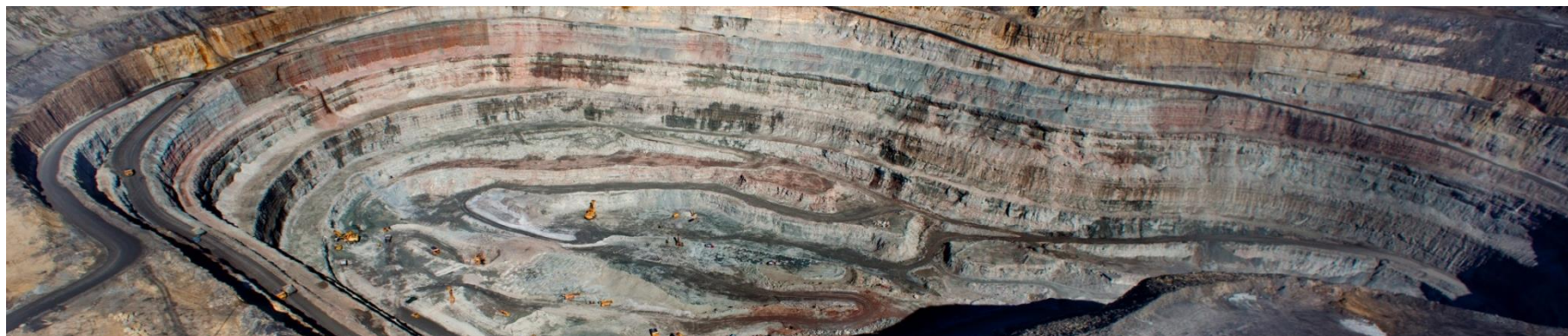
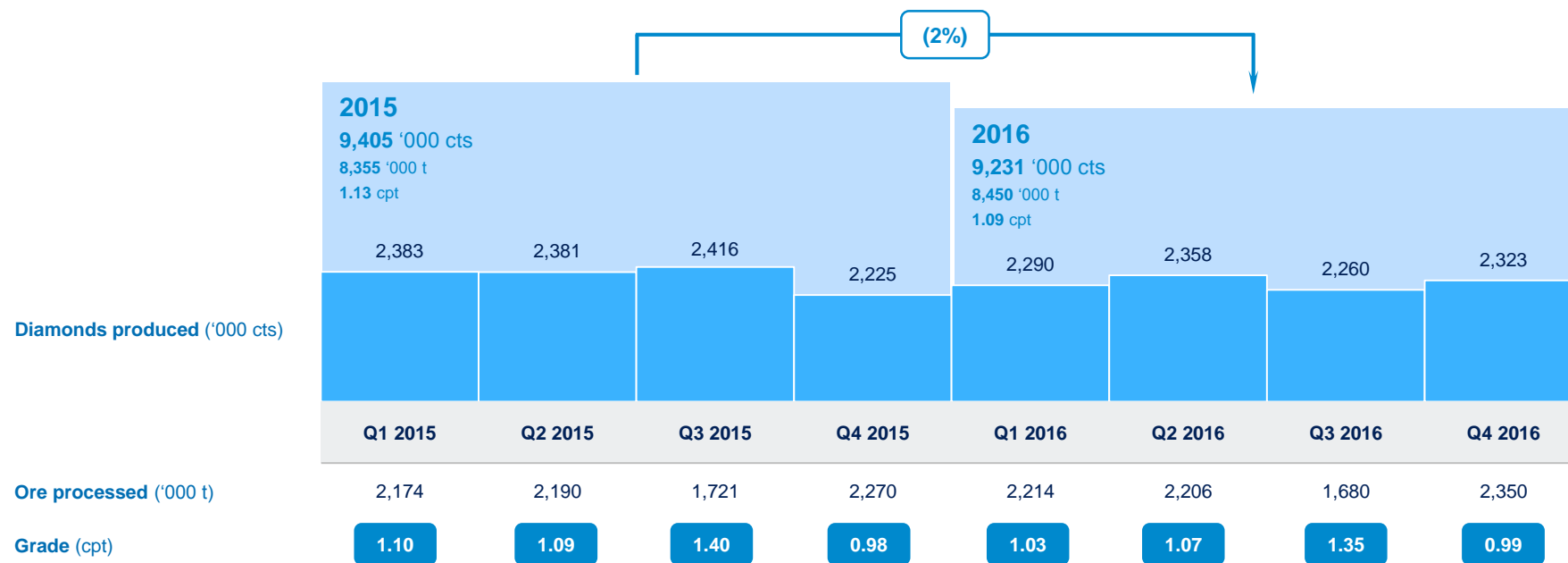
2016 diamond production was **12,228 thousand carats**.

2016 decrease in diamond production by 1% y-o-y was due to higher processing volumes of lower grade ore from the Komsomolskaya pipe

Jubilee pipe: production overview

25% Share in 2016 ALROSA production

- 2016 decrease in diamond production by 2% y-o-y was due to extraction of ore with a relatively lower grade.

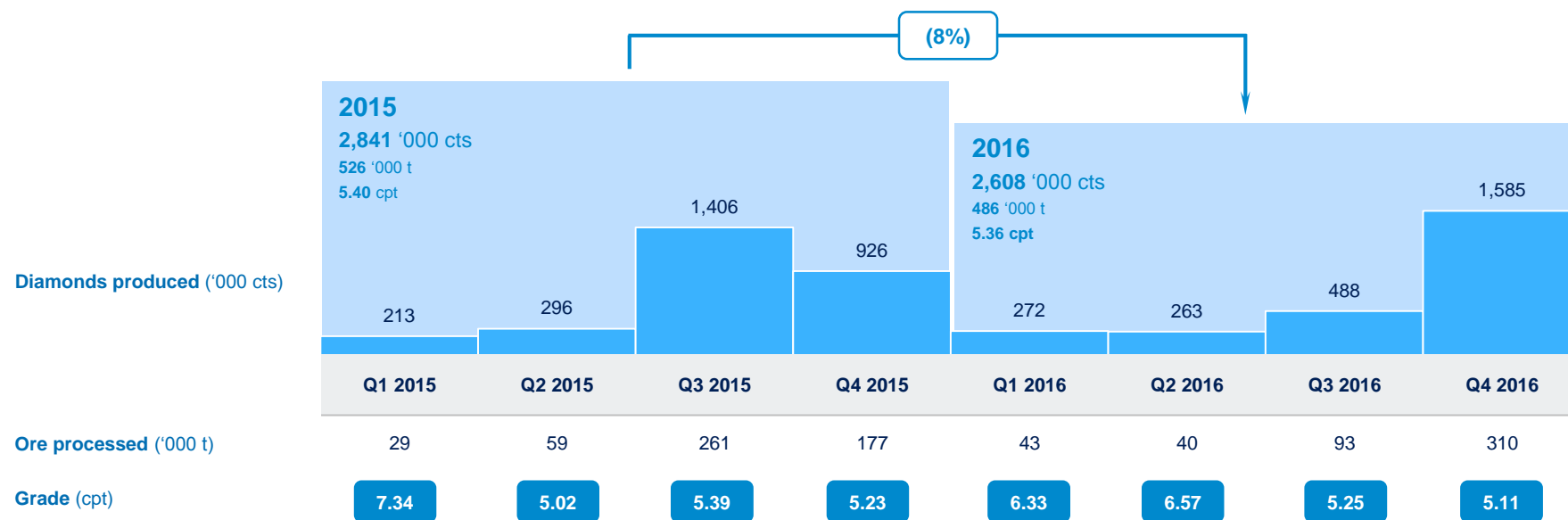


Aikhal underground mine: production overview

8

7% Share in 2016 ALROSA production

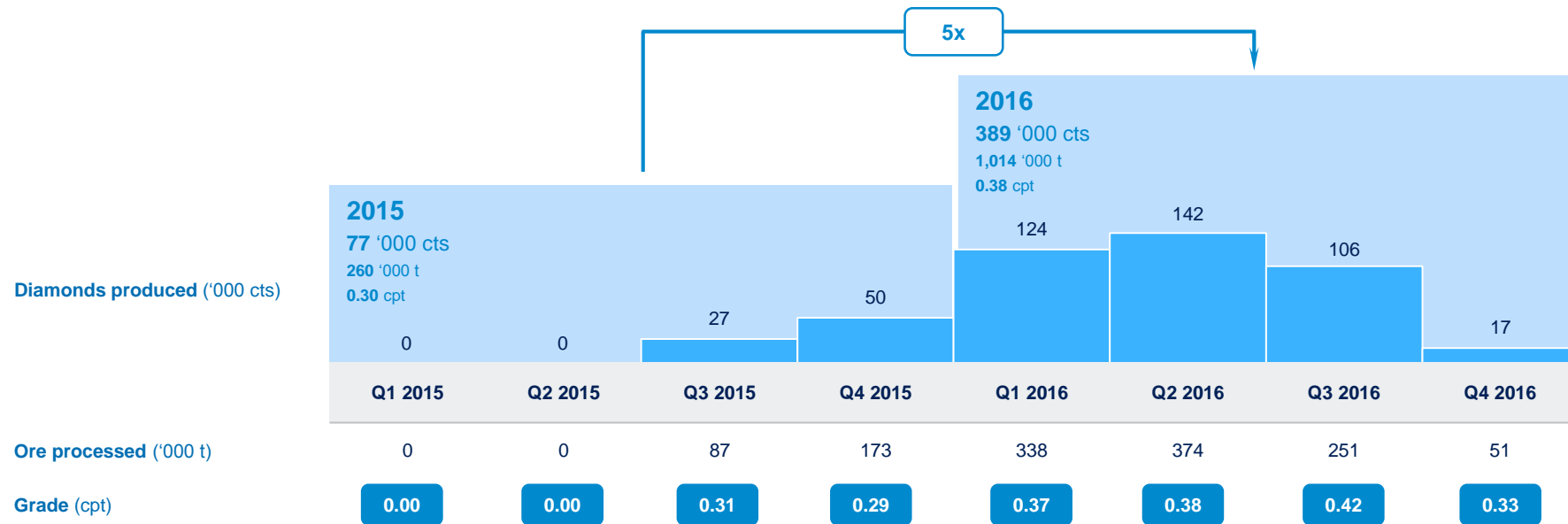
- In 2016, ore processing at the Aikhal underground mine returned to its planned level following the output boost in 2015 required to effectively utilize the capacity of Processing Plant No. 8 while expansion works were underway at the Komsomolskaya open-pit mine.



Komsomolskaya pipe: production overview

1% Share in 2016 ALROSA production

- 2016 ore processing increased by 5 times y-o-y at the Komsomolskaya pipe due to planned production level ramp-up after completion of expansion works at the open pit in H1 2015.



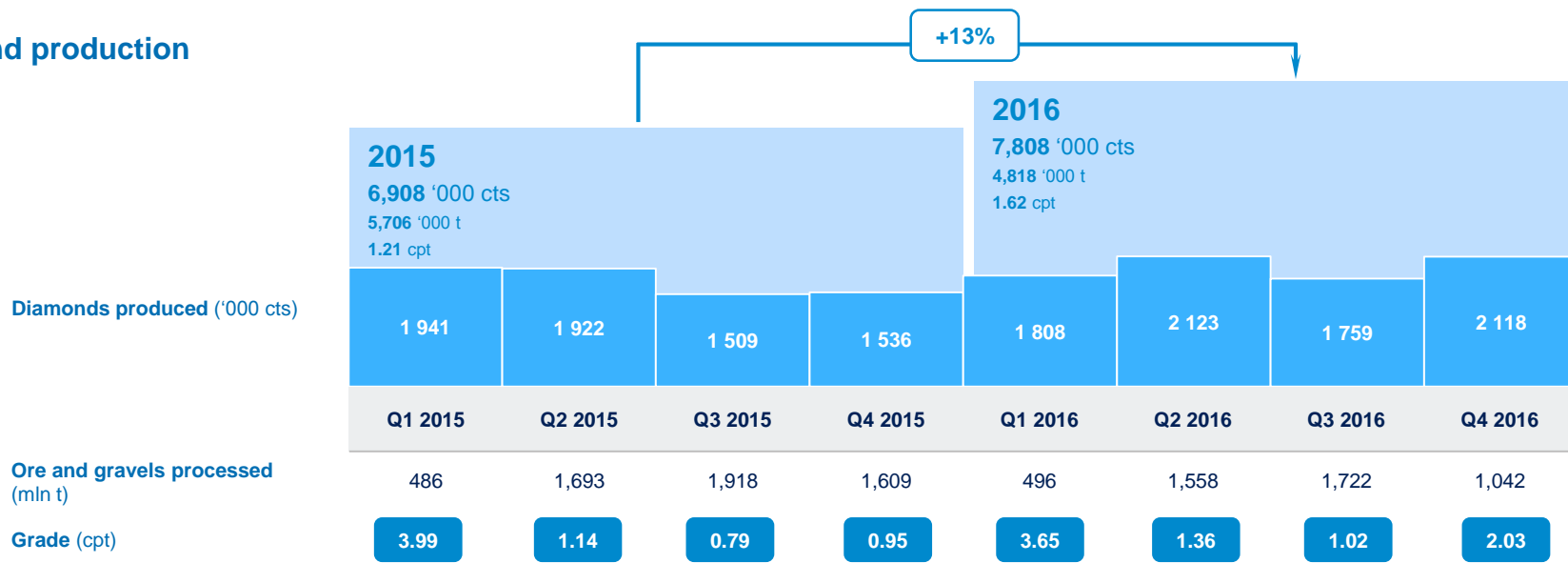


MIRNY DIVISION

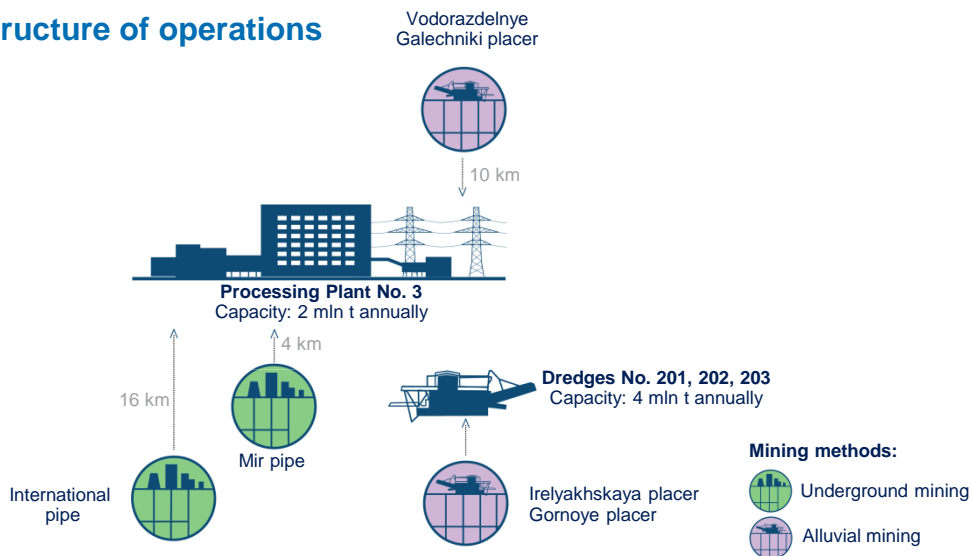


Mirny Division operational overview

Diamond production



Structure of operations



2016 results

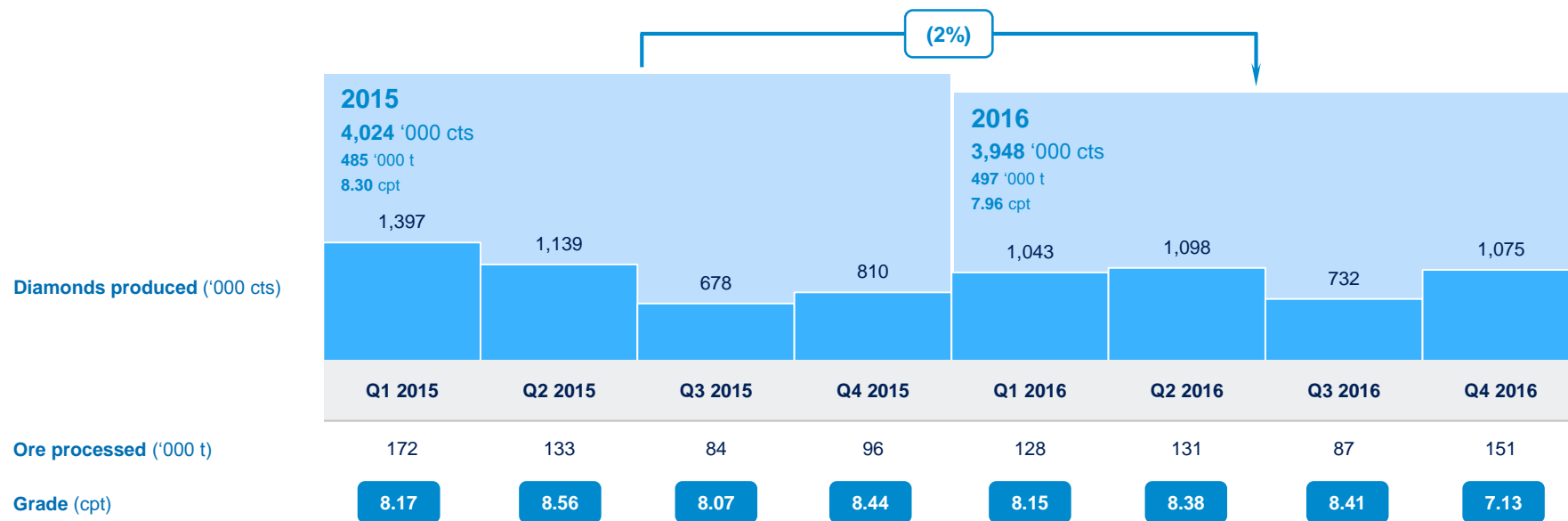
2016 diamond production was **7,808 thousand carats**.

2016 increase in diamond production by 13% y-o-y was caused by growth in ore processing at the Mir underground mine due to gradual introduction of project capacity.

International underground mine: production overview

11% Share in 2016 ALROSA production

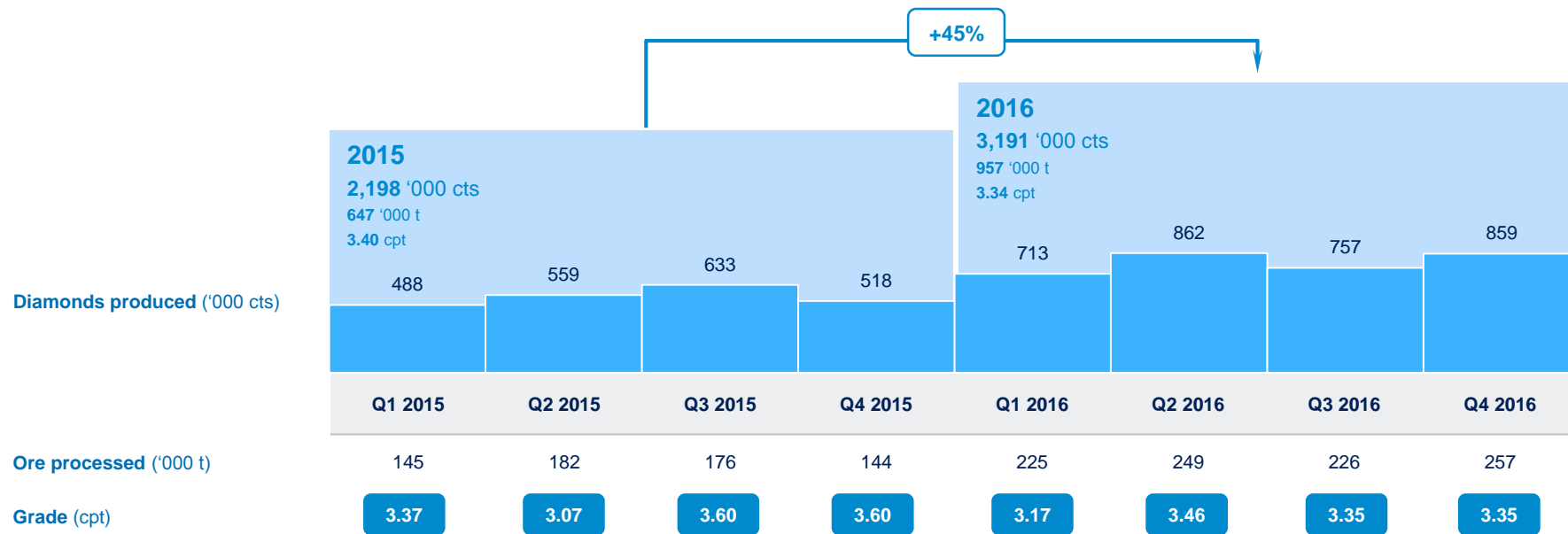
- 2016 decrease in diamond production by 2% y-o-y was driven by extraction of ore with a relatively lower grade in Q4 2016.



Mir underground mine: production overview

9% Share in 2016 ALROSA production

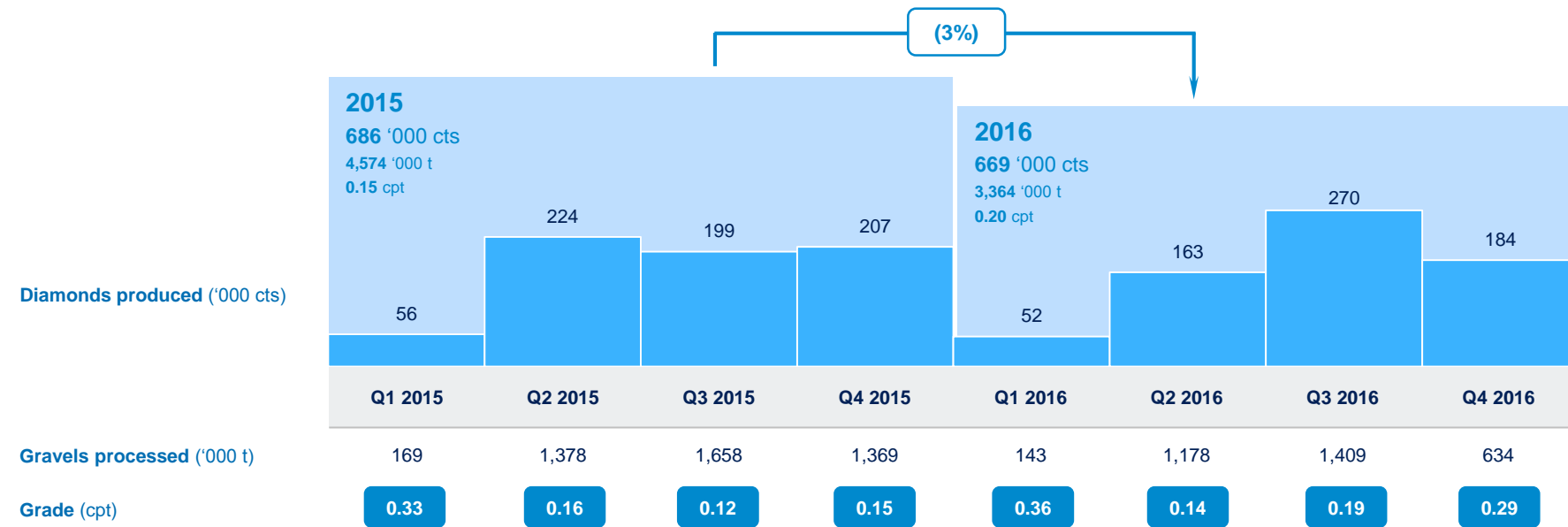
- 2016 increase in diamond production by 45% y-o-y was driven by higher volumes of ore production at the Mir underground mine, due to introduction of project capacity.



Alluvial and technogenic deposits

1% Share in 2016 ALROSA production

- 2016 decline in diamond production by 3% y-o-y was driven by a planned decrease in processing volumes of gravels at Processing Plant No.3 and processing of additional volumes of ore from the Mir underground mine.

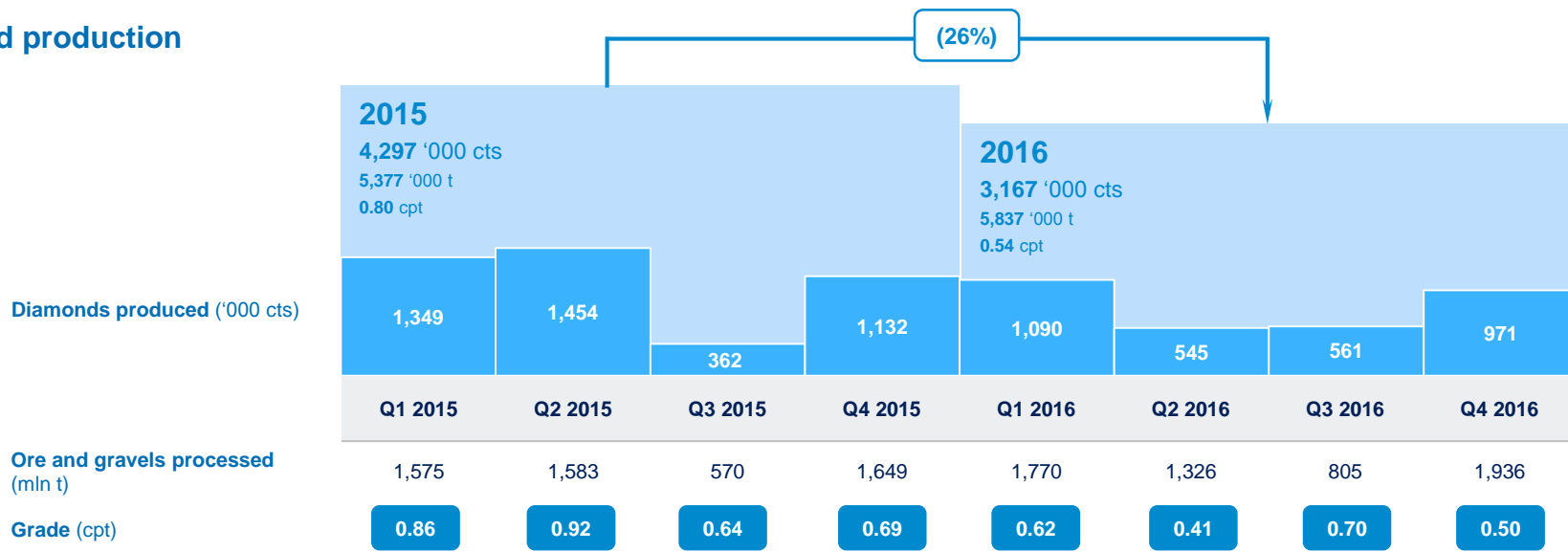




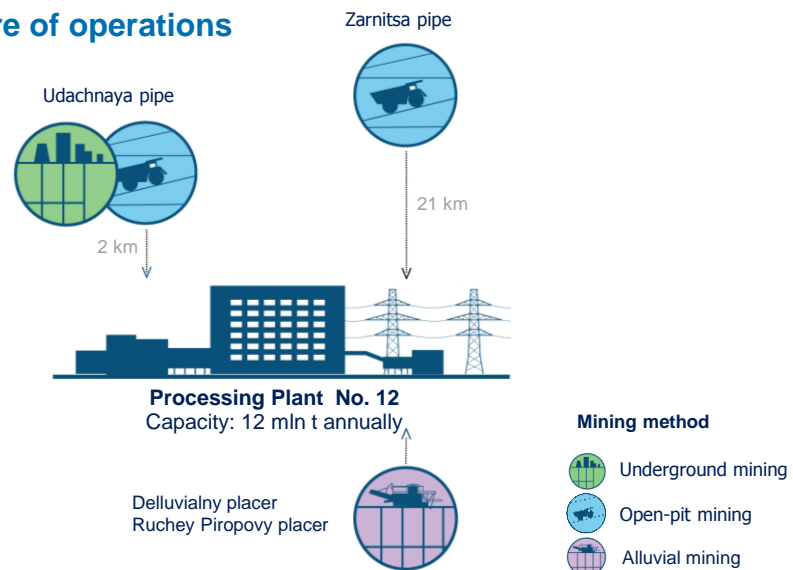
UDACHNY DIVISION

Udachny Division operational overview

Diamond production



Structure of operations



2016 results

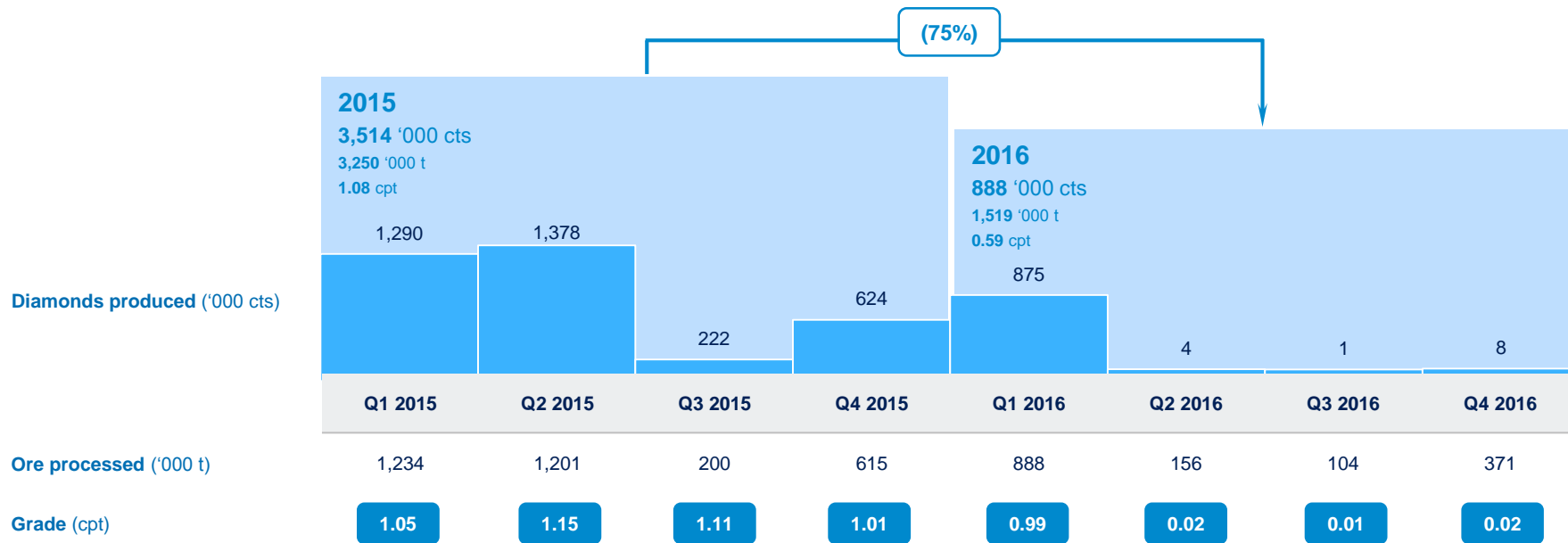
2016 diamond production was **3,167 thousand carats**.

2016 decrease in diamond production by 26% y-o-y was due to the mining termination at the Udachny open pit, and processing of lower grade ore from the Zarnitsa pipe and alluvial placers.

Udachny open pit mine: production overview

2% Share in 2016 ALROSA production

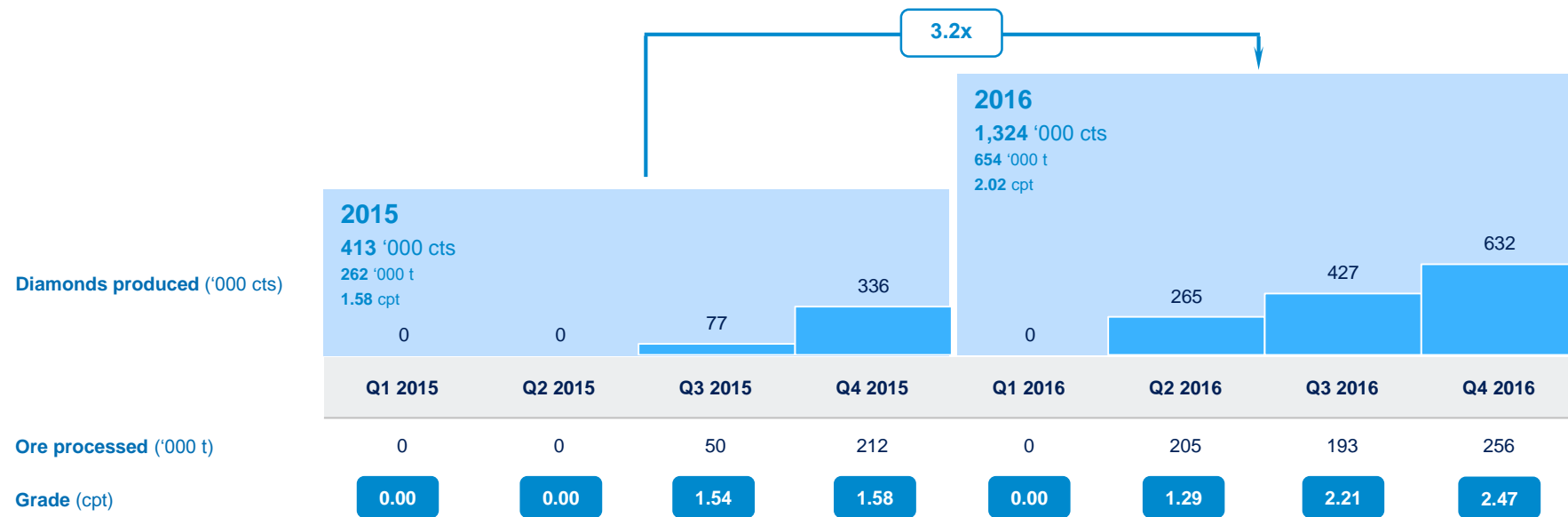
- 2016 decrease in diamond production by 75% y-o-y was a result of planned open pit mining termination.



Udachny underground mine: production overview

4% Share in 2016 ALROSA production

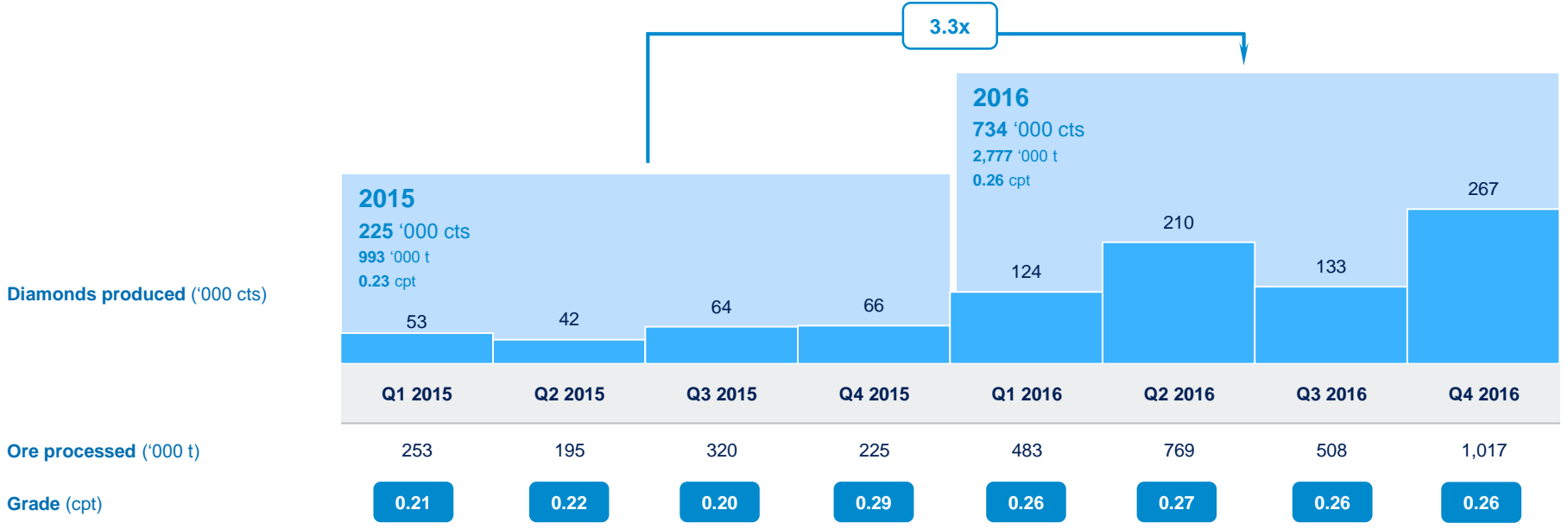
- 2016 growth in diamond output y-o-y is in line with the Company's plans to bring the mine to its projected capacity.



Zarnitsa pipe: production overview

2% Share in 2016 ALROSA production

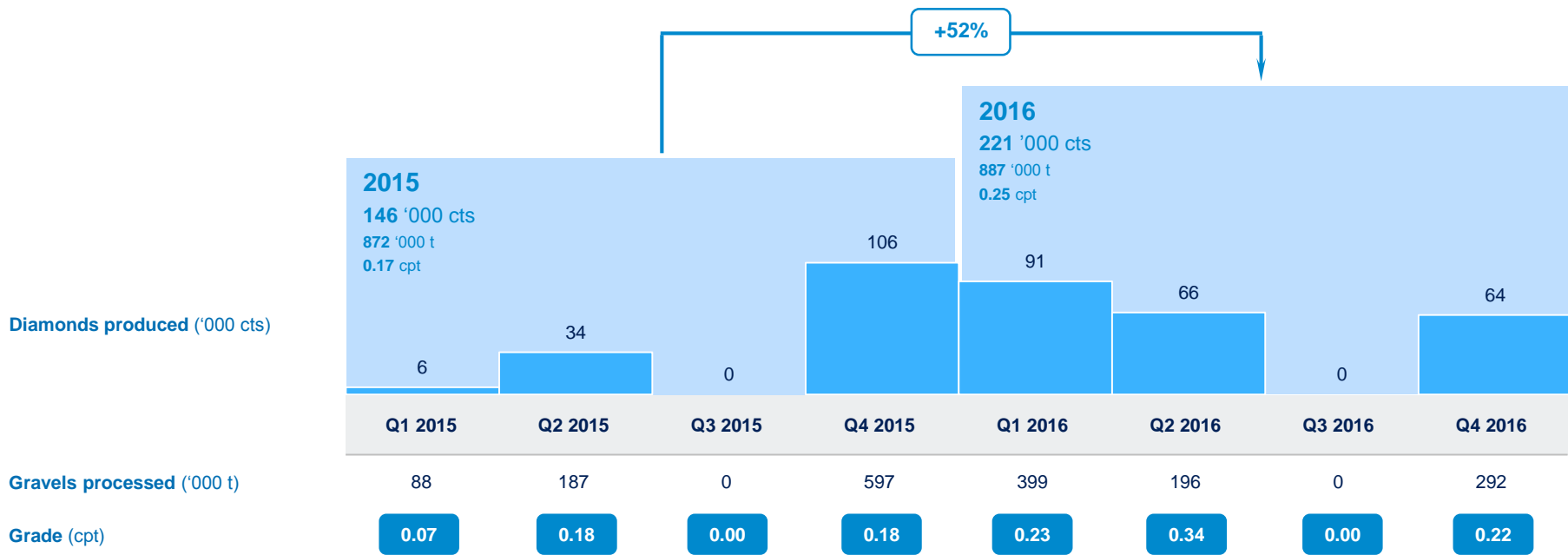
- 2016 increase in diamond production by 3.3 times y-o-y was driven by planned increase in ore processing volumes resulting from the open pit ramp-up project.



Alluvial placers

less than 1% Share in 2016 ALROSA production

- 2016 increase in diamond production by 52% y-o-y was driven by processing of higher grade gravels.



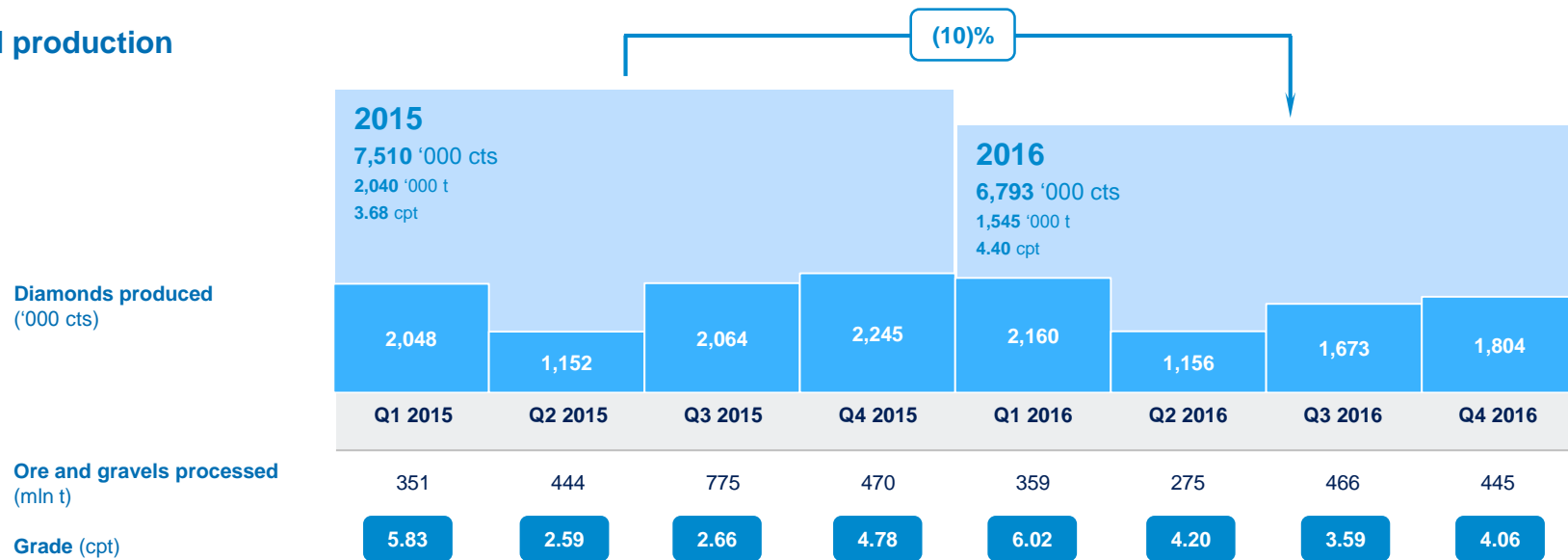


NYURBA DIVISION

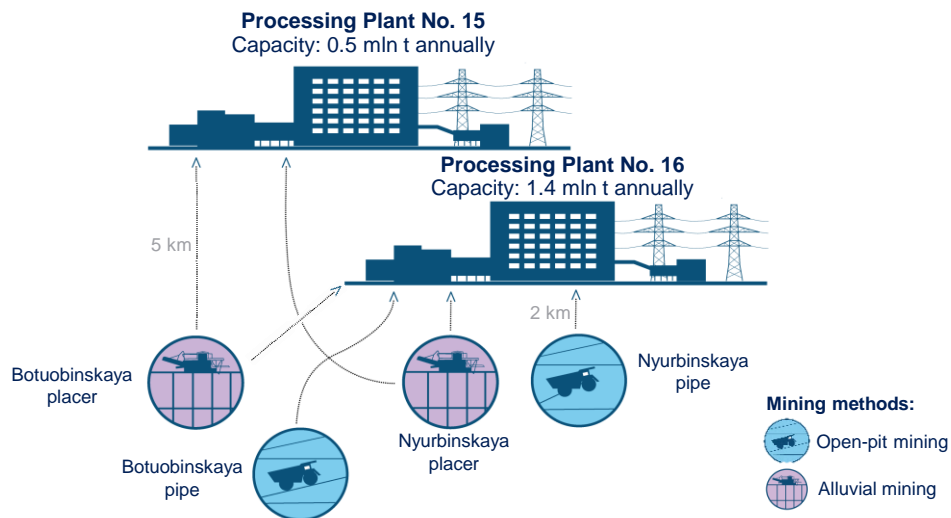


Nyurba Division operational overview

Diamond production



Structure of operations



2016 results

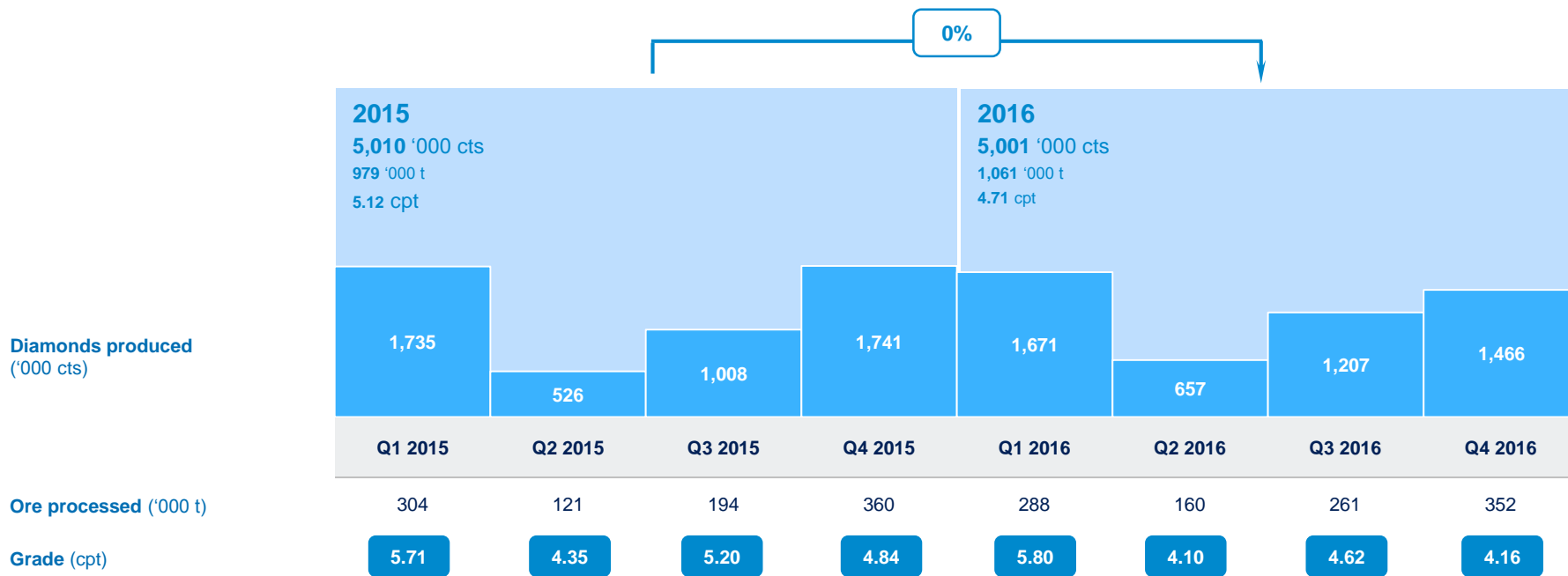
2016 diamond production was **6,793 thousand carats**.

2016 decline in diamond production by 10% y-o-y was driven by reduction in processing volumes of gravels at Processing plant No. 15 due to adjustment of production plan for 2016.

Nyurbinskaya pipe: production overview

13% Share in 2016 ALROSA production

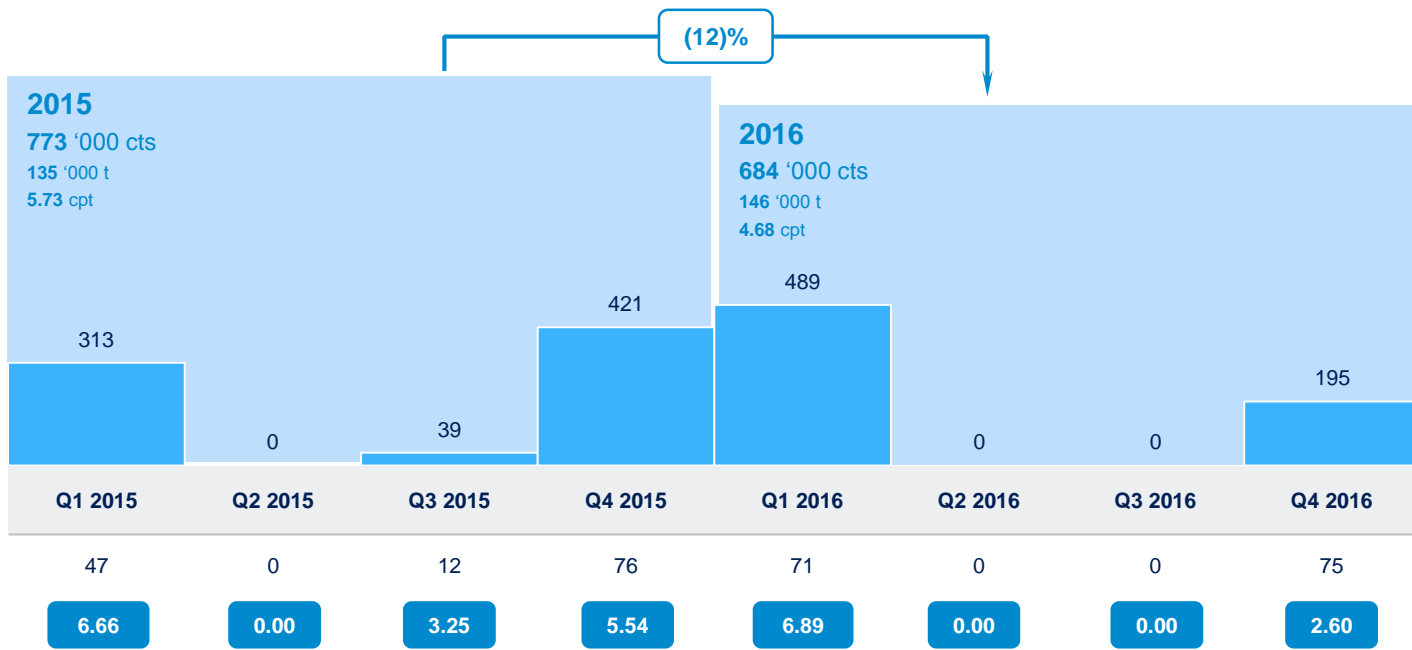
- 2016 diamond production was flat y-o-y.



Botuobinskaya pipe: production overview

2% Share in 2016 ALROSA production

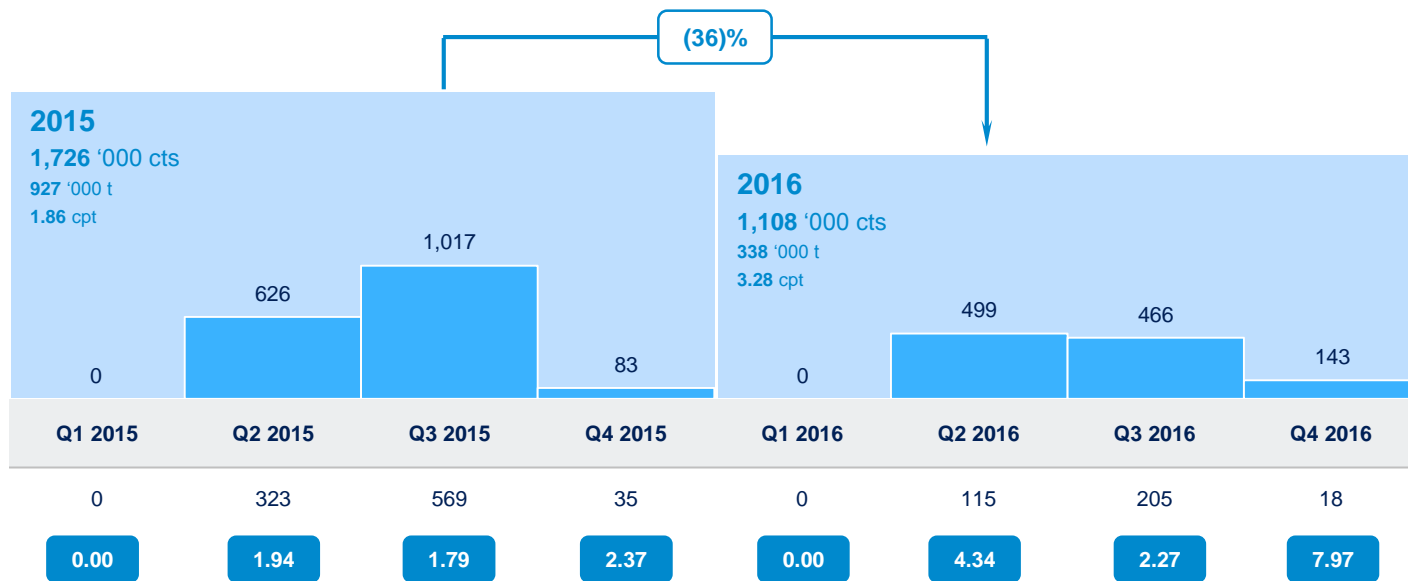
- 2016 decrease in diamond production by 12% y-o-y was due to extraction of ore with a relatively lower grade.



Alluvial deposits

3% Share in 2016 ALROSA production

- 2016 decline in diamond production by 36% y-o-y was driven by planned reduction in processing volumes of gravels at Processing plant No. 15 due to adjustment of production plan for 2016.

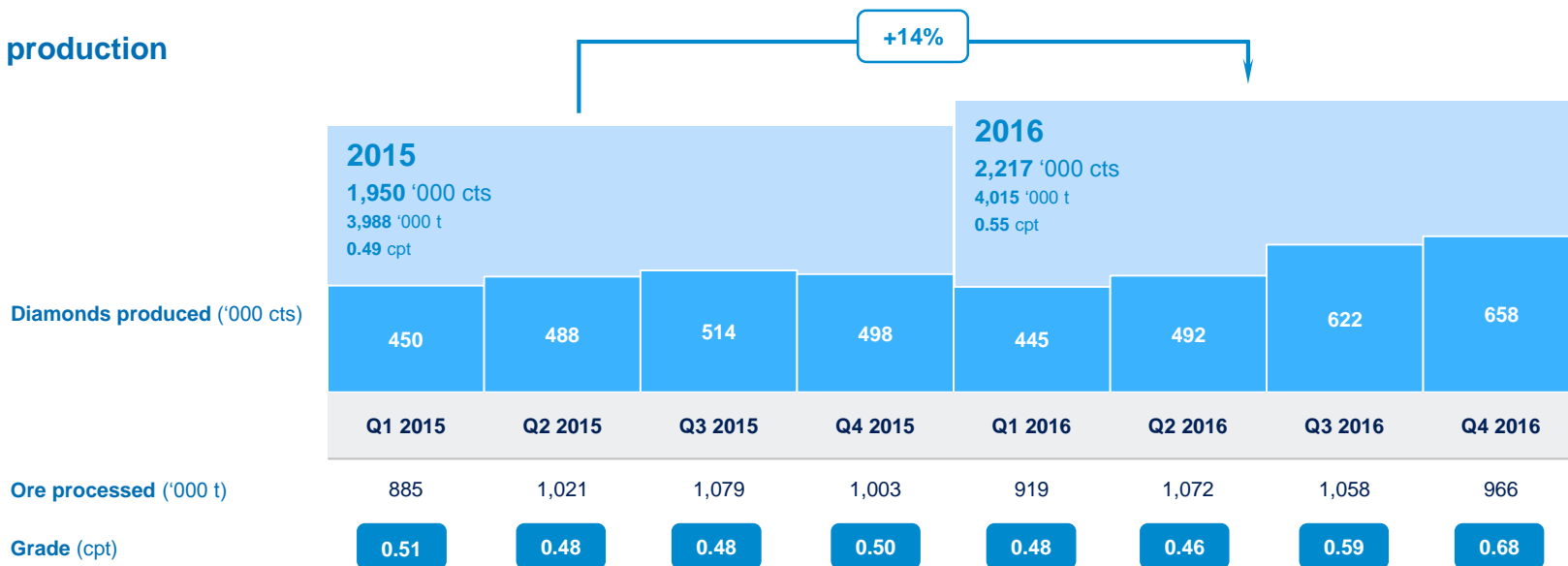




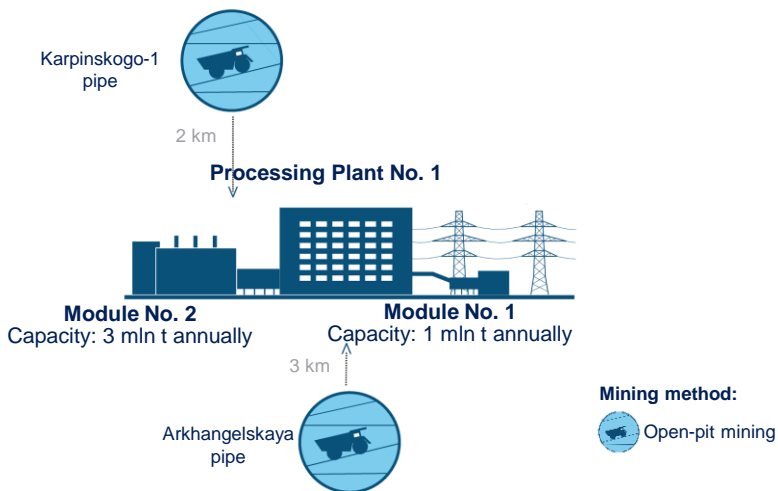
LOMONOSOV DIVISION (SEVERALMAZ)

Lomonosov Division (Severalmaz) operational overview

Diamond production



Structure of operations



2016 results

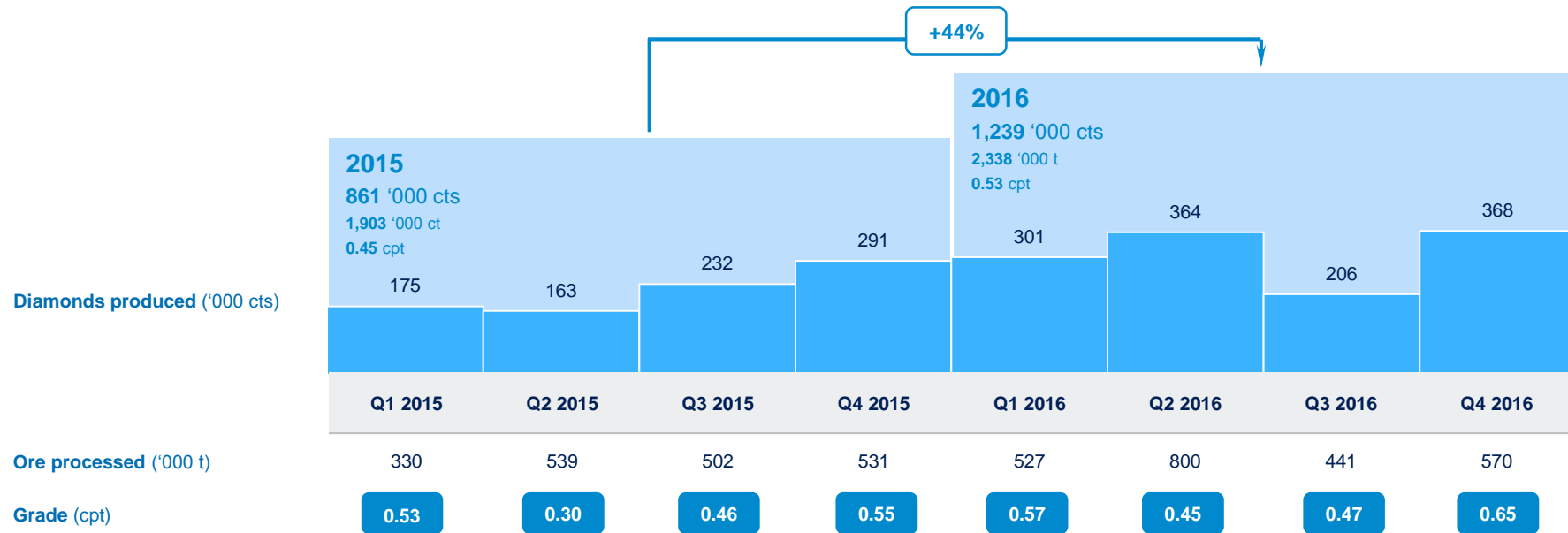
2016 diamond production was **2,217 thousand carats**.

2016 diamond output growth by 14% y-o-y was driven by the processing of higher grade ore from the Arkhangelskaya pipe.

Arkhangelskaya pipe: production overview

3% Share in 2016 ALROSA production

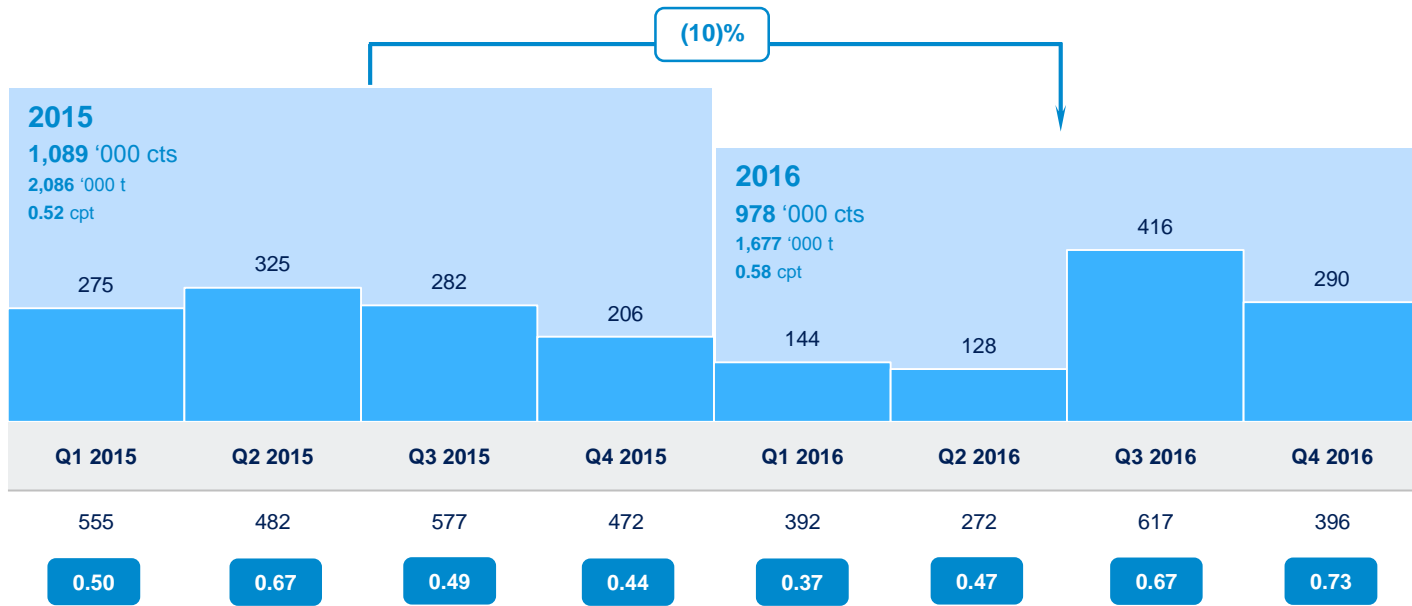
- 2016 increase in diamond output by 44% y-o-y was driven by the processing of higher grade ore and an increase in processing volumes.



Karpinskogo-1 pipe: production overview

3% Share in 2016 ALROSA production

- 2016 drop in diamond output by 10% y-o-y was caused by the decline in ore processing volumes resulting from processing of additional volumes from the Arkhangelskaya pipe at Processing Plant No. 1.



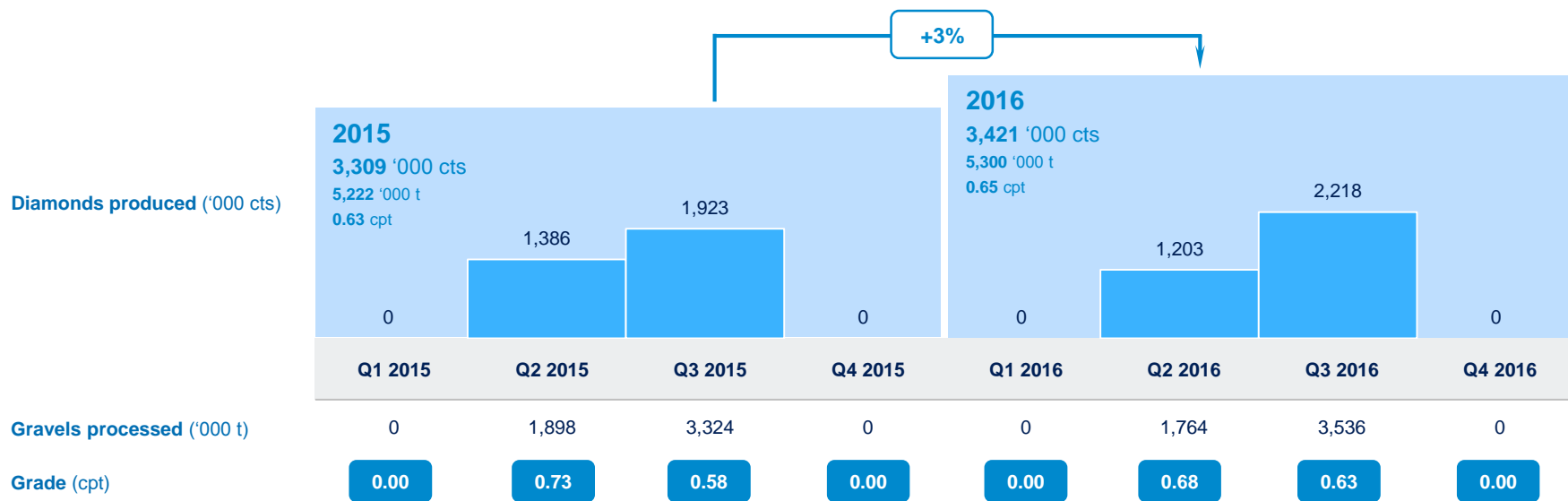


ALMAZY ANABARA

Almazy Anabara

9% Share in 2016 ALROSA production

- 2016 growth in diamond output by 3% y-o-y was caused by the processing of higher grade gravels.



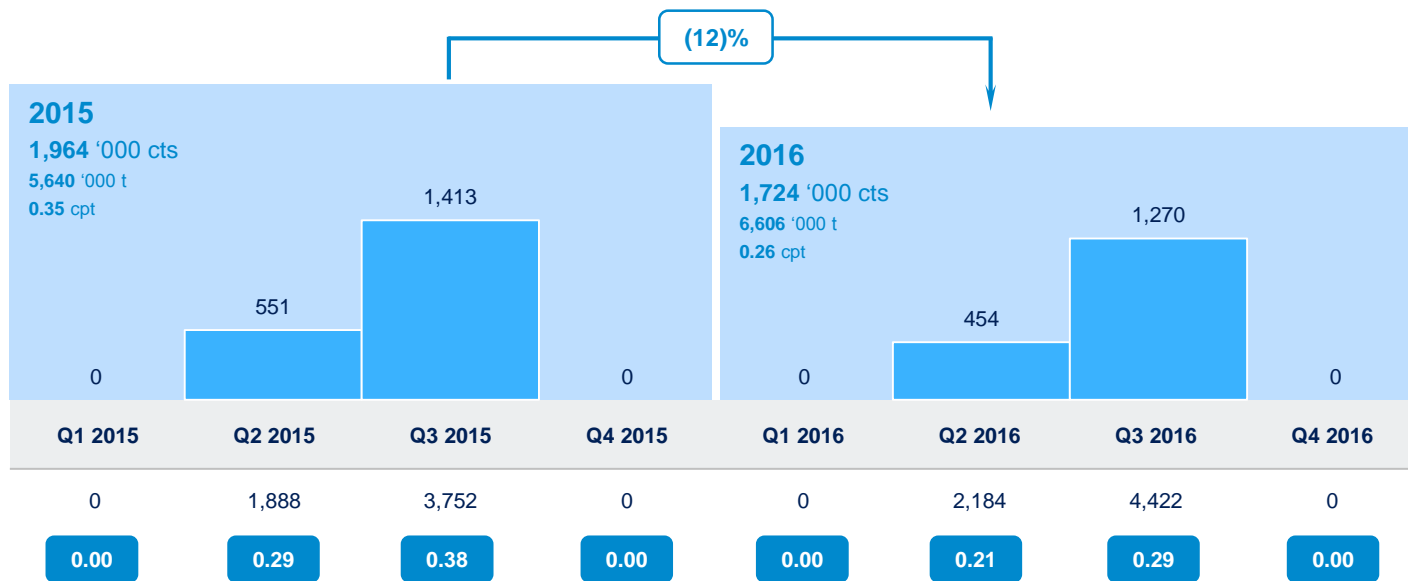


NIZHNE-LENSKOYE

Nizhne-Lenskoye

5% Share in 2016 ALROSA production

- 2016 decrease in diamond output by 12% y-o-y was caused by the processing of lower grade gravels.



Appendix

Diamond production

'000 cts	2014	2015	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Aikhal Division	12,565	12,322	12,228	2,596	2,676	3,849	3,201	2,686	2,763	2,854	3,925
Jubilee pipe	9,122	9,405	9,231	2,383	2,381	2,416	2,225	2,290	2,358	2,260	2,323
Aikhal underground mine	3,292	2,841	2,608	213	296	1,406	926	272	263	488	1,585
Komsomolskaya pipe	152	77	389	-	-	27	50	124	142	106	17
Mirny Division	6,088	6,908	7,808	1,941	1,922	1,509	1,536	1,808	2,123	1,759	2,118
International underground mine	3,862	4,024	3,948	1,397	1,139	678	810	1,043	1,098	732	1,075
Mir underground mine	1,463	2,198	3,191	488	559	633	518	713	862	757	859
Alluvial and technogenic deposits	764	686	669	56	224	199	207	52	163	270	184
Udachny Division	3,679	4,297	3,167	1,349	1,454	362	1,132	1,090	545	561	971
Udachnaya pipe	3,390	3,514	888	1,290	1,378	222	624	875	4	1	8
Udachnaya underground mine	114	413	1,324	-	-	77	336	-	265	427	632
Zarnitsa pipe	176	225	734	53	42	64	66	124	210	133	267
Alluvial deposits	-	146	221	6	34	-	106	91	66	-	64
Nyurba Division	7,363	7,510	6,793	2,048	1,152	2,064	2,245	2,160	1,156	1,673	1,804
Nyurbinskaya pipe	6,542	5,010	5,001	1,735	526	1,008	1,741	1,671	657	1,207	1,466
Botuobinskaya pipe	-	773	684	313	-	39	421	489	-	-	195
Alluvial deposits	821	1,726	1,108	-	626	1,017	83	-	499	466	143
Lomonosov Division (Severalmaz)	1,639	1,950	2,217	450	488	514	498	445	492	622	658
Arkhangelskaya pipe	1,373	861	1,239	175	163	232	291	301	364	206	368
Karpinskogo-1 pipe	266	189	978	275	325	282	207	144	128	416	290
Almazy Anabara	3,059	3,309	3,421	-	1,386	1,923	-	-	1,203	2,218	-
Nizhne-Lenskoye	1,818	1,964	1,724	-	551	1,413	-	-	454	1,270	-
Total	36,212	38,260	37,358	8,385	9,629	11,635	8,612	8,189	8,736	10,957	9,476

Ore and sands processing

'000 t	2014	2015	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Aikhal Division	9,478	9,141	9,950	2,203	2,249	2,069	2,620	2,595	2,620	2,024	2,711
Jubilee pipe	8,506	8,355	8,450	2,174	2,190	1,721	2,270	2,214	2,206	1,680	2,350
Aikhal underground mine	589	526	486	29	59	261	177	43	40	93	310
Komsomolskaya pipe	383	260	1,014	-	-	87	173	338	374	251	51
Mirny Division	4,903	5,706	4,818	486	1,693	1,918	1,609	496	1,558	1,722	1,042
International underground mine	445	486	497	171	133	84	96	128	131	87	151
Mir underground mine	481	647	957	145	182	176	144	225	249	226	257
Alluvial and technogenic deposits	3,978	4,574	3,364	169	1,378	1,658	1,369	143	1,178	1,409	634
Udachny Division	4,814	5,377	5,837	1,575	1,583	570	1,649	1,770	1,326	805	1,936
Udachnaya pipe	3,710	3,250	1,519	1,234	1,201	200	615	888	156	104	371
Udachnaya underground mine	89	262	654	-	-	50	212	-	205	193	256
Zarnitsa pipe	1,015	993	2,777	253	195	320	225	483	769	508	1,017
Alluvial deposits	-	872	887	88	187	-	597	399	196	-	292
Nyurba Division	2,000	2,040	1,545	351	444	775	470	359	275	466	445
Nyurbinskaya pipe	1,255	979	1,061	304	121	194	360	288	160	261	352
Botuobinskaya pipe	-	135	146	47	-	12	76	71	-	-	75
Alluvial deposits	745	927	338	-	323	569	35	-	115	205	18
Lomonosov Division (Severalmaz)	3,309	3,988	4,015	885	1,021	1,079	1,003	919	1,072	1,058	966
Arkhangelskaya pipe	2,793	1,903	2,338	330	539	502	531	527	800	441	570
Karpinskogo-1 pipe	516	2,086	1,677	555	482	577	472	392	272	617	396
Almazy Anabara	5,604	5,222	5,300	-	1,898	3,324	-	-	1,764	3,536	-
Nizhne-Lenskoye	5,814	5,640	6,606	-	1,888	3,752	-	-	2,184	4,422	-
Total	35,922	37,114	38,071	5,500	10,775	13,487	7,351	6,139	10,799	14,033	7,100

Resources inclusive of reserves according to JORC Code as of July 1, 2016 (1/2)

Deposit	Resource category	Tonnage ('000 t)	Resource grade (cpt)	Contained diamonds ('000 cts)
Udachny division				
Udachnaya Pipe	Measured	13,646	1.16	15,812
	Indicated	83,524	1.53	127,801
	Inferred	53,991	1.28	68,978
Zarnitsa Pipe	Indicated	27,131	0.25	6,858
Verkhne-Munskoe Deposit	Indicated	46,914	0.65	30,616
	Inferred	17,168	0.57	9,857
Alluvial deposits	Indicated	2,447	0.49	599
	Inferred	1,176	0.63	373
Aikhal division				
Jubilee Pipe	Measured	18,420	0.86	15,815
	Indicated	88,138	0.74	65,401
	Inferred	57,821	0.63	36,352
Aikhal Pipe	Measured	4,361	4.97	21,666
	Indicated	690	3.14	2,168
	Inferred	1,716	4.06	6,966
Komsomolskaya Pipe	Indicated	3,943	0.38	1,494
Zaria Pipe	Indicated	12,392	0.28	3,515
	Inferred	27,347	0.13	3,583
Mirny division				
Mir Pipe	Measured	20,104	3.71	74,521
	Indicated	16,538	3.36	55,525
	Inferred	1,072	3.11	3,339
International Pipe	Measured	1,448	8.21	11,888
	Indicated	3,544	8.71	30,848
Alluvial deposits	Measured	17,509	0.39	3,379
	Indicated	22,273	0.21	2,322
	Inferred	440	0.40	88
Solur-Vostochnaya placer	Indicated	5,982	1.97	5,903
	Inferred	959	1.80	865

Resources inclusive of reserves according to JORC Code as of July 1, 2016 (2/2)

Deposit	Resource category	Tonnage ('000 t)	Resource grade (cpt)	Contained diamonds ('000 cts)
Nyurba division				
Nyurbinskaya Pipe	Measured	1,432	4.12	5,905
	Indicated	7,095	4.32	30,623
	Inferred	1,217	5.56	6,767
Botuobinskaya Pipe	Measured	3,172	5.30	16,827
	Indicated	10,139	5.90	59,814
	Inferred	2,762	5.71	15,778
Maiskoye Kimberlite Body	Indicated	1,231	6.03	7,426
	Inferred	1,768	2.99	5,278
Alluvial deposits	Measured	187	7.85	734
	Indicated	6,897	4.67	16,094
	Inferred	4,762	3.01	377
Lomonosov division (Severalmaz)				
Arkhangelskaya Pipe	Measured	18,231	0.97	17,764
	Indicated	29,689	1.08	32,184
	Inferred	39,407	1.24	48,941
Karpinsky-1 Pipe	Measured	6,971	1.08	7,501
	Indicated	6,915	1.72	11,893
	Inferred	8,615	1.16	9,993
Pionerskaya Pipe	Indicated	58,330	0.47	27,530
	Inferred	42,875	0.52	22,502
Lomonosov Pipe	Indicated	32,523	0.50	16,230
	Inferred	42,250	0.46	19,530
Almazy Anabara	Indicated	38,160	1.33	25,373
	Inferred	9,366	0.77	3,621
Nizhne-Lenskoye	Indicated	10,793	0.57	3,075
	Inferred	16,068	0.58	4,661
Total for ALROSA Group of Companies	Measured	105,482	1.82	191,811
	Indicated	515,285	1.09	563,291
	Measured + Indicated	620,767	1.22	755,102
	Inferred	330,779	0.83	274,629
	Total	951,546	1.08	1,029,731

Thank you!



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