



ALROSA Q2 and 6M 2019 operating results

Moscow, 18 July 2019 – ALROSA, a global leader in diamond production, reports its Q2 2019 diamond production of 9.7 m carats and sales of 8.3 m carats or \$0.8 bn.

- **Q2 diamond production** grew 24% q-o-q (up 14% y-o-y) to 9.7 m cts primarily due to seasonal return to production at alluvial deposits.

A 10% y-o-y increase in diamond production in 6M 2019 to 17.6 m cts was mainly driven by the launch of production at the V.Munskoye deposit in Q4 2018, increased output at the Udachny underground mine, and a growth in ore processing at the Botuobinskaya pipe as operational efficiency initiatives scale up.

- **Q2 ore and gravels processing** seasonally grew by 65% q-o-q (up 4% y-o-y).
Ore and gravels processing in 6M 2019 increased 6% y-o-y to 16.8 mt supported by the ramp-up of production at the V.Munskoye deposit and increased productivity at Nyurba Division and Udachny's processing plants.
- **Q2 average diamond grade** seasonally decreased 25% q-o-q to 0.93 cpt. Another affecting factor was a lower average diamond grade at the Nyurba Division due to the processing of ore from lower-grade blocks in line with the mining plan. **6M** average diamond grade increased 4% to 1.04 cpt.
- **Q2 diamond sales** decreased 22% q-o-q (down 8% y-o-y) to 8.3 m cts, including 6.0 m cts of gem-quality diamonds (down 24% q-o-q, down 5% y-o-y), against the backdrop of declining demand due to excessive stocking of rough and polished diamonds by cutters and retailers, and continued difficulties faced by India's cutting business in securing affordable financing. Ongoing consolidation in the jewellery sector and growth in jewellery sales through on-line channels in the US result in a non-recurrent reduction in polished diamond stocks across the retail sector as businesses embrace more efficient stock management practices, which in turn impacts rough diamonds purchases by mid-stream. These factors were behind lower **6M diamond sales** (down by 16% y-o-y to 18.9 m cts).
- **Inventories as at June 2019** went up 12% q-o-q (up 36% y-o-y) to 15.9 m cts due to seasonal production growth at alluvial deposits and lower sales.
- **In Q2 2019, average realised prices for gem-quality diamonds** rose 5% q-o-q (down 21% y-o-y) to \$130/ct as small-size diamond sales returned to normal (early 2019 saw a rise in the share of small-size diamond sales on mid-stream were replenishing their stocks of this product category).
- **In Q2 2019, the diamond price index** came lower by 1.6% q-o-q, down 4.6% year-to-date.

- **Q2 diamond sales in value terms** decreased 19% q-o-q to \$796 m (down 25% y-o-y) with **6M** sales amounting to \$1,784 m (down 32% y-o-y).

Rough and polished diamond market overview

- In 6M 2019, the rough and polished diamond market saw weak activity in all segments. The key jewellery markets registered a decline in demand amid global macroeconomic uncertainty due to unravelling trade tensions between US and China and depreciation of Chinese yuan against US dollar, resulting in lower purchasing power of Chinese consumers and tourists.
- The consolidation in the jewellery sector and an expanding share of online jewellery sales in the US result in a non-recurrent reduction in polished diamond stocks across the retail sector as businesses embrace more efficient stock management practices, translating into lower diamonds volumes purchased by cutters and polishers.
- Cutters stocked up on end products, which also affected the demand for rough diamonds. To reduce excess stocks the Indian cutters have been decreasing output since May. The lower diamond demand was also caused by the ongoing financing difficulties experienced by the cutters due to the banks tightening the loan security and repayment terms.
- Currently demand from jewellery consumers remains stable, which bodes well for renewed activity and higher demand for rough diamonds closer to the end of Q3 2019 in the run-up to 2019-2020 Christmas sales season.

Hereinafter, data on Q2 2019 production, sales, prices, and inventories is preliminary and may be updated. Data on the diamond market is the Company's estimate.

Contacts for investors:

Sergey Takhiev

st@alrosa.ru

+7 (985) 760-55-74

Media:

smi@alrosa.ru

+7 (495) 620-92-50, ext. 1426

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

9 August	July 2019 sales results
19 August	Q2 2019 and 6M 2019 IFRS results
22 August	Conference-call with the management
26 August¹	Meeting of the Supervisory Board – 1H 2019 dividend recommendation
10 September	August 2019 sales results
30 September²	Extraordinary General Meeting of Shareholders – 1H 2019 dividend declaration
10 October	September 2019 sales results
17 October	Q3 2019 and 9M 2019 Operating results

¹ The date of the Supervisory Board meeting is tentative and can be updated.

² The date of the extraordinary general meeting of shareholders is tentative and subject to approval by the Company's Supervisory Board.

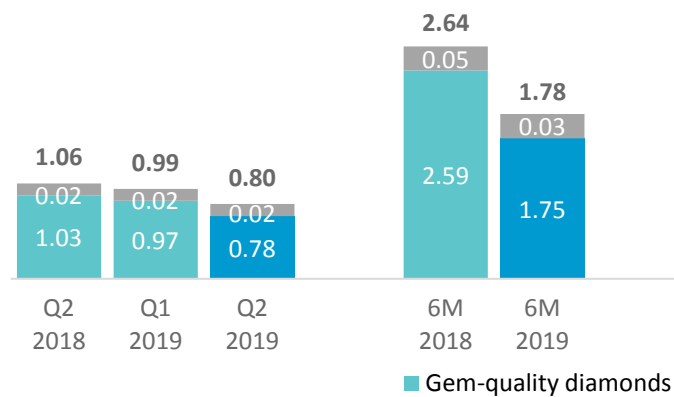
PRELIMINARY SALES RESULTS

Sales: 8.3 m cts

- **In Q2 2019, diamond sales (ex. polished diamonds)** declined by 2.3 m cts q-o-q to 8.3 m cts (down 22% q-o-q), with sales of gem-quality diamonds falling by 1.9 m cts q-o-q to 6.0 m cts (down 24% q-o-q) due to excessive stocks of rough and polished diamonds in the cutting sector.
- Gem-quality diamond sales decreased 5% y-o-y. Industrial diamond sales went down 16% q-o-q to 2.3 m cts, accounting for 27% of Q2 sales.

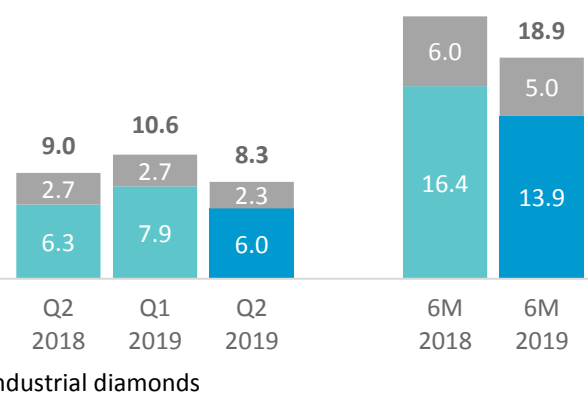
Rough diamond sales

\$ bn



Rough diamond sales

m cts



- **6M diamond sales** decreased by 3.5 m cts (down 16% y-o-y) against the backdrop of declining demand in the rough and polished diamonds market caused, among other things, by a non-recurrent reduction in polished diamond stocks in the US retail sector as businesses embrace more efficient stock management practices (which results in consolidation of the industry and expansion of on-line sales) and Indian cutters face difficulties in securing affordable financing.

Inventories: 15.9 m cts

- **Diamond inventories rose to 15.9 m cts as at the end of Q2** (up 1.6 m cts q-o-q) driven by lower sales and higher output. As compared to the previous year, inventories went up by 4.2 m cts (up 36% y-o-y).

Q2 2019

Total sales – \$807 m

Diamond sales – \$796 m

- **Total sales in Q2 2019 amounted to \$807 m**, including \$796 m (down 19% q-o-q) in diamond sales (ex. polished diamonds), with a 22% q-o-q sales decline in carats due to a lower share of small-size diamonds. Q2 sales in value terms declined 25% y-o-y, while sales in carats fell 8% y-o-y due to changes in the sales mix of gem-quality diamonds (a larger share of small diamonds) and lower diamond price index for comparable products.

- **2Q gem-quality diamond sales** in value terms decreased 20% q-o-q to \$780 m as sales in carats declined 24%, but the average realised price moved up. On a y-o-y basis, sales in value terms decreased 25% dragged by a 5% decline in sales in carats and lower average realised prices (down 21% y-o-y).

6M 2019

Total sales – \$1,812 m

Diamond sales – \$1,784 m

- **6M total sales** amounted to \$1,812 m (down 33% y-o-y), including \$1,784 m in diamond sales (ex. polished diamonds) (down 32% y-o-y).

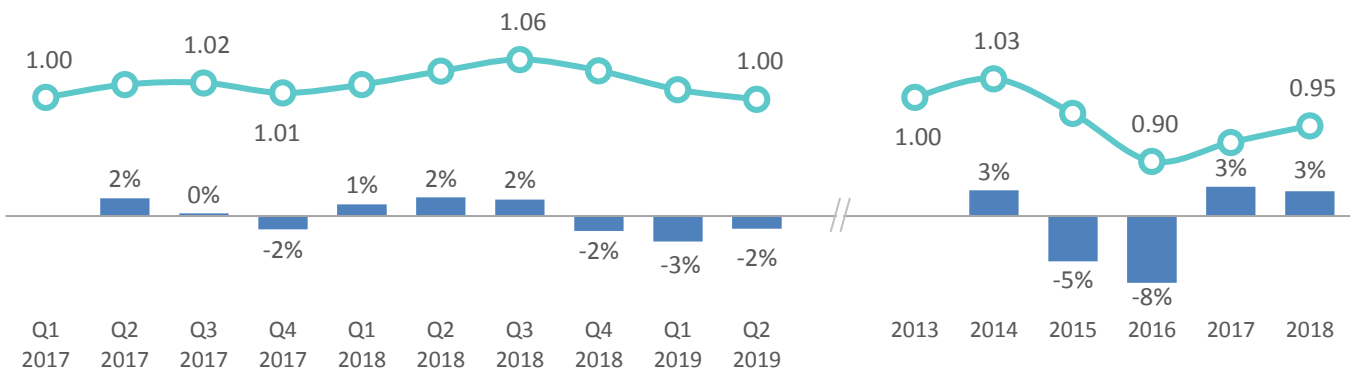
- **6M gem-quality diamond sales in value terms** amounted to \$1,749 m, down 32% y-o-y amid a 15% decline in sales and a 20% drop in the average realised price.
- **Q2 and 6M diamond sales** amounted to \$11 m (down 33% q-o-q, down 58% y-o-y) and \$27.4 m (down 45% y-o-y), respectively.
- **In Q2 2019, average realised prices for gem-quality diamonds** rose 5% q-o-q to \$130/ct due to a lower share of small-size diamonds.

Average realised prices for gem-quality diamonds
\$/ct



- **In Q2 2019, the diamond price index** lost 1.6% q-o-q, down 4.6% year-to-date.

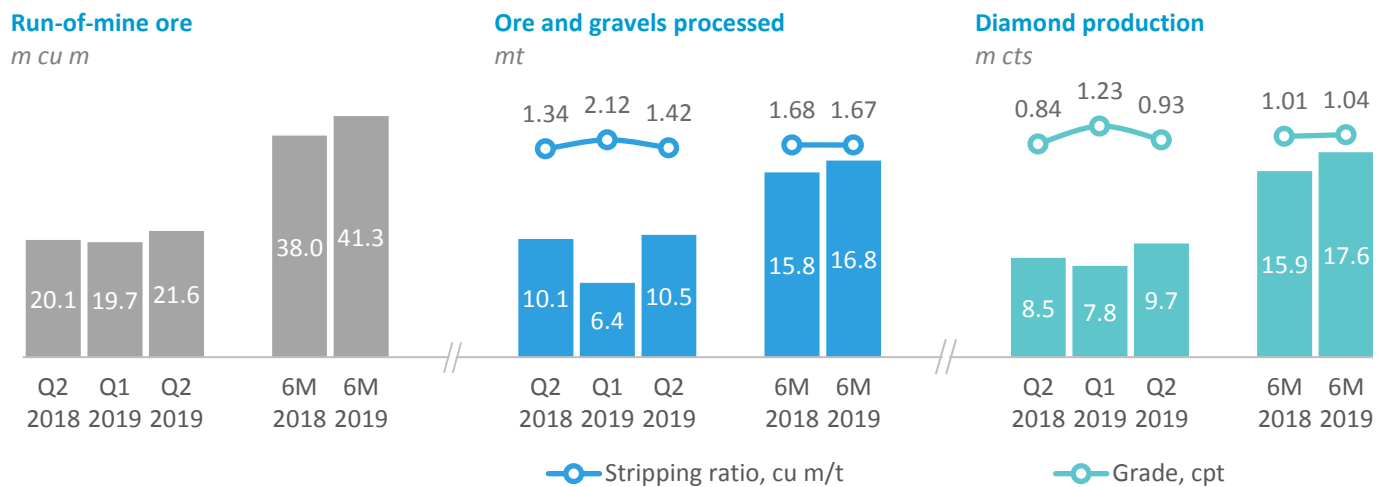
Gem-quality diamond price indices



PRODUCTION

Production: 9.7 m cts

- **Q2 diamond production** was up 24% q-o-q to 9.7 m cts mainly due to seasonal return to production at alluvial deposits.
- **A 14% increase compared to Q2 2018** is attributed to the launch of production at the V.Munskoye deposit, an increase in higher-grade ore processing at the Botuobinskaya pipe, and a higher average diamond grade at Severalmaz.
- **6M diamond production** grew 10% y-o-y mainly due to an increase in ore processing at the Botuobinskaya pipe, among other things, on the back of the projects rolled out as part of the programme to improve operational efficiency and the launch of production at the V.Munskoye deposit.



- **Q2 run-of-mine ore** went up 10% q-o-q (up 8% y-o-y) to 21.6 m cu m mostly due to a higher stripping ratio at the Nyurbinskaya pipe, preparatory pre-mining operations at Almazy Anabara, and seasonal production growth at Mirny Division's alluvial deposits. An 8% increase **compared to Q2 2018** is mostly attributable to the launch of production at the V.Munskoye deposit and implementation of design solutions at Severalmaz.
- **6M run-of-mine ore** totalled 41.3 m cu m, up 9% y-o-y, mostly due to the launch of production at the V.Munskoye deposit.
- **Q2 stripping ratio** was down 33% q-o-q to 1.4 m cu m/t mostly due to the seasonal resumption of gravel processing at Almazy Anabara deposits as rock moved decreased 3% q-o-q. A 6% rise y-o-y was mainly driven by an increase in stripping operations as part of implementation of design solutions at Severalmaz.
- **6M stripping ratio** was 1.7 m cu m/t (down 1% y-o-y).
- **Q2 open-pit mining** was down 8% q-o-q to 5.6 m cts as production at the Nyurbinskaya pipe fell due to a contraction in ore processing, a larger scope of

³ The stripping ratio is calculated as rock moved in cubic metres (less pre-stripping) divided by ore and gravels processed (in tonnes).

preparatory pre-mining operations at the mine and a decrease in average grade caused by the processing of lower-grade ores.

A 37% increase **compared to Q2 2018** is mostly attributable to a larger share of higher-grade ore processed at the Botuobinskaya pipe and the launch of production at the V.Munskoye deposit.

6M open-pit mining totalled 11.7 m cts, up 25% y-o-y, mainly due to a larger share of higher-grade ore processed at the Botuobinskaya pipe and the launch of production at the V.Munskoye deposit.

In **Q2 2019 and 6M 2019, open-pit mining** accounted for 58% and 67% of total production, respectively.

- A 48% q-o-q **increase in underground mining in Q2 2019** to 2.2 m cts was associated with a growth in production at the Alkhal underground mine following the previous quarter decline caused by a shutdown of the autogenous mill for wet grinding in Q1 2019, and higher processing volumes at the International underground mine. **Q2 underground mining** was up 4% y-o-y.

A 9% y-o-y **decrease in underground mining in 6M 2019** was mostly attributable to a decline in production at the International underground mine caused by gas-dynamic phenomena at deep horizons.

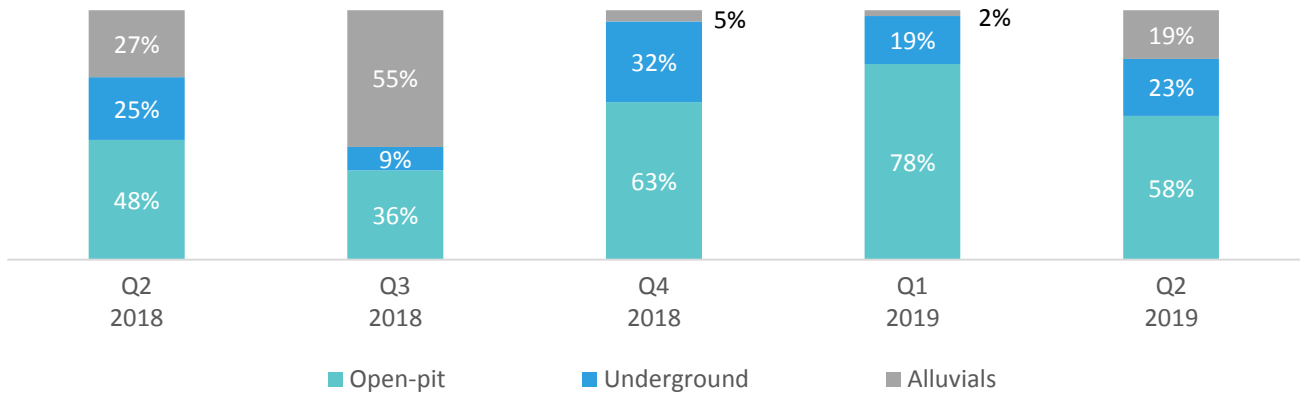
In **Q2 2019 and 6M 2019, underground mining** accounted for 23% and 21% of total production, respectively.

- **Q2 alluvial mining** increased tenfold q-o-q to 1.9 m cts following seasonal resumption of production at deposits of this type. The production went down 17% y-o-y in Q2 and 15% y-o-y in 6M due to a production decline at alluvial deposits of the Nyurba Division following gravel processing termination at processing plant No. 16 and production decline at Almazy Anabara deposits due to last year's high base effect resulting from earlier launch of production facilities boosted by favourable weather conditions in Q2 2018.

In **Q2 2019 and 6M 2019, alluvials** accounted for 19% and 12% of total production, respectively.

- **Q2 average diamond grade** went down 25% q-o-q (up 10% y-o-y) to 0.93 cpt due to the seasonal increase in the share of ore produced at alluvial deposits with lower-grade gravels.
- Another affecting factor was a lower average diamond grade at the Nyurba Division due to the processing of ore from lower-grade blocks in line with the mining plan. The seasonal drop in average diamond grade is attributable to return to production at alluvial deposits in 2Q 2019, a larger scope of operations and a further decrease of average diamond grade in 3Q. In 4Q, production from alluvial deposits is suspended resulting in a higher average grade q-o-q. Average diamond grade **in 6M 2019** stood at 1.04 cpt (up 4% y-o-y).

Diamond production by mining type



PERFORMANCE BY DIVISION

Aikhal Division operational overview

Aikhal Division accounted for 30% and 32% of ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	2,627	2,449	7%	2,664	(1%)	5,076	5,196	(2%)
Grade, cpt	1.10	1.13	(3%)	1.10	1%	1.12	1.10	1%
Diamond production, '000 cts	2,896	2,773	4%	2,919	(1%)	5,669	5,729	(1%)

*Aikhal Division:
Jubilee pipe
Aikhal pipe
Komsomolskaya pipe
Zarya pipe*

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

Q2 diamond production was up 4% q-o-q (down 1% y-o-y) to **2,896,000 cts**. Ore processed in this period amounted to **2,627,000 tonnes**, up 7% q-o-q (down 1% y-o-y).

6M diamond production was down 1% y-o-y to **5,669,000 cts**. Ore processed in this period amounted to **5,076,000 t**, a decline of 2% y-o-y.

Open-pit mining:

At the Jubilee pipe, a decrease of 5% q-o-q (down 9% y-o-y) in diamond production in Q2 2019 and of 6% y-o-y in 6M 2019 came as a result of a larger share of off-balance (lower-grade) ore.

At the Komsomolskaya pipe, diamond production in Q2 2019 went up 29% q-o-q (down 4% y-o-y) driven by a 49% q-o-q increase in ore processing and lower base in the last quarter resulting from the suspension of the autogenous mill that was put back into operation in Q2.

The 6% y-o-y decrease at the Komsomolskaya pipe in 6M 2019 was also due to a 10% y-o-y decline in ore processing caused by the suspended operation of the autogenous mill.

Underground mining:

At the Aikhal underground mine, a 47% q-o-q growth of diamond production in Q2 2019 (up 46% y-o-y) was driven by a 61% q-o-q and y-o-y increase in ore processing. The increase in ore processing was associated with the suspended operation of the autogenous mill at the processing plant in Q1 2019. The mill was put back into operation in Q2 2019.

At the Aikhal underground mine, a 30% y-o-y increase in 6M 2019 was caused by a 27% y-o-y increase in ore processing and a larger share of higher-grade ore (autolithic kimberlite breccias).

Mirny Division operational overview

Mirny Division accounted for 10% and 8% in ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively.

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	1,545	413	3.7x	1,451	7%	1,958	1,883	4%
Grade, cpt	0.65	1.14	(43%)	0.77	(16%)	0.75	1.21	(38%)
Diamond production, '000 cts	1,003	469	2.1x	1,116	(10%)	1,472	2,284	(36%)

Mirny Division:
Mir pipe
International pipe
Alluvial deposits

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

Diamond production in Q2 2019 grew by 2.1 times q-o-q (down 10% y-o-y) to **1,003,000 cts**. In the same period, ore and gravels processing increased 3.7 times q-o-q (up 7% y-o-y) to **1,545,000 t**.

In 6M 2019, diamond production was down 36% y-o-y to **1,472,000 cts**. Ore and gravels processed in this period amounted to **1,958,000 t**, an increase of 4% y-o-y.

Underground mining:

At the International underground mine, a 2.1-times q-o-q growth in Q2 2019 diamond production was driven by a 2.2 times increase in ore processing, as in Q1 2019 ore was processed in February only due to complications caused by gas-dynamic phenomena. A 12% y-o-y decline in diamond production was due to mining at deep horizons with a lower average grade (down 17% y-o-y).

A 38% y-o-y decline in production in 6M 2019 was due to a 26% y-o-y reduction in ore processing also impacted by the challenging gas-dynamic, mining and geological environment.

Alluvial mining:

A 2.7-times q-o-q increase in Q2 diamond production at the alluvial and technogenic deposits came on the back of a quadrupled q-o-q seasonal growth of gravels processing. Diamond production was up 3% y-o-y.

A 7% y-o-y decrease in 6M diamond production at the alluvial and technogenic deposits is associated with operations at deposits with a lower average grade (down 15% y-o-y).

Udachny Division operational overview

Udachny Division accounted for 13% and 15% in ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively.

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	1,977	2,243	(12%)	1,519	30%	4,220	3,019	40%
Grade, cpt	0.66	0.62	7%	0.64	2%	0.64	0.59	7%
Diamond production, '000 cts	1,303	1,380	(6%)	978	33%	2,683	1,795	50%

Udachny Division:
Udachnaya pipe
Zarnitsa pipe
V.Munskoye deposit
Alluvial deposits

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

Q2 diamond production was down 6% q-o-q (up 33% y-o-y) to **1,303,000 cts**. Ore and gravels processed in this period amounted to **1,977,000 t**, down 12% q-o-q (up 30% y-o-y).

6M diamond production was up 50% y-o-y to **2,683,000 cts**. Ore and gravels processed in this period amounted to **4,220,000 t**, an increase of 40% y-o-y.

Open-pit mining:

At the Zarnitsa pipe, a 22% q-o-q (4% y-o-y) decline in Q2 diamond production was driven by a 19% q-o-q (7% y-o-y) decrease in ore processing due to the replacement of ore from the Zarnitsa pipe with gravel from Ruchey Piropovy placer deposits to make up for the volumes not processed in winter because gravel is hard to process under low temperatures. This was also the reason why diamond production at the Zarnitsa pipe for 6M 2019 decreased by 9% y-o-y.

A 17% q-o-q production decline at the Zapolyarnaya pipe of the V.Munskoye deposit resulted from an 11% q-o-q decrease in ore processing due to a scheduled maintenance shutdown of the processing plant in Q2 and increased processing of the eastern ore body with a lower average grade (down 7% q-o-q).

Underground mining:

At the Udachnaya underground mine, a 13% q-o-q increase in diamond production in Q2 2019 was caused by a 19% q-o-q increase in ore processing driven by higher ore extraction volumes with an average grade declining by 6% q-o-q due to the processing of ore from lower-grade blocks. A 12% y-o-y growth for 6M 2019 came on the back of a 12% y-o-y increase in ore processing as a result of a scheduled ramp-up to design capacity.

Alluvial mining:

A 40% q-o-q decrease in diamond production at the Udachny Division's alluvial placers was caused by a reduction in gravel processing (down 40% q-o-q) driven by a partial replacement of gravel with higher-grade ore. A 22% y-o-y growth in diamond production in Q2 2019 was driven by a higher average diamond grade (up 24% y-o-y) attributable to the extraction of gravel from higher grade blocks in line with the mining plan.

A 53% y-o-y growth in diamond production in 6M 2019 was driven by a 14% y-o-y increase in gravel processing and higher average diamond grade (up 34% y-o-y) following the start of production at the higher-grade alluvials of the Zapolyarnaya pipe.

Nyurba Division operational overview

Nyurba Division accounted for 24% and 26% in ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively.

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	634	452	40%	413	54%	1,086	803	35%
Grade, cpt	3.73	4.93	(24%)	2.94	27%	4.23	3.87	9%
Diamond production, '000 cts	2,364	2,226	6%	1,212	95%	4,590	3,107	48%

*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*

Q2 diamond production was up 6% q-o-q (up 2.0% y-o-y) to **2,364,000 cts**. Ore and gravels processed in this period amounted to **634,000 t**, an increase of 40% q-o-q (up 54% y-o-y).

6M diamond production was up 48% y-o-y to **4,590,000 cts**. Ore and gravels processed in this period amounted to **1,086,000 t**, an increase of 35% y-o-y.

Open-pit mining:

At the Nyurbinskaya pipe, a 72% q-o-q (-12% y-o-y) decrease in diamond production in Q2 2019 was due to a 58% q-o-q decline (43% y-o-y rise) in ore processing and a larger scope of preparatory pre-mining operations at the open pit, as well as a 32% q-o-q decrease in the average grade (down 38% y-o-y) caused by the processing of low-grade ores extracted in Q1 2019.

6M diamond production at the Nyurbinskaya pipe reduced 9% y-o-y as a result of a 15% y-o-y decrease in average diamond grade caused by the processing of lower-grade ore extracted in Q1 2019 while the amount of processed ore increased 8% y-o-y.

At the Botuobinskaya pipe, a 87% q-o-q (11.2 times y-o-y) increase in diamond production in Q2 2019 was driven by a 2.1 times q-o-q (6.1 times y-o-y) rise in ore processing due to more intensive mining operations and operational efficiency improvement programme rolled out across all process stages.

6M diamond production at the Botuobinskaya pipe grew 4.7 times y-o-y due to the increase in ore processing after alluvial placers were excluded from production, and a higher average diamond grade (up 30% y-o-y).

Alluvial mining:

Q2 diamond production amounted to 432,000 cts, down 31% y-o-y, on the back of a 27% y-o-y decrease in gravel processing, as alluvial placers were excluded and no longer processed at processing plant No. 16, as well as a 5% decrease in the average grade on a y-o-y basis. There was no diamond production in Q1 2019.

Lomonosov Division (Severalmaz) operational overview

Lomonosov Division accounted for 10% and 11% in ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively.

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	901	798	13%	885	2%	1,699	1,743	(3%)
Grade, cpt	1.05	1.22	(14%)	0.96	9%	1.13	0.91	25%
Diamond production, '000 cts	947	975	(3%)	854	11%	1,922	1,583	21%

Lomonosov Division:
Arkhangelskaya pipe
Karpinskogo-1 pipe
Karpinskogo-2 pipe

Location: Arkhangelsk
Region, Russian
Federation

Q2 diamond production was down 3% q-o-q (up 11% y-o-y) to **947,000 cts**. Ore processing increased 13% q-o-q (up 2% y-o-y) to **901,000 t**.

6M diamond production was up 21% y-o-y to **1,922,000 cts**. Ore processed in this period amounted to **1,699,000 t**, down 3% y-o-y.

Open-pit mining:

At the Arkhangelskaya pipe, a 46% q-o-q growth in diamond production in Q2 2019 was caused by an increase in ore processing (up 37% q-o-q), with the average diamond grade up 6% q-o-q. A 58% y-o-y growth in production was attributable to an increase in ore processing (up 51% y-o-y) and a higher average diamond grade (up 5% y-o-y).

In 6M 2019, diamond production at the Arkhangelskaya pipe grew by 30% y-o-y thanks to an increase in ore processing (up 13% y-o-y) with the average diamond grade up 15% y-o-y.

At the Karpinskogo-1 pipe, a 42% q-o-q decrease in diamond production in Q2 2019 resulted from a decrease in ore processing on the back of larger volumes coming from the Arkhangelskaya pipe, as well as lower grade ore. A 31% y-o-y decline in diamond production was also caused by the redistribution of processed ore volumes in favour of ore from the Arkhangelskaya pipe.

A 9% y-o-y growth in diamond production at the Karpinskogo-1 pipe in 6M 2019 was driven by a higher average diamond grade (up 48% y-o-y) amid a reduction in ore processing (down 26% y-o-y).

Q2 processing of ore from the Karpinskogo-2 pipe amounted to 107,000 t, while production stood at 45,000 cts. In Q1 2019, ore from the Karpinskogo-2 pipe was not processed.

Almazy Anabara operational overview

Almazy Anabara accounted for 13% and 7% in ALROSA Group's total diamond production in Q2 2019 and 6M 2019, respectively.

	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Ore processing, '000 t	2,800	–	–	3,180	(12%)	2,800	3,180	(12%)
Grade, cpt	0.44	–	–	0.45	(3%)	0.44	0.45	(3%)
Diamond production, '000 cts	1,222	–	–	1,433	(15%)	1,222	1,433	(15%)

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

- **Q2 diamond production** at Almazy Anabara alluvial deposits amounted to 1,222,000 cts, down 15% y-o-y, due to last year's high base effect resulting from earlier than planned launch of production facilities boosted by favourable weather conditions in Q2 2018. Gravels processed in this period amounted to 2,800,000 t, down 12% y-o-y. Almazy Anabara conducts mining operations from April-May to October (weather permitting).

APPENDICES

Appendix 1. Diamond production

'000 cts	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Aikhal Division	2,896	2,773	4%	2,919	(1%)	5,669	5,729	(1%)
Jubilee pipe	2,143	2,251	(5%)	2,365	(9%)	4,394	4,696	(6%)
Aikhal underground mine	651	442	47%	447	46%	1,093	840	30%
Komsomolskaya pipe	102	80	29%	107	(4%)	182	192	(6%)
Mirny Division	1,003	469	2.1x	1,116	(10%)	1,472	2,284	(36%)
International underground mine	831	405	2.1x	940	(12%)	1,236	2,001	(38%)
Mir underground mine	–	–	–	9	(100%)	–	30	(100%)
Alluvial and technogenic deposits	172	64	2.7x	167	3%	237	253	(7%)
Udachny Division	1,303	1,380	(6%)	978	33%	2,683	1,795	50%
Udachnaya pipe	–	–	–	–	–	–	–	–
Udachny underground mine	743	659	13%	744	(0.1%)	1,402	1,248	12%
Zarnitsa pipe	169	217	(22%)	176	(4%)	386	422	(9%)
V.Munskoye deposit	320	385	(17%)	–	–	705	–	–
Alluvial deposits	71	119	(40%)	58	22%	190	125	53%
Nyurba Division	2,364	2,226	6%	1,212	95%	4,590	3,107	48%
Nyurbinskaya pipe	399	1,408	(72%)	452	(12%)	1,807	1,979	(9%)
Botuobinskaya pipe	1,533	819	87%	137	11.0x	2,351	504	4.7x
Alluvial deposits	432	–	–	624	(31%)	432	624	(31%)
Severalmaz	947	975	(3%)	854	11%	1,922	1,583	21%
Arkhangelskaya pipe	560	385	46%	355	58%	945	729	30%
Karpinskogo-1 pipe	342	590	(42%)	499	(31%)	932	854	9%
Karpinskogo-2 pipe	45	–	–	–	–	45	–	–
Almazy Anabara	1,222	–	–	1,433	(15%)	1,222	1,433	(15%)
Total	9,735	7,823	24%	8,511	14%	17,558	15,931	10%

Appendix 2. Ore and gravel processing

'000 t	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Aikhal Division	2,627	2,449	7%	2,664	(1%)	5,076	5,196	(2%)
Jubilee pipe	2,225	2,185	2%	2,296	(3%)	4,410	4,519	(2%)
Aikhal underground mine	124	77	61%	77	61%	201	158	27%
Komsomolskaya pipe	278	187	49%	291	(4%)	465	519	(10%)
Mirny Division	1,545	413	3.7x	1,451	7%	1,958	1,883	4%
International underground mine	156	70	2.2x	147	6%	226	306	(26%)
Mir underground mine	–	–	–	3	–	–	11	–
Alluvial and technogenic deposits	1,389	343	4.0x	1,300	7%	1,732	1,566	11%
Udachny Division	1,977	2,243	(12%)	1,519	30%	4,220	3,019	40%
Udachnaya pipe	–	–	–	–	–	–	–	–
Udachny underground mine	589	494	19%	589	–	1,083	967	12%
Zarnitsa pipe	662	822	(19%)	713	(7%)	1,484	1,555	(5%)
V.Munskoye deposit	512	573	(11%)	–	–	1,085	–	–
Alluvial deposits	214	354	(40%)	217	(1%)	568	497	14%
Nyurba Division	634	452	40%	413	54%	1,086	803	35%
Nyurbinskaya pipe	129	308	(58%)	90	43%	437	405	8%
Botuobinskaya pipe	306	144	113%	50	6.1x	450	125	3.6x
Alluvial deposits	199	–	–	273	(27%)	199	273	(27%)
Severalmaz	901	798	13%	885	2%	1,699	1,743	(3%)
Arkhangelskaya pipe	513	374	37%	341	51%	886	787	13%
Karpinskogo-1 pipe	279	424	(34%)	545	(49%)	703	956	(26%)
Karpinskogo-2 pipe	110	–	–	–	–	110	–	–
Almazy Anabara	2,800	–	–	3,180	(12%)	2,800	3,180	(12%)
Total	10,484	6,355	65%	10,112	4%	16,839	15,824	6%

Appendix 3. Grade

cpt	Q2 2019	Q1 2019	q-o-q	Q2 2018	y-o-y	6M 2019	6M 2018	y-o-y
Aikhal Division	1.10	1.13	(3%)	1.10	1%	1.12	1.10	1%
Jubilee pipe	0.96	1.03	(6%)	1.03	(6%)	1.00	1.04	(4%)
Aikhal underground mine	5.25	5.74	(9%)	5.80	(10%)	5.44	5.32	2%
Komsomolskaya pipe	0.37	0.43	(14%)	0.37	0.2%	0.39	0.37	5%
Mirny Division	0.65	1.14	(43%)	0.77	(16%)	0.75	1.21	(38%)
International underground mine	5.33	5.78	(8%)	6.39	(17%)	5.47	6.54	(16%)
Mir underground mine	–	–	–	2.58	–	–	2.88	–
Alluvial and technogenic deposits	0.12	0.19	(34%)	0.13	(3%)	0.14	0.16	(15%)
Udachny Division	0.66	0.62	7%	0.64	2%	0.64	0.59	7%
Udachnaya pipe	–	–	–	–	–	–	–	–
Udachny underground mine	1.26	1.33	(6%)	1.26	(0.1%)	1.29	1.29	0.3%
Zarnitsa pipe	0.26	0.26	(3%)	0.25	4%	0.26	0.27	(4%)
V.Munskoye deposit	0.62	0.67	(7%)	–	–	0.65	–	–
Alluvial deposits	0.33	0.34	(2%)	0.27	24%	0.34	0.25	34%
Nyurba Division	3.73	4.93	(24%)	2.94	27%	4.23	3.87	9%
Nyurbinskaya pipe	3.09	4.57	(32%)	5.02	(38%)	4.13	4.89	(15%)
Botuobinskaya pipe	5.01	5.68	(12%)	2.74	83%	5.23	4.03	30%
Alluvial deposits	2.17	–	–	2.28	(5%)	2.17	2.28	(5%)
Severalmaz	1.05	1.22	(14%)	0.96	9%	1.13	0.91	25%
Arkhangelskaya pipe	1.09	1.03	6%	1.04	5%	1.07	0.93	15%
Karpinskogo-1 pipe	1.23	1.39	(12%)	0.92	34%	1.32	0.89	48%
Karpinskogo-2 pipe	0.41	–	–	–	–	0.41	–	–
Almazy Anabara	0.44	–	–	0.45	(3%)	0.44	0.45	(3%)
Total	0.93	1.23	(25%)	0.84	10%	1.04	1.01	4%

GLOSSARY

gem-quality diamonds – diamonds used in jewellery

V.Munskoye deposit – 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)

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

t – tonne