



ALROSA Q3 and 9M 2021 operating results

Moscow, 15 October 2021 – ALROSA, a global leader in diamond production, reports its Q3 2021 diamond production of 8.8 m carats. Proceeds from rough and polished diamond sales totalled \$938 m.

Q3 and 9M 2021 trading update:

- **Q3 ore & gravels output** increased by 19% qoq to **9.5 mt** driven by resumed operations at the [Zarnitsa](#) and [Zarya](#) pipes (suspended in 2020). Output doubled yoy on the low base effect of 2020 (suspended operations at Zarya, Zarnitsa and V.Munskoye, reduced mining at Almazy Anabara). **9M** output increased by 8% to **26.1 mt**, driven by resumed mining and gradual ramp-up of the Udachny UG mine to its design capacity.
- **Q3 ore & gravels processing** increased by 58% qoq (-0.3% yoy) to **11.5 mt** due to a seasonal growth in the processing of gravels from Almazy Anabara and ore from the Udachny UG mine following the launch of processing plant No. 12. **9M** volumes were **24.5 mt** (-1%).
- **Q3 diamonds output** was up 26% qoq (-5% yoy) to **8.8 m ct**, driven by: 1) seasonal growth in gravels processing from Almazy Anabara, 2) increased processing of ore at the Udachny Division, and 3) planned rise in output at the Nyurbinskaya pipe. **9M output** rose by 1% to **23.3 m ct**.
- **Q3 diamond grade** was seasonally down 20% qoq to **0.76 cpt** on increased production at alluvials. **9M** grade went up 3% to **0.95 cpt** as a result of a drop in the share of gravel processing at Almazy Anabara and increased processing of ore from the Udachny mine.
- **Q3 diamond sales reached 9.2 m ct**, incl. 0.7 m ct of diamonds purchased as part of Gokhran auctions in Q2 and Q3 2021, a decline of 20% qoq (+83% yoy) mainly due to the lack of rough diamond inventories available for sale and the high base effect of Q2 (Q2 sales totalled 11.4 m ct, incl. 4.5 m ct from inventories). Sales of gem-quality diamonds amounted to 6.5 m ct (-13% qoq). **9M** sales were up 1.4x to **36.1 m ct**, incl. 0.9 m ct purchased as part of Gokhran auctions and 12.9 m ct from inventories. Sales of gem-quality and industrial diamonds amounted to 23.7 m ct (+2.1x) and 12.4 m ct (+3.5x), respectively.
- **Diamond inventories as at the end of Q3** increased by 0.2 m ct qoq to **8.6 m ct**. **Ore and gravels inventories** saw a seasonal decline to **11.0 mt** (-24% qoq and -19% yoy).
- **Average realised price for gem-quality diamonds in Q3** declined by 6% qoq to **\$136/ct** due to changes in the sales mix on the back of increased supplies from assets with lower prices. The 2% yoy growth amid a 22% yoy uptick in the price index was driven by the normalisation of sales volumes and changes in the sales mix.

- **Q3 average price index** gained 10% qoq (+22% yoy), +25% YTD and +12% to early 2020 level, reaching Q2 2018 level.
- **Diamond (rough and polished) sales in Q3 reached \$938 m** (-20% qoq and +59% yoy), incl. \$904 m from rough and \$34 m from polished diamond sales. **9M sales** delivered a 2.1x growth to **\$3,274 m**, incl. \$3,133 m from rough and \$141 m from polished diamond sales.
- **Market update:** jewelry demand is strong in all the key markets. At the same time, rough diamonds stocks at miners are at minimal levels as supply structurally dropped. The Company sees a limited risk of any meaningful supply response globally.

	<i>Unit</i>	Q3 2021	Q2 2021	<i>qoq</i>	Q3 2020	<i>yoy</i>
Ore and gravels output	<i>mt</i>	9.5	8.0	19%	4.7	2x
Ore and gravels processing	<i>mt</i>	11.5	7.3	58%	11.5	(0.3%)
Grade	<i>cpt</i>	0.76	0.96	(20%)	0.80	(5%)
Diamond production	<i>m ct</i>	8.8	7.0	26%	9.2	(5%)
Ore and gravels inventories*	<i>mt</i>	11.0	14.4	(24%)	9.2	19%
Diamond inventories	<i>m ct</i>	8.6	8.4	2%	30.6	(72%)
Average realised price (total)	<i>\$/ct</i>	98.7	96.5	2%	110.3	(10%)
Average realised price for gem-quality diamonds	<i>\$/ct</i>	136.0	145.3	(6%)	132.9	2%
Price index**		1.04	0.95	10%	0.85	22%
Diamond sales, incl.	<i>m ct</i>	9.2	11.4	(20%)	5.0	83%
<i>gem-quality diamonds</i>	<i>m ct</i>	6.5	7.5	(13%)	4.1	58%
Revenue from sales, incl.	<i>\$ m</i>	938	1,176	(20%)	589	59%
<i>rough diamonds</i>	<i>\$ m</i>	904	1,103	(18%)	553	63%
<i>polished diamonds</i>	<i>\$ m</i>	34	73	(53%)	36	(4%)

* Balance inventories of ore and gravels (excl. off-balance inventories). For details, see [Q3&9M 2021 ALROSA Trading Update EXCEL](#)

** For gem-quality diamonds. For quarterly indicators Q1 2017 = 1.00.

Diamond market overview

- **End demand** remained stable in the key USA market and was supported by demand recovery in other regions, including Europe, the world's third largest jewelry market. In China, demand growth slowed down as a number of drivers impacted the country's overall economic growth. The market is optimistic about the upcoming Christmas season, which in the USA will see an earlier than usual start this year. Jewelers started placing orders for polished diamonds as early as July.
- **Midstream** has been gradually ramping up its cutting capacity after stocking up on rough diamonds in the first half of the year. Increased production of polished diamonds is due to completion of holiday orders for the USA before Indian cutters close down for the Diwali festival celebration, which will start on 4 November and last two to three weeks. Polished diamond prices stabilised in August and September, supported by solid demand from the USA and a seasonal increase in the inventories of some of the categories of polished diamonds.
- **Demand for rough diamonds** remains strong. Supply shortages will continue to be offset by a recovery in rough diamond prices. The rough diamond price index has returned to the 2018 levels, with polished diamond prices surpassing the 2018 average. ALROSA maintains its policy of satisfying only requests backed by the real demand to ensure sustainability of the whole diamond pipeline.

Hereinafter, data on Q3 and 9M 2021 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 until the end of 2021 (*Investor calendar*)

10 November	October 2021 sales results
11 November	Q3 and 9M 2021 IFRS results – conference call with management
10 December	November 2021 sales results

PRELIMINARY SALES RESULTS

Sales

Q3: 9.2 m ct

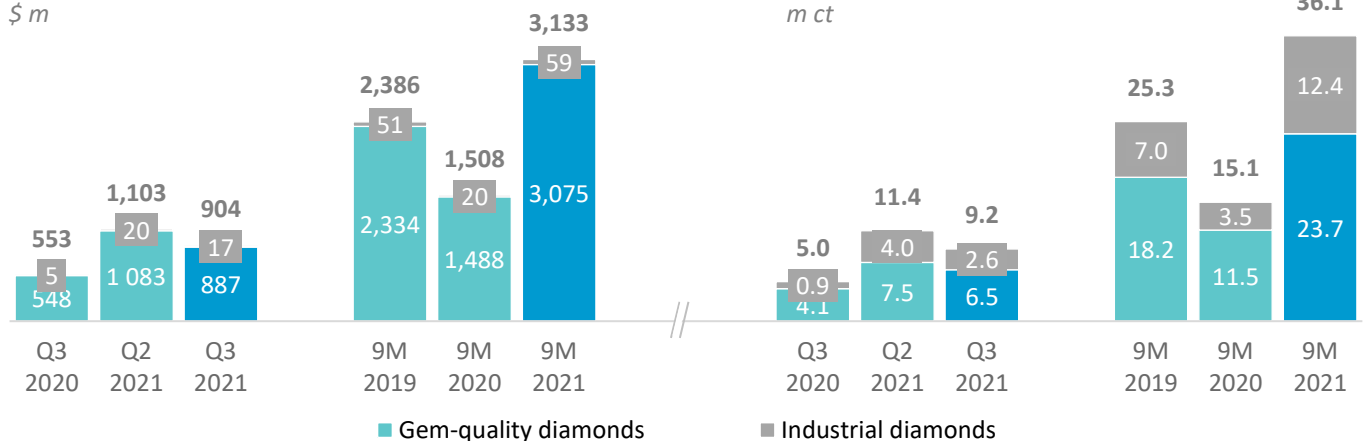
9M: 36.1 m ct

- **Diamond sales in Q3** declined by 20% qoq (+83% yoy) on the back of the high base effect of Q2 to reach **9.2 m ct**, including 0.7 m ct purchased as part of Gokhran auctions in Q2 and Q3 2021 and 0.4 m ct from inventories (with 4.5 m ct sold from inventories in Q2). The sales of gem-quality and industrial diamonds amounted to 6.5 m ct and 2.6 m ct, respectively.

9M sales were up 1.4x yoy to **36.1 m ct**, incl. 0.9 m ct purchased as part of Gokhran auctions and 12.9 m ct from inventories. The sales of gem-quality and industrial diamonds amounted to 23.7 m ct and 12.4 m ct, respectively.

Diamond sales

\$ m



Inventories

8.4 m ct

- **Diamond inventories as at the end of Q3** amounted to **8.6 m ct** (+0.2 m ct qoq). Sales growth ahead of production was driven by the sales of diamonds purchased as part of Gokhran auctions. Inventories declined by 12.1 m ct year-to-date following their sales in 1H 2021.

Total sales

(incl. polished diamonds)

Q3: \$938 m

9M: \$3,274 m

Diamond sales

Q3: \$904 m

9M: \$3,133 m

- **Q3 total sales** amounted to **\$938 m** (-20% qoq and +59% yoy), incl. \$904 m in diamond sales (excl. polished) (-18% qoq and +63% yoy).

Total sales for 9M reached **\$3,274 m** (+2.1x yoy or +36% vs 9M 2019), incl. \$3,133 m in diamond sales (excl. polished) (+2.1x or +31% vs 9M 2019).

- **Polished diamond sales in Q3** declined by 34% qoq to \$34 m (-4% yoy) on the back of the high base effect of Q2 related to the sale of the previously accumulated stocks and [the unique Spectacle diamond](#) in May. **9M** polished diamond sales doubled yoy (+3.8x vs 2019) to **\$141 m**, driven by the consolidation of Kristall Group.

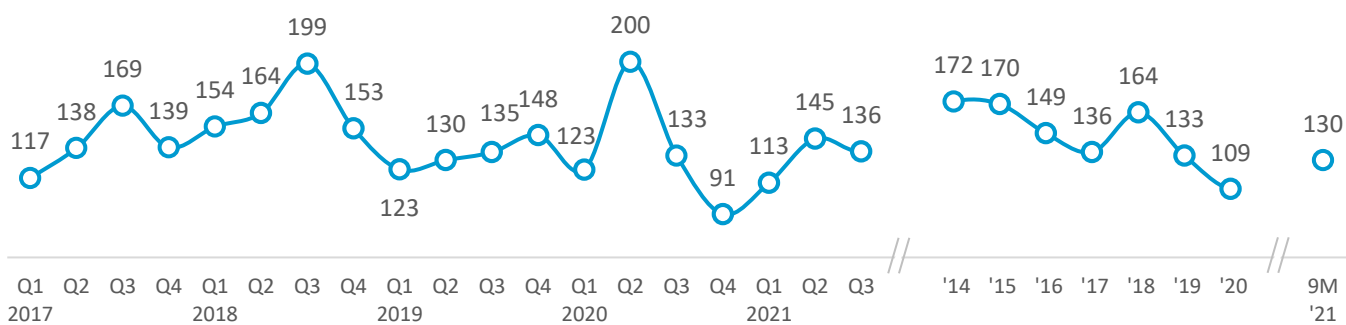
Average realised price for gem-quality diamonds

Q3: \$136/ct

- **Average realised price for gem-quality diamonds in Q3** declined by 6% qoq to **\$136/ct** on the back of increased supplies of lower priced rough diamonds from Severalmaz, coupled with a 10% qoq growth in the price index. The 2% yoy growth amid a 22% yoy uptick in the price index was driven by the normalisation of sales mix and volumes.

Average realised prices for gem-quality diamonds

\$/ct



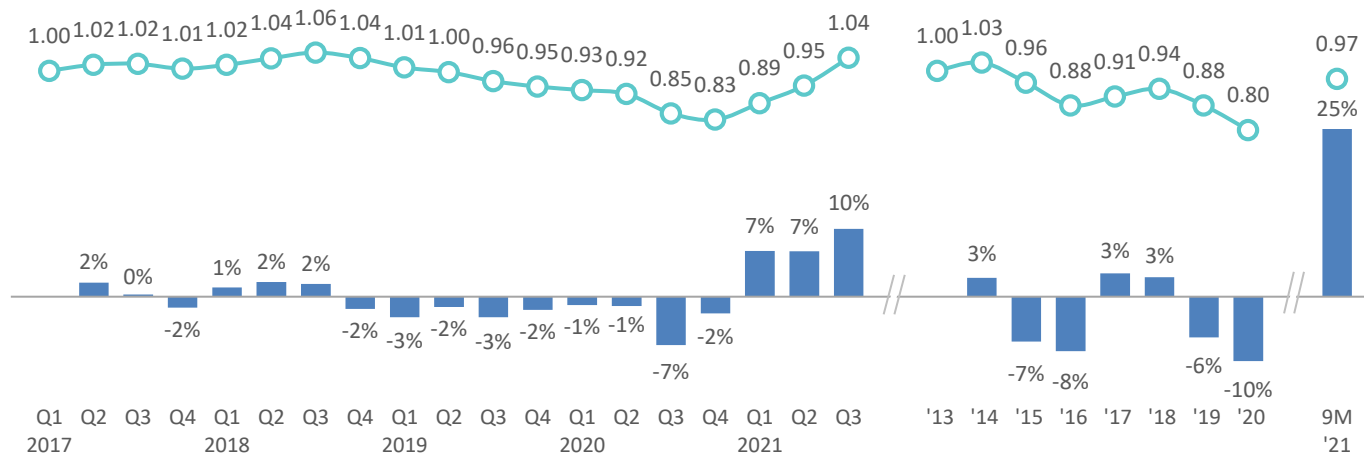
- **Q3 average price index** gained 10% qoq (+22% yoy). The price index grew by 25% YTD and exceeded the pre-pandemic price level of early 2020 by 12%.

Gem-quality diamond price indices

qoq

yoy

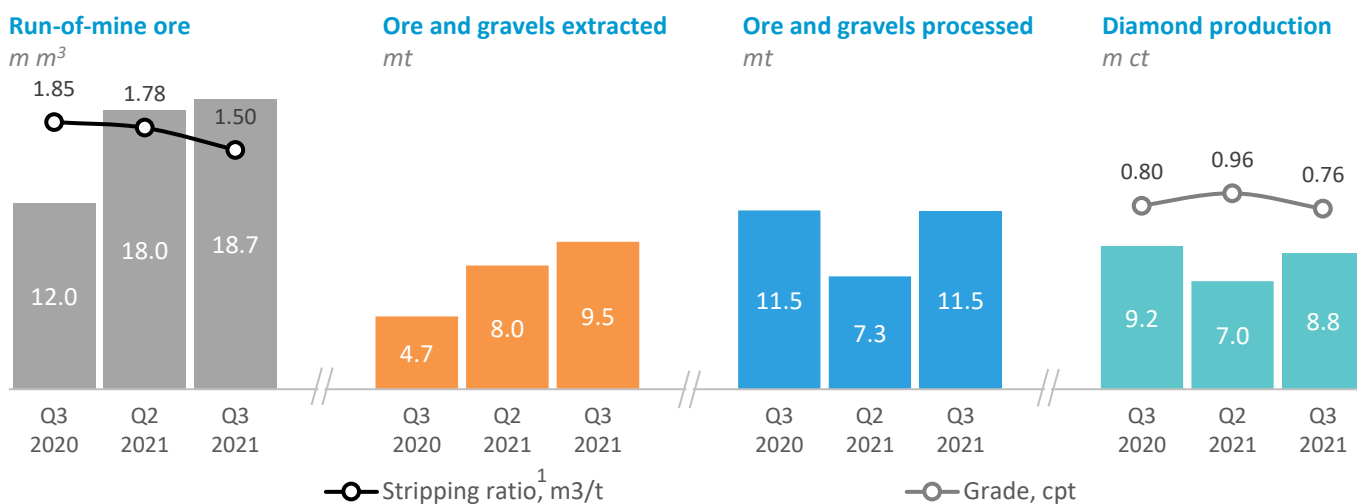
YTD*



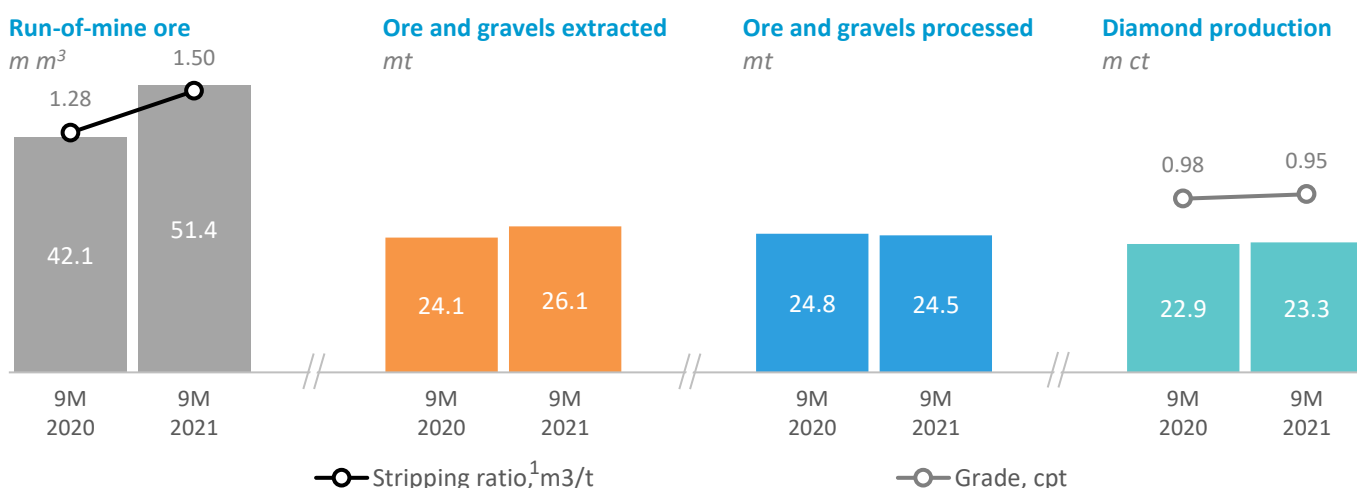
* December 2013 = 1.00.

PRODUCTION

Key highlights for Q3 2021



Key highlights for 9M 2021



Run-of-mine ore
Q3: 18.7 m m³
9M: 51.4 m m³

- **Q3 run-of-mine ore** grew by 4% qoq to **18.7 m m³** due to (1) resumed mining operations at the [Zarnitsa](#) and [Zarya](#) pipes following their temporary suspension in 2020, (2) a seasonal growth in mining operations at the Mirny and Nyurba Divisions' alluvial deposits. The 56% yoy increase came as a result of resumed mining at the V.Munskoye deposit and the Severalmaz and Almazy Anabara deposits after temporary suspension in 2020. This also explains run-of-mine ore growth in **9M** to **51.4 m m³** (+22%).
- **Q3 stripping ratio** dropped by 16% qoq (-19% yoy) to 1.50 m³/t on the back of an increase in ore and gravels extraction by 19% qoq (+2x yoy) due to resumed mining operations at the Zarnitsa and Zarya pipes following their temporary suspension in 2020. **9M** stripping ratio was 1.50 m³/t, up 17% owing to increased stripping operations at the V.Munskoye deposit and the Severalmaz

¹ The stripping ratio is calculated as rock moved in cubic metres (including pre-mining and pre-stripping) divided by ore and gravels output (in tonnes).

deposits after the temporary suspension of mining in 2020 as part of the anti-crisis measures taken to reduce output.

Ore and gravels output

Q3: 9.5 mt

9M: 26.1 mt

- **Q3 ore and gravels output** grew by 19% qoq to **9.5 mt** mainly as a result of resumed mining operations at the [Zarnitsa](#) and [Zarya](#) pipes after their suspension in 2020. A 2x yoy growth was due to the decision taken in 2020 to temporarily suspend mining at the Zarya and Zarnitsa deposits and the V.Munskoye deposit, as well as reduced mining at the Almazy Anabara deposits envisaged by anti-crisis measures.

9M ore and gravels output increased by 8% to **26.1 mt** as a result of the decision taken in 2020 to temporarily suspend mining at the V.Munskoye deposit as part of the anti-crisis measures and due to the ramp-up of the Udachny UG mine to design capacity.

Ore and gravels processing

Q3: 11.5 mt

9M: 24.5 mt

- **In Q3, ore and gravels processing** increased by 58% qoq (-0.3% yoy) to **11.5 mt**, predominantly as a result of a seasonal growth in the processing of gravels from the Almazy Anabara alluvial deposits coupled with increased ore processing at the Udachny UG mine due to the low base effect of Q2 after the shutdown of processing plant No. 12 in May-July for scheduled preventive maintenance.

9M ore and gravels processing amounted to **24.5 mt** (-1%).

- **Ore and gravels³ inventories as at the end of Q3** declined by 24% qoq (+19% yoy) and reached **11.0 mt** (14.4 mt as at the end of Q2) as processing exceeded production primarily due to the seasonality of operations performed at Almazy Anabara.

Average diamond grade

Q3: 0.76 cpt

9M: 0.95 cpt

- **Q3 average diamond grade** seasonally decreased by 20% qoq to **0.76 cpt** (Q2 2021: 0.96 cpt) mainly due to an increase in the share of lower-grade Almazy Anabara gravels in processing. The 5% yoy grade decrease was driven by a lower grade at the Almazy Anabara deposits following the suspension of operations at Ebelyakh since Q4 2020 as part of anti-crisis measures ([press release](#)).

- **9M average diamond grade** grew by 3% to **0.95 cpt** due to a decrease in the share of lower-grade Almazy Anabara gravels in processing and a larger share of higher-grade ore processing at the Udachny mine.

Diamond production

Q3: 8.8 m ct

9M: 23.3 m ct

- **Q3 diamond production** increased by 26% qoq to **8.8 m ct** mainly due to:
 - (1) seasonal growth in gravels processing from the Almazy Anabara deposits;
 - (2) increase in the processing of ore from the Udachny UG mine due to scheduled preventive maintenance in May-July at Udachny Division's processing plant No. 12;
 - (3) planned rise in output at the Nyurbinskaya pipe.

The 5% yoy drop came on the back of (1) decreased processing volumes and lower average grade at the Almazy Anabara deposits due to the suspension of operations at the Ebelyakh alluvial deposit since Q4 2020 as part of the anti-crisis measures, (2) lower average grade at the Jubilee pipe in line with the

³ Balance inventories of ore and gravels (excl. off-balance inventories). For details, see Q3&9M 2021 ALROSA Trading Update_EXCEL

mining direction, and (3) seasonal shutdown in Q2–Q3 2021 of processing plant No. 3 running on ore from the International UG mine.

In **9M**, diamond production amounted to **23.3 m ct** (+1%).

Q3 open-pit mining amounted to **5.1 m ct** (+1% qoq). The 68% yoy growth came as a result of the Nyurba Division's processing plants being predominantly fed with ore following a decrease in gravel processing, which also caused **9M** open-pit mining to increase to **15.2 m ct** (+26%).

In **Q3 and 9M 2021**, **open-pit mining** accounted for **58%** and **65%** of total diamond production, respectively.

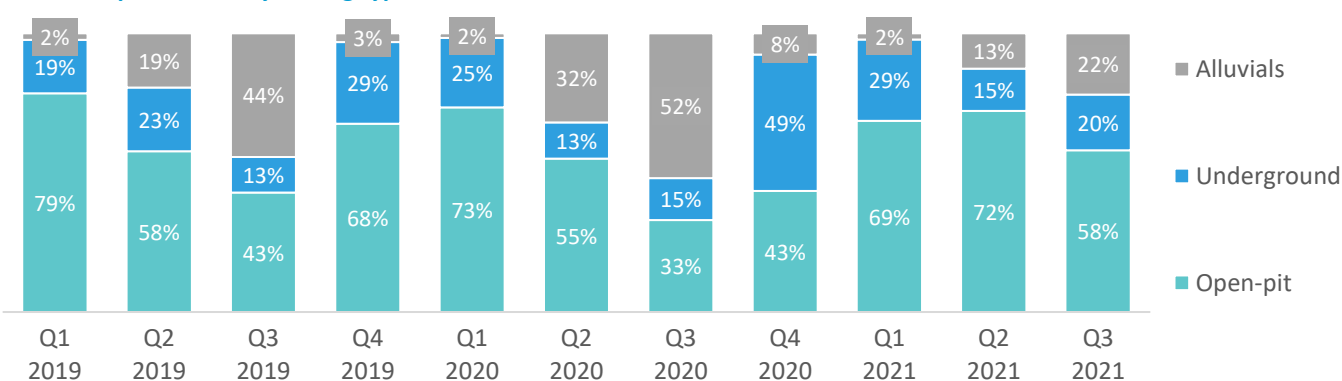
- **Underground mining** added 59% qoq to reach **1.7 m ct** on the back of an increase in processed ore from the Udachny UG mine resulting from scheduled maintenance at processing plant No. 12 in May-July. The 24% yoy growth was driven by larger volumes of processed ore from the Udachny and Aikhal UG mines due to the low base effect of the previous year as a result of the anti-crisis measures implemented in 2020, which also led to a 22% increase in **9M** underground mining to **5.0 m ct**.

In **Q3 and 9M 2021**, **underground mining** accounted for **20%** and **22%** of total production, respectively.

- **Alluvial mining in Q3** grew seasonally to **2.0 m ct** (+2.2x qoq). It shrank by 59% yoy in **Q3** and by 55% in **9M** (to **3.0 m ct**) due to the planned reduction in gravel processing from the Nyurba Division's alluvial deposits and lower production at Almazy Anabara.

In **Q3 and 9M 2021**, **alluvials** accounted for **23%** and **13%** of total production, respectively.

Diamond production by mining type



PERFORMANCE BY DIVISION

Aikhal Division operational overview

Accounted for 22% and 27% in ALROSA Group's total diamond production in Q3 2021 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Ore processing, '000 t	2,158	1,683	28%	2,299	(6%)	6,005	6,633	(9%)
Grade, cpt	0.90	1.20	(24%)	0.84	7%	1.03	1.08	(4%)
Diamond production, '000 ct	1,952	2,012	(3%)	1,937	1%	6,200	7,169	(14%)

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

Ore processed in Q3 amounted to **2.2 mt** (+28% qoq and -6% yoy). **9M ore processing: 6.0 mt, down 9%** mainly due to the suspension of mining at the Zarya pipe from May 2020 to June 2021.

Q3 diamond production: 2.0 m ct (-3% qoq and +1% yoy). These results stem from a lower average diamond grade, which is attributable to an increase in the share of ore from the Zarya pipe in processing, as well as a reduced average grade at the Jubilee pipe. **9M diamond production** shed 14% to reach **6.2 m ct** mainly due to lower ore processing volumes, as well as a reduced average grade at the Jubilee pipe amid increased production of lower-grade ore.

Open-pit mining

Jubilee:

- **Q3 and 9M:** production decreased by 17% qoq (-32% yoy) to 1.2 m ct for Q3 and 4.5 m ct for 9M due to a lower average diamond grade in line with the mining direction (a focus on lower-grade blocks).

Zarya:

- **Q3 and 9M:** production amounted to 61,000 ct. No production operations were conducted in 1H 2021 following the decision to suspend mining at the deposit from 15 May 2020 as part of anti-crisis measures. [Mining was resumed in June 2021](#), with the processing of Zarya ore resuming in Q3 2021.

Underground mining

Aikhal:

- **Q3:** a 24% qoq growth in production to 0.7 m ct came from the planned increase in ore processing volumes. An 8.2x yoy growth was attributable to the suspension of mining operations from 15 May to 30 September 2020.
- **9M:** a 29% qoq surge in production to 1.7 m ct comes from a 36% increase in ore processing volumes as a result of the low base effect from the previous year (suspension of mining operations from 15 May to 30 September 2020 as part of anti-crisis measures).

Mirny Division operational overview

Accounted for 1% and 4% in ALROSA Group's total diamond production in Q3 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Ore and gravels processing, '000 t	1,473	1,031	43%	1,463	1%	2,937	2,881	2%
Grade, cpt	0.07	0.09	(28%)	0.47	(86%)	0.29	0.51	(43%)
Diamond production, '000 ct	96	93	4%	691	(86%)	843	1,463	(42%)

Mirny Division:

- Mir pipe
- International pipe
- Alluvial deposits

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

In Q3 and 9M, ore and gravels processing amounted to 1.5 mt (+43% qoq and +1% yoy) and 2.9 mt (+2%), respectively.

Q3 and 9M diamond production totalled 96,000 ct (+4% qoq and -86% yoy) and 0.8 m ct (-42%), respectively. The decline versus the previous year was due to the suspension of ore processing at the International pipe as a result of a switch of processing plant No. 3 to a seasonal operating mode.

Underground mining

International:

- In Q3, ore from the deposit was not processed due to the scheduled shutdown of processing plant No. 3 for off-season downtime: in order to optimise utilisation of processing capacities, the plant switched to a new operating mode with seasonal suspension for the period from 1 April to 30 September. During the downtime of processing plant No. 3, diamonds are mined exclusively with dredges.
- 9M diamond production dropped by 56% to 0.5 m ct due to a lower average grade as a result of increased processing of ores from lower-grade blocks in line with the mining direction and scheduled shutdown of processing plant No. 3 for off-season downtime.

Alluvial mining

- Q3 diamond production saw a 4% qoq uptick (-23% yoy) to 96,000 ct thanks to an increase in gravel processing as a result of a longer period of dredging operations in Q3. The 23% yoy decrease stemmed from the suspended processing of higher-grade gravels from the Vodorazdelnye Galechniki caused by the scheduled shutdown of processing plant No. 3 (see the comment above).
- 9M gravels output stood at 0.4 m ct (+1%).

Udachny Division operational overview

Accounted for 16% and 20% in ALROSA Group's total diamond production in Q3 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Ore processing, '000 t	1,566	1,264	24%	726	2.2x	5,240	3,095	69%
Grade, cpt	0.90	0.89	1%	1.08	(17%)	0.87	0.75	17%
Diamond production, '000 ct	1,405	1,128	25%	784	79%	4,577	2,309	98%

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

Ore processed in Q3 amounted to **1.6 mt**, up 24% qoq (+2.2x yoy) as a result of resumed operations at processing plant No. 12 after a scheduled shutdown for summer preventive maintenance (from May 16 to July 21). Ore processed in **9M** was **5.2 mt** (+69%): low base effect of 2020 owing to anti-crisis measures taken to reduce production (suspension of mining at the Zarnitsa pipe from 1 May 2020 to 30 June 2021 and the Zapolyarnaya pipe (V.Munskoye deposit) from 1 June to 1 October 2020, suspension of processing plant No. 12 from 1 May to 1 September 2020).

Q3 diamond production was **1.4 m ct** (+25% qoq and +79% yoy) due to an increase in processing volumes following the resuming of operations at processing plant No. 12. **9M diamond production** saw a 2x increase to **4.6 m ct** as a result of the low base effect from the previous year (9M 2020: 2.3 m ct; 9M 2019: 4.4 m ct), as well as an increase in the average grade thanks to higher volumes of processing of ore from the Udachny UG mine and replacement of Zarnitsa ores with higher-grade ore from the V.Munskoye deposit.

Open-pit mining

Zarnitsa:

- In **Q3**, no production operations were conducted.
- **9M** saw the processing of small amounts of ore from the remaining stockpiles, with diamond production totalling 31,000 ct. In 2019, a decision was taken to suspend mining operations at the deposit from 1 May 2020. [Mining resumed from 1 July 2021](#), with ore processing from the deposit slated for 2022.

Zapolyarnaya (V.Munskoye deposit):

- **Q3 diamond production** decreased by 41% qoq to 0.3 m ct due to shifts in processing, wherein ore from the V.Munskoye deposit was replaced with higher-grade ore from the Udachny UG mine. The 26x yoy growth came from the suspension of mining and operations at processing plant No. 12 in 2020 as part of the anti-crisis measures taken to reduce output in 2020. It also explains the production increase for **9M** to 1.7 m ct (+6x; 9M 2020: 0.3 m ct; 9M 2019: 1.2 m ct).

Underground mining

Udachnaya:

- **Q3** saw a 91% qoq surge in production to 1.1 m ct as a result of resumed operations at processing plant No. 12. The 45% yoy increase was driven by

the suspension of operations at processing plant No. 12 in 2020, which also triggered a 66% increase in **9M** production to 2.8 m ct.

Nyurba Division operational overview

Accounted for 36% and 33% in ALROSA Group's total diamond production in Q3 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Ore and gravels processing, '000 t	871	628	39%	914	(5%)	1,987	1,982	0.3%
Grade, cpt	3.62	3.54	2%	2.36	53%	3.87	2.98	30%
Diamond production, '000 ct	3,157	2,224	42%	2,161	46%	7,688	5,910	30%

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

Ore and gravels processing increased by 39% to **0.9 mt** (-5% yoy) as a result of a seasonal increase in the processing of gravels from alluvial deposits and a planned increase in the processing of ore from the Nyurbinskaya pipe. **9M** processing was up 0.3% to **2.0 mt**.

Q3 diamond production totalled **3.2 m ct** (+42% qoq and +46% yoy). **9M diamond production** increased by 30% to **7.7 m ct** due to a change in the processing mix with a lower share of gravels.

Open-pit mining

Nyurbinskaya:

- **Q3 and 9M diamond production** went up by 63% qoq (+16x yoy) to 1.1 m ct and by 87% to 3.2 m ct, respectively. This was caused by the planned increase in the processing of ore to make up for excluding lower-grade gravels from the Nyurbinskaya placer from the 2021 schedule of processing plant No. 16.

Botuobinskaya:

- **Q3 diamond production** went up by 5% qoq to 1.2 m ct (+19.8x yoy) due to the processing of a larger share of ore from the higher-grade parts of the pipe.
- **9M diamond production** grew 2.4x to 3.2 m ct, driven by an increase in the share of ore processed at processing plant No. 16 due to a lower share of gravels.

Alluvial mining in Q3 came in at 0.9 m ct, up 2x qoq due to the seasonality of operations. It shrank by 58% yoy in **Q3** and by 56% in **9M** (to 1.3 m ct) as a result of a planned reduction in gravels processing in 2021.

Severalmaz operational overview

Accounted for 13% and 11% in ALROSA Group's total diamond production in Q3 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Ore processing, '000 t	783	861	(9%)	843	(7%)	1,899	2,119	(10%)
Grade, cpt	1.45	1.32	9%	1.17	24%	1.35	1.21	12%
Diamond production, '000 ct	1,132	1,139	(1%)	986	15%	2,559	2,558	0.05%

Severalmaz

(Lomonosov Division):

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

Location: Arkhangelsk
Region, Russian
Federation

Ore processing in Q3 was at **0.8 mt** (-9% qoq and -7% yoy) as the scheduled preventive maintenance at the processing plant was moved from October to September. **9M ore processing** amounted to 1.9 mt, down 10% yoy due to a longer downtime of the processing plant in 9M 2021 resulting from the anti-crisis measures taken in May 2020 to cut diamond production, and also from the scheduled preventive maintenance moved from October to September.

Q3 diamond production was at **1.1 m ct**, down 1% qoq (+15% yoy) due to a 9% qoq decrease in the volumes of ore processed offset by a higher average grade on the back of processing ore from the richer parts of the pipes.

- Arkhangelskaya: 0.5 m ct (+4% qoq and -12% yoy).
- Karpinskogo-1: 0.6 m ct (-5% qoq and +56% yoy).

9M diamond production was at 2.6 m ct, unchanged yoy, with ore processing down 10%, offset by a 12% higher average grade on the back of processing ore from the richer parts of the pipes.

Almazy Anabara operational overview

Accounted for 12% and 6% in ALROSA Group's total diamond production in Q3 and 9M 2021, respectively

	Q3 2021	Q2 2021	qoq	Q3 2020	yoy	9M 2021	9M 2020	qoq
Gravels processing, '000 t	4,640	1,800	2.6x	5,280	(12%)	6,440	8,080	(20%)
Grade, cpt	0.22	0.20	9%	0.51	(56%)	0.22	0.44	(51%)
Diamond production, '000 ct	1,024	366	2.8x	2,678	(62%)	1,390	3,534	(61%)

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

Q3 diamond production was at **1.0 m ct**, with a seasonal increase of 2.8x qoq. A decrease by 62% yoy in Q3 and by 61% in **9M (to 1.4 m ct)** follows the decision to suspend operations at the Ebelyakh alluvial deposit from Q4 2020 as part of the [anti-crisis measures taken in 2020 to cut diamond production](#).

Almazy Anabara conducts mining operations from May/June to September (weather permitting).

APPENDICES

Appendix 1. Diamond production

'000 ct	Production method	Q3 2021	Q2 2021	qoq	Q3 2020	yoy
Aikhal Division		1,952	2,012	(3%)	1,937	1%
Jubilee pipe	Open pit	1,240	1,488	(17%)	1,814	(32%)
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	652	524	24%	80	8.2x
Zarya pipe	Open pit	61	-	-	43	43%
Mirny Division		96	93	4%	691	(86%)
International mine	Underground	-	-	-	566	(100%)
Alluvial deposits	Alluvials	96	93	4%	125	(23%)
Udachny Division		1,405	1,128	25%	784	79%
Zarnitsa pipe	Open pit	-	3	(100%)	30	(100%)
Zapolyarnaya pipe	Open pit	334	565	(41%)	13	25.9x
Udachny mine	Underground	1,071	561	91%	741	45%
Nyurba Division		3,157	2,224	42%	2,161	46%
Nyurbinskaya pipe	Open pit	1,145	701	63%	71	16x
Botuobinskaya pipe	Open pit	1,156	1,103	5%	59	19.8x
Alluvial deposits	Alluvials	856	421	2x	2,031	(58%)
Severalmaz		1,132	1,139	(1%)	986	15%
Arkhangelskaya pipe	Open pit	528	505	4%	599	(12%)
Karpinskogo-1 pipe	Open pit	604	634	(5%)	387	56%
Almazy Anabara	Alluvials	1,024	366	2.8x	2,678	(62%)
Total		8,766	6,962	26%	9,235	(5%)

Appendix 2. Ore and gravels processing

'000 t	Production method	Q3 2021	Q2 2021	qoq	Q3 2020	yoy
Aikhal Division		2,158	1,683	28%	2,299	(6%)
Jubilee pipe	Open pit	1,785	1,578	13%	2,120	(16%)
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	137	105	30%	12	11.4x
Zarya pipe	Open pit	236	-	-	167	41%
Mirny Division		1,473	1,031	43%	1,463	1%
International mine	Underground	-	-	-	109	(100%)
Alluvial deposits	Alluvials	1,473	1,031	43%	1,354	9%
Udachny Division		1,566	1,264	24%	726	2.2x
Zarnitsa pipe	Open pit	-	13	(100%)	117	(100%)
Zapolyarnaya pipe	Open pit	478	834	(43%)	23	20.8x
Udachny mine	Underground	1,088	417	2.6x	586	86%
Nyurba Division		871	628	39%	914	(5%)
Nyurbinskaya pipe	Open pit	298	175	70%	36	8.3x
Botuobinskaya pipe	Open pit	233	288	(19%)	24	9.7x
Alluvial deposits	Alluvials	340	165	2.1x	854	(60%)
Severalmaz		783	861	(9%)	843	(7%)
Arkhangelskaya pipe	Open pit	456	474	(4%)	555	(18%)
Karpinskogo-1 pipe	Open pit	328	387	(15%)	288	14%
Almazy Anabara	Alluvials	4,640	1,800	2.6x	5,280	(12%)
Total		11,491	7,266	58%	11,525	(0.3%)

Appendix 3. Grade

cpt	Production method	Q3 2021	Q2 2021	qoq	Q3 2020	yoy
Aikhal Division		0.90	1.20	(24%)	0.84	7%
Jubilee pipe	Open pit	0.69	0.94	(26%)	0.86	(19%)
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	4.76	4.99	(5%)	6.64	(28%)
Zarya pipe	Open pit	0.26	-	-	0.26	1%
Mirny Division		0.07	0.09	(28%)	0.47	(86%)
International mine	Underground	-	-	-	5.22	(100%)
Alluvial deposits	Alluvials	0.07	0.09	(28%)	0.09	(29%)
Udachny Division		0.90	0.89	1%	1.08	(17%)
Zarnitsa pipe	Open pit	-	0.23	(100%)	0.25	(100%)
Zapolyarnaya pipe	Open pit	0.70	0.68	3%	0.56	24%
Udachny mine	Underground	0.98	1.34	(27%)	1.26	(22%)
Nyurba Division		3.62	3.54	2%	2.36	53%
Nyurbinskaya pipe	Open pit	3.84	4.00	(4%)	1.99	94%
Botuobinskaya pipe	Open pit	4.96	3.83	30%	2.44	2x
Alluvial deposits	Alluvials	2.52	2.55	(1%)	2.38	6%
Severalmaz		1.45	1.32	9%	1.17	24%
Arkhangelskaya pipe	Open pit	1.16	1.07	9%	1.08	7%
Karpinskogo-1 pipe	Open pit	1.84	1.64	13%	1.34	37%
Almazy Anabara	Alluvials	0.22	0.20	9%	0.51	(56%)
Total		0.76	0.96	(20%)	0.80	(5%)

Appendix 4. Diamond, ore and gravels inventories

Inventories (as at the end of the period)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Diamonds, m ct	8.6	8.4	12.8	20.7	30.6	26.3	21.1	22.6	21.7	15.9
Ore and gravels*, mt	11.0	14.4	13.8	10.2	9.2	16.2	14.0	9.9	7.2	15.5

* Balance inventories of ore and gravels (excl. off-balance inventories). For details, see [Q3&9M 2021 ALROSA Trading Update EXCEL](#)

GLOSSARY

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

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

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

Gem-quality diamonds – diamonds used in jewelry

Off-balance inventories of ore and gravels – ore and gravels with grades below the minimal commercial cut-off (in quantitative and qualitative terms).

Stripping ratio is calculated as rock moved in cubic metres (incl. pre-stripping and pre-mining) divided by ore and gravels output (in tonnes)

t – tonne

V.Munskoye deposit – the Udachny Division’s Verkhne-Munskoye deposit, incl. the Zapolyarnaya pipe