

The Excerpts from the Inner Rules and Auction Procedure adopted by OJSC ALROSA to regulate sales of diamonds by closed auctions

- 1. Sealed envelopes with bid offers enclosed will be unsealed on the fixed day and time at the meeting of the Auction Committee. The bidders have a right to attend when the seals are broken provided he/she has sent in an appropriate notice at least three workdays prior to the meeting.**
- 2. The bidder who has made the highest bid offers will be entitled to purchase the lot.**
- 3. The auction is pronounced abortive in case there are fewer than two bidders.**
- 4. In the event two or more bidders have made equally high bid offers for one or several lots, the Organizer ensures that subsequent bidding of the two parties takes place on general grounds set out herein. If subsequent bidding for the lot (lots) is not conclusive, the Organizer reserves the right to name the winner taking into account their prior participation in the auction.**
- 5. The lot is removed from sale in case no one has bid for it, or if all the bids turned out lower than its initial minimum value.**
- 6. A contract of diamond sale is made in writing between OJSC ALROSA as a seller, on the one side, and the bidder pronounced a winner as a buyer, on the other side, in accordance with the company's standing procedure within the time frame specified in the Letter of Notification. The Organizer can extend this on the basis of specific decision. A sale contract will be mandatory for both parties by virtue of the tentative agreement existent in the form of a formal written bid offer submitted by a bidder as is designated in the currently effective laws of the Russian Federation (Art. 433, Part 1; Art. 435 of the Civil Code of the Russian Federation).**
- 7. As is stipulated by the currently effective laws of the Russian Federation, provided the winner refuses to enter into a sale contract on terms and conditions specified in his bid offer, the Organizer reserves the right to take the case to court to oblige the winner to do it. In case of a refusal by the winner (buyer) to enter into a sale contract he/she will be suspended from any other auction held by OJSC ALROSA, which does not preclude ALROSA from taking this case to court.**
- 8. The delivery of purchased diamonds will be made in due course after signing an appropriate contract in accordance with the company's standing procedure and making payment against the purchase invoices. The delivery of the diamonds within the Russian Federation is made ex-store of the buyer.**

Bids offered without inspecting the goods will not be accepted

Please notice that the goods should be paid by the Buyer in accordance with the Contract. The payment by the third part is not allowed