

**Explanatory Note to Item
9 of the Agenda of the
Annual General Meeting
of Shareholders of PJSC
ALROSA**

According to the applicable laws, the accounting (financial) statements of PJSC ALROSA (hereinafter, the Company) and the consolidated financial statements of ALROSA Group should be audited annually. For such an audit, independent auditors are engaged by tender.

In 2016, the Company arranged 2 open tenders:

- Open tender to win a contract for mandatory year-end 2016-2018 audit of accounting (financial) statements of PJSC ALROSA prepared according to the Russian laws.

- Open tender to win a contract for mandatory year-end 2016-2018 audit of consolidated financial statements of ALROSA Group prepared according to International Financial Reporting Standards (IFRS).

These tenders were held as per the Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995, No. 307-FZ On Auditing Activities dated December 30, 2008, No. 44-FZ On the Contract System in the Procurement of Goods, Works, Services for State and Municipal Needs dated April 05, 2013, and the Decree of the RF Government No. 1085 On Approval of Regulations on Assessment of Bids, Final Offers of Participants of Procurement of Goods, Works, Services for State and Municipal Needs dated November 28, 2013, and Cl. 20.2 of the Company's Charter.

The Company's auditors shall be approved by the General Meeting of Shareholders on an annual basis (Cl. 10 Art. 48, Cl. 2 Art. 86 of the Federal Law On Joint Stock Companies, Par. c) Cl. 11.3.1.1 of the Company's Charter).

Upon the preliminary recommendation of the Auditing Committee under the Company's Supervisory Board, the Supervisory Board considered the matter on February 08, 2017, and recommends that the Company's Annual General Meeting of Shareholders:

- approves AO PricewaterhouseCoopers Audit as the auditor of PJSC ALROSA for 2017 being the winner of the open tender for a contract for mandatory year-end 2016-2018 audit of accounting (financial) statements of PJSC ALROSA prepared according to the Russian laws;

- approves AO PricewaterhouseCoopers Audit as the auditor of PJSC ALROSA for 2017 being the winner of the open tender for a contract for mandatory year-end 2016-2018 audit of consolidated financial statements of ALROSA Group prepared according to the IFRS.

Considering the abovementioned, the "Approval of Auditors of PJSC ALROSA" is submitted for approval of the Annual General Meeting of the Company's Shareholders.