

REGULATIONS
ON THE PROCEDURE
OF NATURAL ROUGH DIAMONDS' COMPETITIVE SALE BY OJSC ALROSA

Moscow
2012

1. BACKGROUND AND APPLICATION

1.1. These Regulations have been drafted in compliance with the requirements of the legislation of the Russian Federation and normative acts of the Customs Union within the Eurasian Economic Community (EurAsEC), and based on the provisions of the Regulations On the Procedure and Terms of Sales of Natural Rough Diamonds by OJSC ALROSA approved by the decision of ALROSA's Supervisory Board of October 26, 2012 (Minutes 189).

1.2. These Regulations are a corporate regulatory document of OJSC ALROSA (hereinafter the Company) specifying the procedure and terms of sales of natural rough diamonds at Competitive Sale.

1.3. These Regulations have been drafted in Russian and translated into English. In case of any discrepancies between the Russian version and English version, or difference in understanding and interpretation of these Regulations, the Russian version shall prevail.

2. TERMS AND DEFINITIONS

The following terms and definitions shall be used in these Regulations:

Rough Diamonds (natural rough diamonds) – natural rough (industrial and non-industrial) diamonds extracted from the mines operated by the Company and its subsidiaries and intended for sale in the form of lots, as well as other proprietors' diamonds sold by the Company under agency contracts;

Non-Industrial Diamonds – rough or sawn, cleaved or bruted natural diamonds that may be used for manufacturing into polished diamonds;

Industrial Diamonds – rough or sawn, cleaved or bruted natural diamonds, as well as diamond grits and diamond powders, that may be used for manufacturing diamond tools and other industrial and technical products;

Competitive Sale – competitive form of rough diamond sales held in accordance with the requirements of the civil legislation of the Russian Federation;

Lot – a set of diamonds offered for sale as a unit consisting of one or more diamonds;

Offer – offer made by the bidder for the purchase of a certain lot at the price specified in such offer;

Business Entity – a legal entity or an individual entrepreneur;

Residents – business entities established under the legislation of the Russian Federation, holding certificates of special purpose registration issued by the territorial inspections of Assay supervision, and, pursuant to the legislation of the Russian Federation, entitled to deal in precious stones;

Non-Residents – business entities established under the legislation of foreign states and located outside the Russian Federation, and, pursuant to the legislation of such foreign states, entitled to deal with natural rough diamonds.

3. GENERAL PROVISIONS

3.1. Competitive Sale is held to obtain the maximum profit from rough diamond sale, and to monitor the market and assortment preferences of business entities – rough diamond consumers.

3.2. Business entities that meet the requirements of the Regulations On the Procedure and Terms of Sales of Natural Rough Diamonds by OJSC ALROSA can participate in auctions.

3.3. The subject matter of the Competitive Sale is the right for the Seller, the Company, and the Buyers, winners of Competitive Sale, to conclude contracts for the sale of rough diamonds offered for sale.

3.4. Competitive Sale is organized by the Company.

3.5. The form, place and procedure of Competitive Sale is determined by its Organizer.

Lots can be displayed both on the territory of the Customs Union within the Eurasian Economic Community (EurAsEC) and behind its border, under the customs regime of temporary export.

3.6. On behalf of the Organizer of Competitive Sale (the Company) all the functions related to organization, holding and summing up the results of Competitive Sale are exercised by the permanent Competitive Sales Committee. The Committee functions as part of the Company's division, the United Selling Organization of ALROSA, and the list of its members is approved by the Company's order.

When bidding at the Yakutsk Diamond Trading Enterprise of ALROSA, the abovementioned functions are exercised by the permanent Competitive Sales Committee of the Yakutsk Diamond Trading Enterprise of ALROSA, the list of its members is approved by the Company's order.

Hereinafter both Committees or any of the Committees shall be referred to as the Committee or the Competitive Sales Committee.

3.7. The Committee:

- based on the results of the internal review conducted by the functional services of the Company, makes a motivated decision on compliance/non-compliance of the business entities planning to participate in the Competitive Sale with the requirements stipulated in Clause 5.3 of the Regulations on the Procedure and Terms of Natural Rough Diamond Sales by OJSC ALROSA, and ensures that the appropriate notices of the decision are sent to the business entities;

- defines the period of the Competitive Sale;

- approves rough diamonds specification in the lots put up for the Competitive Sale;

- defines the total number of participants of the Competitive Sale;

- sends Notices of the Competitive Sale to residents and non-residents invited to participate in the Competitive Sale;

- holds and sums up the results of the Competitive Sale;

- executes and signs minutes of the Competitive Sale results;

- in the cases stipulated in Clause 3.12 hereof, makes a decision on declaring the Competitive Sale void;

- exercises other functions related to organization, holding and summing up the results of the Competitive Sale.

A Committee meeting is considered to be competent (shall have quorum) if attended by at least three-fourths of the total number of its members. Committee decisions are made by two-thirds of the votes of present members.

3.8. Decision of the Committee to invite residents and non-residents to participate in the Competitive Sale is registered in the minutes indicating their names.

3.9. The Committee organizes mailing notices to residents and non-residents of the Competitive Sale (hereinafter – the Notice) in accordance with Appendix 1 hereto, not less than 30 calendar days prior to the date of the Competitive Sale.

3.10. The Notice contains the information as follows:

- form of the Competitive Sale;
- time and place of previewing lots put up for the Competitive Sale;
- information about lots put up for the Competitive Sale and their starting price;
- the list of documents confirming authorities of representatives of residents or non-residents to participate in the Competitive Sale;
- the procedure of determining the winners of the Competitive Sale;
- instructions on the procedure of completing and submitting offers;
- date, time, place and procedure of summing up the results of the Competitive Sale;

- terms of signing of diamond sales agreements with the winners of the Competitive Sale;

- address, telephone and fax of the executive secretary of the Committee.

3.11. The Company is entitled to refuse to hold the Competitive Sale (in whole or in part) not less than three days prior to the date of summing up the results of the Competitive Sale specified in the Notice (Article 448 of the Civil Code of the Russian Federation).

3.12. The Competitive Sale is declared void (including by a single lot) in the cases as follows:

- if no offers are received for a separate lot or all the lots or if all the submitted offers are lower than the starting price of this lot;

- for technical reasons (for example, due to change of the lot weight caused by cleavage or formation of diamond grits).

3.13. Participants of the Competitive Sale who have received a Notice are to confirm their participation in the auction in a written form no later than the date specified in the Notice. They are to send a written Notification (statement of consent) to the organizer of the Competitive Sale (the Company). The form of the Notification is stipulated in the Appendix 2 hereto. Notifications may also be sent by fax.

3.14. The Company could provide for the participants of the Competitive Sale making a deposit up to 20% of the starting price of the lot. Deposit is paid in by the bidders to secure execution of their obligations to sign and execute diamond sales

agreements. These obligations arise if participant is declared winner of the Competitive Sale by all or separate lots.

The participants of the Competitive Sale pay in deposits in the amount, on the terms and pursuant to the procedure specified in the Notice, should such a decision has been taken by the Company. If the Competitive Sale does not take place, the deposit is to be returned. The deposit is also returned to those who took part in the Competitive Sale but did not win. When diamond sales agreement (contract) is concluded with winners of Competitive Sale, the amount of the paid in deposit is to be counted toward fulfillment of obligations under the concluded diamond sales agreement (contract). Winners of the Competitive Sale who evade signing the minutes of the Competitive Sale results or diamond sales agreement lose their deposits.

4. PARTICIPATION IN COMPETITIVE SALE

4.1. Competitive Sale is conducted separately by the Company for the following types of natural diamonds (depending on their type and size):

4.1.1. natural rough diamonds + 10.8 carats;

4.1.2. non-industrial rough diamonds (regular assortment);

4.1.3. industrial rough diamonds (technical grade).

4.2. Competitive Sale is conducted in the form of an auction, including electronic auction. The procedure of electronic auction is stipulated in Appendix 3 hereto.

4.3. Residents and non-residents who meet the requirements specified in Clause 5.3 of the Regulations on the Procedure and Terms of Natural Rough Diamond Sales by OJSC ALROSA are to submit their requests for participation in the Competitive Sale specifying the types of natural rough diamonds (+10.8 carats, industrial and/or non-industrial) they plan to purchase at the auction.

4.4. The Company is guided by the necessity to ensure participation of the maximum possible number of residents and non-residents in Competitive Sale, taking into account available resources and organizational and technical limitations.

4.5. Should the number of participants of the Competitive Sale exceed the Company's organizational and technical capabilities (taking into account the maximum possible period of time given to each participant to preview natural rough diamonds put up for the Competitive Sale), the Company is to invite for participation in the Competitive Sale the number of residents and non-residents that is determined with the above capability, with due account of the following:

4.5.1. The number of participants of the Competitive Sale who did not participate in previous Competitive Sale or never participated in the Competitive Sale organized by the Company, is to be no less than 30% of the total number of participants of the forthcoming Competitive Sale defined by the Committee;

4.5.2. From among the residents and non-residents who participated in the auction and are not specified in Clause 4.5.1 hereof, the winners of the latest similar Competitive Sale have the right of priority to be invited to the Competitive Sale.

5. PROCEDURE OF COMPLETING AND SUBMITTING OFFERS

5.1. Participants of the Competitive Sale are to agree with a person authorized by the Committee on a day and time of previewing natural rough diamonds put up for the Competitive Sale.

5.2. Contact details (e-mail address and telephone number) of a person authorized by the Committee are reported to bidders in the Notice.

5.3. Authorized representative of the participant of the Competitive Sale who came to preview the diamonds put up for the Competitive Sale, receives a marked electronic media with an individual electronic file, required to prepare an offer with the price of purchase in the forms specified in Appendix 3, and with the operation instructions to work with the file.

5.4. Participants of the Competitive Sale are to submit their offers in the period and at the address specified in the Notice.

5.5. The procedure of completing and submitting offers by participants of the auction:

5.5.1. The bid submitted by the bidders is made in the form of a specification, printed on paper from the electronic media, with the filled in positions (for the selected lots) in the **BUYER's OFFER, US\$** column (hereinafter the Specification). Only one bid for each particular lot is allowed. All other columns of the Specification are not to be edited by participants of the auction.

5.5.2. The electronic file (electronic table), an auxiliary tool to prepare an offer for printing, is provided for each bidder (or an authorized representative) by each particular Competitive Sale. This file allows to prepare an offer in the form that meets the requirements hereof, and reduce errors in the process of inputting offers in the electronic system of summing up the results of the Competitive Sale by members of the Committee. Organizer of the Competitive Sale provides bidders, previewing the lots, with the special workplaces prepared for them to make offers, and guarantees confidentiality to them.

5.5.3. The price of a lot in the offer is to be an integer in USD for an appropriate lot in a whole (cents are rounded up to the nearest integer). When making suggestions via individual (personalized) e-file, participants are to enter their offers for a whole lot in the cell of electronic table that corresponds to the selected lot. Only figures (1234567890) can be used to enter the amount, other symbols are not allowed. The cells corresponding to the lots that did not attract the participants' interest are to be empty.

5.5.4. After the files are finally checked and saved (the *save* option), authorized representative of the bidder is to print out the prepared offers and sign them.

5.5.5. Bidders are to submit their offers in paper form in sealed envelopes with enclosed electronic media. Bidder's name is to be indicated on the envelope. The

documents confirming authority of the person who signed the offer must be attached to the offer.

Envelopes with offers are to be sent to the Organizer of the Competitive Sale by mail with advice of receipt or to be delivered personally or by a courier with a statement of receipt by representatives of the Organizer of the Competitive Sale specified in the Notice.

The date of submission of such an offer is the date of receipt of thereof by the Company.

5.5.6. Bidders have the right to withdraw their offers in the written form before the scheduled start of summing up the results of the Competitive Sale specified in the Notice. However, bidders have the right to submit another offer instead of a duly withdrawn offer. It is allowed to submit a new offer with attachment of a written withdrawal of the earlier submitted offer.

6. CONDUCT OF COMPETITIVE SALE

6.1. The bidder who offered the highest price receives the right to purchase a lot put up for the Competitive Sale.

6.2. Procedure of summing up the results of the Competitive Sale:

6.2.1. The sealed envelopes with offers submitted by the bidders are unsealed by the Committee at the date and time specified in the Notice. Bidders are entitled to be present personally at the time of unsealing envelopes with offers. Thereafter, the Committee monitors the compliance of submitted offers with the requirements specified in Clause 5.5 hereof, and secures that offers can be interpreted unambiguously. On the results of the incoming inspection, the Committee makes a decision about admission of the offers to the Competitive Sale.

The said procedures are competent in case if no less than three members of the Committee participate therein.

6.2.2. Offers are not accepted for summing up the results of the Competitive Sale if:

- the offer is signed by a person who has no authority thereto;
- the document confirming authority of the person who signed the offer is missing;
- the offer was received after the time specified in the Notice;
- if the offers were made with violations of the rules provided by hereby.

6.2.3. A printed offer is a required and sufficient form of submitting offers for participation in the Competitive Sale. Absence of an electronic file cannot be a reason for refusal to admit an offer, but an electronic file with a copy of the printed offer is a strongly recommended option.

When summing up the results of the Competitive Sale, members of the Committee provide input and thorough verification of conformity of the contents of an individual electronic file with the offer submitted by a participant.

6.2.4. The electronic files prepared in such a way are put in the electronic calculation system to sum up the results of the Competitive Sale.

6.2.5. If two or more bidders submitted identical maximum offers for one lot (hereinafter a disputable lot), the Committee holds the Competitive Sale between such participants. In this case, a reasonable period (usually 24-48 hours) is fixed for such participants. During this period, they are to submit new offers (not lower than those submitted before) for a disputable lot, or confirm their previous offers, or refuse to participate in the Competitive Sale for the disputable lot. In this case offers are accepted in the form of fax messages that are sent to the Committee and allow it to establish that such offers are received from the appropriate participants. The participant who submitted the maximum offer for the disputable lot is declared to be a winner of the Competitive Sale for this lot. If again, two or more identical offers are submitted, the participant who submitted his offer for this lot earlier than other participants is declared to be the winner of the Competitive Sale for this lot.

6.3. The results of the Competitive Sale are recorded in the minutes of the meeting of the Committee signed by the Committee members who participated in the Competitive Sale on the day when the results of the Competitive Sale were summed up.

6.4. On the day of the Competitive Sale, every participant who won a particular lot at the Competitive Sale and the organizer of the Competitive Sale sign the protocol of the results of the Competitive Sale for such a lot. On the day of summing up the results of the Competitive Sale, the protocol of the results of the Competitive Sale for such a lot, registered by the Company, is sent by fax to the participant who won a particular lot at the Competitive Sale and did not attend the procedure of summing up the results of the Competitive Sale. The Company's employee responsible for sending such protocols ensures that there is a confirmation note that the fax message had been sent. Such note should also include the phone number, to which the protocol was sent, and the first page thereof. On the same day, the said participant of the Competitive Sale registers the protocol on his part and sends it to the Company by fax, thereafter the original must be sent to the Company.

6.5. If the winner of the Competitive Sale evades signing the protocol of the Competitive Sale results or diamond sales agreements, the participant of the Competitive Sale who submitted the next maximum offer for the lot being refused by the winner, is declared the winner of the Competitive Sale for this lot. In the cases when the Notice did not provide for a deposit, the Company is entitled to cease natural rough diamond sales to such a participant for three months.

If the winner again evades signing the protocol of the Competitive Sale results or diamond sales agreements, for such a participant the period of suspension from participation in Competitive Sale is unlimited.

7. CONCLUSION OF DIAMOND SALES AGREEMENTS

7.1. Diamond sales agreement is concluded between the Company and winners of Competitive Sale within the period specified in the Notice, but no later than 20 (twenty) calendar days from the date of summing up the results of the Competitive Sale.

7.2. The winner of the Competitive Sale effects payment in accordance with the procedure and in the terms stipulated in the diamond sales agreement.

7.3. Diamonds are supplied after the conclusion of a diamond sales agreement and 100% payment of the goods.

from __:__ to __:__ every day, except Saturday and Sunday.

No more than-----experts are admitted to preview the lots put up for the Competitive Sale. **The form of offers for participants of the Competitive Sale and the detailed instructions on the procedure of making offers will be issued with written acknowledgement of receipt to the persons admitted to preview the lots.**

The particular date and time of preview suitable for you and for the Organizer of the Competitive Sale, including any questions regarding the completion of the statement of consent to participate in the Competitive Sale and the offers are to be agreed with Mr. _____ by phone: (+7495)_____. We do hereby ask you to send an **official list of experts** – only those included in this list will be admitted to preview lots. The experts must have identification documents and authority to participate in the Competitive Sale.

After previewing lots, you are invited to send **hard copies** of your offers in a sealed envelope (**the price of offer is indicated in figures and in letters in US Dollars with an accuracy to one dollar, cents are not taken into account**) using one of the following options:

- by mail with postal notification of receipt to the Secretary of the Competitive Sales Committee at the address of the USO of ALROSA: 121170, Moscow, ul. 1812 Goda, 14, bldg. 3, with a mark “___ (*identifiable characteristics of the Competitive Sale, for instance: International Competitive Sale, Russian Market, etc., and the number thereof*) ___”;
- personally or by a courier to the Secretary of the Competitive Sales Committee at the address of the USO of ALROSA: 121170, Moscow, ul. 1812 Goda, 14, bldg. 3, with a mark “___ (*identifiable characteristics of the auction, for instance: International Auction, Russian Market, etc., and the number thereof*)” (phone (+7495) 780-76-86).

Name of the participant, the Competitive Sale number (___) and the mark “___ (*identifiable characteristics of Competitive Sale, for instance International Competitive Sale, Russian Market, etc., and numbers thereof*) ___” are put on the envelopes with offers. Damaged and unsealed envelopes are not accepted.

Offers sent in other ways and offers for which the requirements specified in the Regulations on the Procedure of Competitive Sale of Natural Rough Diamonds by OJSC ALROSA are not met, will not be admitted to summing up the results of the auction.

Please, note that offers are to be received by the Company by “” **201** .

The participant who offered the highest price receives the right to purchase the lot put up for the Competitive Sale. The results of the Competitive Sale are summarized in the minutes to be signed by the Company and the winner of the Competitive Sale on the day when the Competitive Sale results are summed up.

The results of the Competitive Sale will be summed up on “ ” 201__ in the premises of the USO of ALROSA at the address: Moscow, ul. 1812 Goda, 14, from __:__ (Moscow time).

Once the results of the Competitive Sale are summed up, you can find them on ALROSA’s official website <http://sales.alrosa.info>

The winner is to pay the amount of the goods subject to 100% advance payment in accordance with the procedure specified in the Diamond Sales Agreement (contract).

A Diamond Sales Agreement is concluded between OJSC ALROSA and the winner of the Competitive Sale within 20 (twenty) calendar days from the date of summing up the results of the Competitive Sale specified herein.

Attachment: Natural rough diamonds specification.

Full name, position and signature of the authorized representative of the organizer of the Competitive Sale.

Appendix 2
to the Regulations on the Procedure
of Natural Rough Diamonds' Competitive Sale
by OJSC ALROSA

date

OJSC ALROSA

To the Competitive Sales Committee

121170, Moscow, ul. 1812 Goda, 14,
bldg. 3

Name and date of the Competitive Sale.

Dear _____,

In reply to your Notice on the Competitive Sale of natural rough diamonds of “
” _____ 201__ I do hereby give my consent to participate in the Competitive Sale
_____ (*identifiable characteristics of the Competitive Sale*) _____ and
confirm, that I am fully aware of and undertake to fulfill all the requirements set forth
in the said Notice on the Competitive Sale and the Regulations on the Procedure of
Competitive Sale of Natural Rough Diamonds by OJSC ALROSA.

To preview the lots put up for the Competitive Sale, I ask you to admit to _____
(*venue of the Competitive Sale*) _____ the following representatives _____ (*name of
the organization – participant of the Competitive Sale*) _____:

1. _____ (*full name*) _____ (*citizenship, passport details, details of the
documents confirming authority*);

2. _____
_____;

3. _____
_____.

*Full name, position and signature of the authorized representative of the organization
– participant of the Competitive Sale.*

Appendix 3
to the Regulations on the Procedure
of Natural Rough Diamonds' Competitive Sale
by OJSC ALROSA

RULES
of Electronic Competitive Sale of Natural Rough Diamonds by OJSC ALROSA

I. General Provisions

1. Electronic Competitive Sale (hereinafter the E-Auctions) are held by the Company on a special website ALROSA Electronic Auctions (hereinafter the ALROSA E-Auctions website).
2. The lots that correspond to standard boxes in the Company's current assortment are put up for the E-Auction. As a rule, a lot corresponds to each standard box. However, several standard boxes can be combined in one lot.

II. Preliminary Stage

3. A Notice in the form set forth in Appendix 1 to the Regulations on the Procedure of Competitive Sale of Natural Rough Diamonds by OJSC ALROSA is sent by e-mail to the Participant of the E-Auction (hereinafter the participant of the E-Auction, the participant).
4. The participant goes through the registration procedure on the E-Auction website. The registration being completed, the participant receives password by e-mail.
5. Using this password the participant logs on to the E-Auction website. Specifications for lots with initial prices for each lot can be found on this website.
6. If the participant needs to preview the goods, using the phones/addresses from the E-Auction website he contacts the person in charge and agrees the date, time and venue of the preview, provided that:
 - 6.1. A reasonable time within one workday is given to one participant to preview a lot/lots put for the Competitive Sale;
 - 6.2. Participants are registered for preview in order of priority of receiving their requests for previewing lots.
7. With their passwords the participants, who decided to submit their offers for a lot/lots put up for the Competitive Sale, send their offers in the form presented on the E-Auction website, provided that:
 - 7.1. An offer for a lot/lots put up for the Competitive Sale can be a sufficient basis for signing a contract for the purchase of natural rough diamonds without the main stage of the E-Auction in the case specified in clause 8.5. item 1) hereof;

- 7.2. Offers for a lot/lots put up for the Competitive Sale can be sent irrespective of whether they were previewed or not;
- 7.3. On the next workday upon expiration of the period for their preview, offers for a lot/lots put up for the Competitive Sale are not accepted.
8. The Committee holds its meeting on the day when it stops accepting offers for a lot/lots put up for the Competitive Sale. The Committee considers and approves the results of the preliminary stage, namely:
- 8.1. Approves the list of participants of the main stage of the E-Auction based on the received offers for a lot/lots put up for the Competitive Sale (clause 9 hereof);
 - 8.2. Approves the starting price of each lot for the main stage, that equals the price of the maximum offer received for this lot at the preliminary stage;
 - 8.3. Defines the step value for bidding for each lot separately. The Competitive Sale step is a percent value used to automatically increase the starting price (opening bid) if a participant wants to submit a new offer for a lot; the maximum step value is 10 percent from the starting price (opening bid) of the lot;
 - 8.4. If no offers were submitted for one of the lots put up for the Competitive Sale, such lot is withdrawn from the Competitive Sale;
 - 8.5. If only one offer was submitted for one of the lots put up for the Competitive Sale, then depending on the price of the received offer:
 - 1) the lot is deemed sold to the participant who sent the offer, if the price is greater than or equal to the starting price (opening bid) for such lot;
 - 2) the lot is withdrawn from the E-Auction if the offer is lower than its starting price (opening bid);
 - 8.6. Draws up the minutes of the meeting of the Committee that contains the list of participants of the main stage for each lot and other decisions of the Committee.
9. The procedure of forming the list of participants of the main stage is as follows:
- 9.1. Based on the submitted offers, no more than 15 offers with the highest price are selected automatically for each lot. Participants of the preliminary stage, who submitted the appropriate 15 offers with the highest price, become participants of the main stage;
 - 9.2. If there are several offers with the similar price among 15 offers with the highest price, the total number of participants of the main stage remains 15. If the last of the highest offers, by which the selection was made for the main stage, was submitted by several participants, then all these participants are included in the main stage, i.e. in this case the total number of participants for the bidding for one lot at the main stage can exceed 15;
 - 9.3. Participants of the main stage are designated separately for each lot put up for the E-Auction.

III. Main Stage

10. Notifications are automatically sent to the participants of the main stage. These Notifications shall comprise:
 - 10.1. The list of lots by which the participant was selected for participation in the E-Auction and the starting price (opening bid) of the lots;
 - 10.2. The step value determined for the bidding for each lot;
 - 10.3. Date and time of the E-Auction.
11. The operator of the auction is in Moscow during the E-Auction, and any participant can contact the operator by phone/e-mail (see the website of the E-Auction for contact details) to discuss technical details of the website operation.
12. Only the information about the lots to which the participants of the E-Auction are admitted is available for them in the sales section of the website. The following information is displayed on the page:
 - 12.1. Number of the lot assigned by the organizer of the E-Auction;
 - 12.2. Name of the lot in the Company's assortment;
 - 12.3. Weight of the lot in carats;
 - 12.4. Starting price (opening bid) of the lot in US Dollars;
 - 12.5. Starting average price of the lot in US Dollars per carat;
 - 12.6. Average price of the lot leading during the E-Auction;
 - 12.7. Bidding step value for a particular lot;
 - 12.8. Rank of the participant at the bidding for a particular lot (in the case stipulated in clause 16.4 hereof).
13. The information on 8-10 lots is displayed simultaneously on the screen. Once the E-Auction for a particular lot is finished, this lot disappears and the next lot appears on the screen.
14. Every row of the table ends with a virtual button:
 - 14.1. For each particular lot the button can be pressed only by the participants who are admitted to the bidding for such a lot;
 - 14.2. When the participant presses the button, the current leading price is increased by the value of the fixed step for a particular lot;
 - 14.3. After the participant presses the button, he must confirm the new price. To do it, he presses the button in the pop-up window.
15. At the fixed time, the countdown starts for the E-Auction held for the group of lots displayed simultaneously on the screen:
 - 15.1. There are 20 minutes for the E-Auction (hereinafter 20 base minutes);
 - 15.2. An appropriate warning appears on the screen two minutes before 20 base minutes elapse;
 - 15.3. If 2 minutes before 20 base minutes elapse any participant submits a new offer for a particular lot that exceeds the maximum offer, the E-auction for such a lot will be extended by 2 minutes. In this case, an individual timer for the lot with the countdown appears in the end of the appropriate row of the table;
 - 15.4. Every next input of the new price that exceeds the maximum price increases the time of the bidding for the lot by 2 minutes, starting from the input of the last price that exceeds the maximum offer;

- 15.5. If the E-Auction for one of the lots lasts one hour after 20 base minutes, upon expiration of one hour the step value is automatically increased 1.5 times, and thereafter it is automatically increased 1.5 times every 30 minutes.
16. An E-Auction is terminated on the conditions as follows:
- 16.1. Upon expiration of 20 base minutes, if no offers are received for the lot. In this case, the winner is the participant who sent the offer for the lot in compliance with which its starting price was determined;
- 16.2. If several offers are received within 20 base minutes and within the subsequent added minutes, the last offer of the participant, who offered the maximum price for the lot after which 20 base minutes or the appropriate added two minutes elapsed, will be the winner.
- 16.3. If the last maximum offer was received from two and more participants, the participant who sent the offer earlier (who has the higher rank) is the winner.
- 16.4. If two or more participants simultaneously have offers with the similar maximum price, the appropriate message is displayed in the row of the lot. This message contains the information about the participant's rank that corresponds to the time of submitting the offer, i.e. the earlier the offer was submitted, the higher the participant's rank.
17. During the Competitive Sale, the participants can see, on a separate page, the final maximum offers for already sold lots in the bidding for which they participated.
18. The results of the Competitive Sale are entered in the minutes of the meeting of the Committee on the day of the E-auction.
19. On the day of the Competitive Sale, every participant who won a particular lot and the Organizer of the Competitive Sale sign the minutes on the results of the Competitive Sale for such a lot. On the day of summing up the results of the Competitive Sale, the minutes on the results of the Competitive Sale for such a lot, registered by the Company, are sent by fax to the participant who won a particular lot at the Competitive Sale and did not attend the procedure of summing up the results of the Competitive Sale. On the same day, the said participant of the Competitive Sale registers the minutes on his part and sends the document to the Company by fax, thereafter the original must be sent to the Company.
20. The participant of the E-Auction who was declared the winner in the bidding for the lot/lots put up for the Competitive Sale, receives the right to conclude a diamond sales agreement. Diamond sales agreement is concluded between the Company and participants-winners of the Competitive Sale in the form established by the Company and in the period stipulated in the Notice on the E-Auction.
21. The participant of the E-Auction who won the lot/lots put up for the Competitive Sale, pays for the purchased natural rough diamonds according to the procedure of payment and delivery stipulated in the diamond sales agreement.
22. If the winner of the E-Auction refuses to sign the minutes of the Competitive Sale results or diamond sales agreement, then the participant of the Competitive Sale who submitted the next maximum offer for the lot from which the winner refused, is declared the winner of the Competitive Sale for such a lot. In the cases when the Notice

did not provide for a deposit, the Company is entitled to cease natural rough diamond sales to such a participant for three months.

If the winner of the E-Auction refuses to sign the minutes of the Competitive Sale results or diamond sales agreements once again, the period of suspension from participation in Competitive Sale for such a participant is unlimited.

23. Natural rough diamonds are supplied upon conclusion of a diamond sales agreement and its payment.