



**NORNICKEL**

## **PRESS RELEASE**

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**Public Joint Stock Company "Mining and Metallurgical Company "NORILSK NICKEL"**  
(PJSC "MMC "Norilsk Nickel", "Nornickel" or the "Company")

### **NORILSK NICKEL GROUP ANNOUNCES PRELIMINARY CONSOLIDATED PRODUCTION RESULTS FOR 2<sup>nd</sup> QUARTER AND 1<sup>st</sup> HALF 2018**

**Moscow** - PJSC MMC Norilsk Nickel, the largest palladium and refined nickel producer in the world, announces today preliminary consolidated production results for the first half 2018.

**First Vice-President, Chief Operating Officer, Sergey Dyachenko commented on the 1H18 production results:**

**"In 1H18 we increased the output of all our key metals.** In copper we delivered a solid 18% year-on-year growth owing to processing of concentrate purchased from Rostec and the launch of [Bystrinsky Project](#). We have also stopped low-margin processing of the third-party feed and basically all refined metals in 1H18 were produced from own raw materials. In April, the first shipment of copper concentrate from Bystrinsky Project (operating in hot commissioning mode) was delivered to Chinese customers. The total output of this greenfield operation in 1H18 amounted to 5 kt of copper in concentrate. At the same time, we are decreasing our production guidance for Bystrinsky Project for 2018 due to technical issues at concentrating facilities that we plan to fix by the year end. **Apart from that, we confirm our production guidance from own Russian feed for FY2018."**

#### **NICKEL**

**In 2Q18**, consolidated nickel production amounted to **49 kt** decreasing 9% quarter-on-quarter (q-o-q). Nickel output from own Russian feed decreased 8% q-o-q to **49 kt**. The reduction was driven by scheduled annual repairs at Harjavalta refinery, emergencies at contractors' facilities as well as the adjustments of technological processes to increase production volumes. As a result, Norilsk Nickel Harjavalta reached its designed production capacity for the first time in a long period of time.

**In 1H18**, nickel output amounted to **104 kt** increasing 1% year-on-year (y-o-y). Nickel output from own Russian feed reached **102 kt**, up 5% y-o-y. The increase was attributed to the processing of higher volumes Polar division of nickel matte by Kola MMC and Harjavalta following the downstream reconfiguration.

#### **COPPER**

**In 2Q18**, consolidated copper production increased 4% y-o-y to **117 kt**, almost all of which was produced from own Russian feed. The increase was attributed to hot commissioning of Bystrinsky Project and increased processing of nickel matte at Kola MMC.

**In 1H18**, copper output amounted to **230 kt**, up 18% y-o-y (all from Russian feed), owing to hot commissioning operations at Bystrinsky Project, increased processing of concentrate purchased from Rostec and reduced metal losses in recovery of copper into copper concentrate as a result of Talnakh Concentrator modernization.

## PLATINUM GROUP METALS

**In 2Q18**, both palladium and platinum were produced solely from the Company's own Russian feed, with their output amounted to **813 koz** (up 40% q-o-q) and **197 koz** (up 43% q-o-q), respectively. The increase of PGM output was mostly driven by processing of work-in-progress concentrate accumulated in 1Q18.

**In 1H18**, palladium and platinum output increased 5% y-o-y to **1,396 koz** and 5% y-o-y to **335 koz**, respectively. The increase of PGM output was mostly driven by processing of concentrate purchased from Rostec and Talnakh Concentrator upgraded.

## RUSSIAN OPERATIONS

In 2Q18, all saleable metals produced by the Company in Russia operations were from its own feed.

**In 2Q18**, nickel output at Kola MMC increased by a minor 1% q-o-q to **38 kt**, which was driven by the processing of additional volumes of nickel matte shipped from Polar division. **In 1H18**, nickel output at Kola MMC was unchanged y-o-y at **76 kt**.

**In 2Q18**, copper output at the Company's operations in Russia increased 5% q-o-q to **113 kt** mainly owing to hot commissioning of Bystrinsky Project and increased processing of Polar Division's nickel matte at Kola MMC. **In 1H18**, copper output amounted to **220 kt**, up 16% y-o-y. The increase of copper output was attributed to hot commissioning operations at Bystrinsky Project, increased processing of concentrate purchased from Rostec and higher recovery rates of copper into copper concentrate as a result of Talnakh Concentrator modernization.

**In 2Q18**, palladium output in Russia increased 40% q-o-q to **797 koz**, while platinum output was up 44% q-o-q to **195 koz**. The increase of PGM production volumes in the reported period was mostly driven by processing of work-in-progress concentrate accumulated in 1Q18. **In 1H18** palladium and platinum output increased 5% y-o-y to **1,368 koz** and 6% y-o-y to **331 koz**, respectively. The increase of PGM output was mostly due to the processing of concentrate purchased from Rostec and reaching the project's target parameters at Talnakh Concentrator.

## NORILSK NICKEL HARJAVALTA (FINLAND)

**In 2Q18**, nickel production at Norilsk Nickel Harjavalta decreased 29% q-o-q to **12 kt**, with nickel output from the Company's own Russian feed also decreased to **11 kt**. The decrease was attributed to scheduled annual repair works at Harjavalta refinery, emergencies in third party contractors as well as the debugging of technological processes to increase production volumes. **In 1H18**, nickel output amounted to **28 kt**, up 3% y-o-y. The increase was attributed to higher processing volumes of Russian feed as a result of the downstream reconfiguration.

**In 2Q18**, output of copper at Norilsk Nickel Harjavalta amounted to **4 kt**, down 2% q-o-q. Copper output from the Company's own Russian feed reached **4 kt**, down 3% q-o-q. The decrease was attributed to scheduled annual repair works at the Harjavalta refinery, which was partially offset by the processing of work-in-progress material accumulated in 1Q18. **In 1H18**, copper output almost doubled y-o-y to **9 kt**. The growth was attributed to the increase of processing of Russian feed following the results of downstream reconfiguration.

**In 2Q18**, output of saleable palladium and platinum (in copper cake) amounted to **16 koz** (up 30% q-o-q) and **2 koz** (the same level q-o-q), respectively. The increase of palladium output was attributed to output from work-in-progress. **In 1H18**, output of palladium and platinum reached **28 koz** (up 5% y-o-y) and **4 koz** (down 43% y-o-y), respectively. The decrease of platinum output owed to the substitution of purchased feed from third parties by own Russian feed with a lower metal content.

## NKOMATI (SOUTH AFRICA)

In 1H18, output at Nkomati (50% Norilsk Nickel owned) amounted to **3 kt** of nickel (down 29% y-o-y), **1.4 kt** of copper (down 36% y-o-y), **15 koz** of palladium (down 38% y-o-y) and **6 koz** of platinum (down 40% y-o-y). The decrease was attributed to the output a lower metal grades in the mined ore as well as strikes at contractors.

### Production guidance from the Company's own Russian feed for 2018:

Metals	Volume
<b>Norilsk Nickel Group (excluding Chita project)</b>	
Ni, kt	210-215
Cu, kt	400-420
Pd, koz	2,630-2,725
Pt, koz	600-650
<b>Bystrinsky (Chita) Copper Project <sup>(2)</sup></b>	
Cu, kt	20-25
Au, koz	90-110

<b>NORILSK NICKEL GROUP SALEABLE METALS PRODUCTION <sup>1</sup></b>	<b>2Q 2018</b>	<b>1Q 2018</b>	<b>Q-o-Q, %</b>	<b>1H 2018</b>	<b>1H 2017</b>	<b>Y-o-Y, %</b>
<b>Total nickel, t</b>	<b>49,460</b>	<b>54,063</b>	<b>-9%</b>	<b>103,523</b>	<b>102,905</b>	<b>1%</b>
thereof from own Russian feed	49,040	53,322	-8%	102,362	97,466	5%
<b>Total copper, t</b>	<b>117,275</b>	<b>112,290</b>	<b>4%</b>	<b>229,565</b>	<b>194,923</b>	<b>18%</b>
thereof from own Russian feed	117,256	112,207	4%	229,463	191,765	20%
<b>Total palladium, koz</b>	<b>813</b>	<b>583</b>	<b>40%</b>	<b>1,396</b>	<b>1,334</b>	<b>5%</b>
thereof from own Russian feed	813	583	40%	1,396	1,280	9%
<b>Total platinum, koz</b>	<b>197</b>	<b>138</b>	<b>43%</b>	<b>335</b>	<b>320</b>	<b>5%</b>
thereof from own Russian feed	197	138	43%	335	301	11%
<b>Polar division and Kola MMC (Russia)</b>						
<b>Nickel, t</b>	<b>37,874</b>	<b>37,667</b>	<b>1%</b>	<b>75,541</b>	<b>75,853</b>	<b>0%</b>
Kola MMC	37,874	37,667	1%	75,541	75,853	0%
<i>thereof refined Ni nickel from own Russian feed</i>	<i>37,773</i>	<i>37,083</i>	<i>2%</i>	<i>74,856</i>	<i>73,932</i>	<i>1%</i>
<i>thereof saleable Ni concentrate from own Russian feed</i>	<i>101</i>	<i>99</i>	<i>2%</i>	<i>200</i>	<i>374</i>	<i>-47%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>485</i>	<i>-100%</i>	<i>485</i>	<i>1,547</i>	<i>-69%</i>
<b>Copper, t</b>	<b>108,465</b>	<b>107,012</b>	<b>1%</b>	<b>215,477</b>	<b>189,703</b>	<b>14%</b>
Polar division	88,217	87,713	1%	175,930	150,504	17%
Kola MMC	20,248	19,299	5%	39,547	39,199	1%
<i>Thereof Cu cathode from own Russian feed</i>	<i>18,596</i>	<i>17,671</i>	<i>5%</i>	<i>36,267</i>	<i>36,446</i>	<i>0%</i>
<i>thereof saleable Cu concentrate from own Russian feed</i>	<i>1,652</i>	<i>1,545</i>	<i>7%</i>	<i>3,197</i>	<i>637</i>	<i>402%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>83</i>	<i>-100%</i>	<i>83</i>	<i>2,116</i>	<i>-96%</i>
<b>Palladium, koz</b>	<b>797</b>	<b>571</b>	<b>40%</b>	<b>1,368</b>	<b>1,307</b>	<b>5%</b>
Polar division	281	152	85%	432	432	0%
Kola MMC	517	419	23%	936	875	7%
<i>thereof from own Russian feed</i>	<i>517</i>	<i>419</i>	<i>23%</i>	<i>936</i>	<i>835</i>	<i>12%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>0</i>	<i>39</i>	<i>-100%</i>
<b>Platinum, koz</b>	<b>195</b>	<b>136</b>	<b>44%</b>	<b>331</b>	<b>313</b>	<b>6%</b>
Polar division	71	40	79%	111	113	-2%
Kola MMC	124	96	29%	220	200	10%
<i>thereof from own Russian feed</i>	<i>124</i>	<i>96</i>	<i>29%</i>	<i>220</i>	<i>186</i>	<i>18%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>0</i>	<i>14</i>	<i>-100%</i>
<b>GRK Bystrinskoye (Zabaykaysky Krai) <sup>2</sup></b>						
Copper, t	4,330	692	526%	5,022	0	-
Gold, koz	20	3	567%	23	0	-
Iron-ore concentrate, kt	40	0	-	40	0	-
<b>Norilsk Nickel Harjavalta (Finland)</b>						
<b>Nickel, t</b>	<b>11,586</b>	<b>16,396</b>	<b>-29%</b>	<b>27,982</b>	<b>27,052</b>	<b>3%</b>
<i>thereof from own Russian feed</i>	<i>11,166</i>	<i>16,140</i>	<i>-31%</i>	<i>27,306</i>	<i>23,160</i>	<i>18%</i>
thereof from 3d parties feed	420	256	64%	676	3,892	-83%
<b>Copper, t</b>	<b>4,480</b>	<b>4,586</b>	<b>-2%</b>	<b>9,066</b>	<b>5,220</b>	<b>74%</b>
<i>thereof from own Russian feed</i>	<i>4,461</i>	<i>4,586</i>	<i>-3%</i>	<i>9,047</i>	<i>4,178</i>	<i>117%</i>
thereof from 3d parties feed	19	0	-	19	1,042	-98%
<b>Palladium, koz</b>	<b>16</b>	<b>12</b>	<b>30%</b>	<b>28</b>	<b>27</b>	<b>5%</b>
<i>thereof from own Russian feed</i>	<i>16</i>	<i>12</i>	<i>30%</i>	<i>28</i>	<i>12</i>	<i>136%</i>
thereof from 3d parties feed	0	0	-	0	15	-100%
<b>Platinum, koz</b>	<b>2</b>	<b>2</b>	<b>0%</b>	<b>4</b>	<b>7</b>	<b>-43%</b>
<i>thereof from own Russian feed</i>	<i>2</i>	<i>2</i>	<i>0%</i>	<i>4</i>	<i>2</i>	<i>100%</i>
thereof from 3d parties feed	0	0	-	0	5	-100%
<b>Nkomati (South Africa) <sup>3</sup></b>						
Nickel, t	1,549	1,736	-11%	3,285	4,639	-29%
Copper, t	777	667	16%	1,444	2,262	-36%
Palladium, koz	9	6	50%	15	24	-38%
Platinum, koz	4	2	100%	6	10	-40%

**Notes:**

<sup>1</sup> Totals may value from the sum of numbers as a result of rounding. The production results of Nkomati is not reflected in totals of Norilsk Nickel Group.

<sup>2</sup> Norilsk Nickel Group owns 50.01% of Bystrinsky GOK (Chita Copper Project). Production results shown metal in concentrate for sale on 100% basis and fully consolidated in total operational results. The Project was launched of hot commissioning operations on October 31, 2017.

<sup>3</sup> Norilsk Nickel Group owns 50% of Nkomati. Production results shown metal in concentrate for sale on 50% basis and not consolidated in total operational results.

This announcement contains inside information in accordance with Article 7 of EU Regulation 596/2014 of 16 April 2014.

**Full name and position of person making the announcement** - Vladimir Zhukov,  
Vice - president, Investor Relations

**ABOUT THE COMPANY**

PJSC «MMC NORILSK NICKEL» is a diversified mining and metallurgical company, the world's largest producer of refined nickel and palladium and a leading producer of platinum, cobalt, copper and rhodium. The company also produces gold, silver, iridium, selenium, ruthenium and tellurium.

The production units of «NORILSK NICKEL» Group are located at the Norilsk Industrial District, on the Kola Peninsula and Chita region in Russia as well as in Finland and South Africa.

PJSC «MMC «NORILSK NICKEL» shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges. PJSC «MMC «NORILSK NICKEL» ADRs trade over the counter in the US and on the London and Berlin Stock Exchanges.

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