



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 ANNOUNCES PRELIMINARY CONSOLIDATED PRODUCTION RESULTS FOR 4Q AND FY2017, AND REITERATES PRODUCTION OUTLOOK FOR 2018

Moscow - PJSC MMC Norilsk Nickel, the largest refined nickel and palladium producer in the world, announces today preliminary consolidated production results for the fourth quarter and the full year of 2017 as well as its production outlook for the full year 2018.

First Vice-President - Chief Operating Officer, Sergey Dyachenko commented on the 2017 production results,

«**The Company has fully met its 2017 metal production targets** as the main phase of downstream reconfiguration program was successfully completed with Talnakh Concentrator having reached its designed capacity and parameters, and work-in-progress inventory levels normalized. **Metal production volumes from own Russian feed increased 7-15% year-on-year, with the output of copper and platinum exceeded the production targets.** In 2017, the Company started processing of copper concentrate purchased from Rostec. As result of successful downstream reconfiguration, the nickel refinery, Norilsk Nickel Harjavalta, in Finland got almost fully loaded with our own Russian feed, which enabled us to decrease low-margin processing of third party material.

This year, Kola nickel refining operations are scheduled for an active modernization and expansion of capacity with a transition to a new chlorine leaching technology. The Company's copper production is expected to grow further in 2018 at both our existing operations as well as due to the launch of Bystrinsky GOK (Chita Copper Project) into production. **Overall, we reiterate our earlier 2018 metal production guidance, with a small downside risk to platinum group metals volumes** owing to a potential build-up of work-in-progress material at Kola division due to ongoing nickel refinery upgrade. The ramp-up of Bystrinsky GOK, which successfully launched hot commissioning in October 2017, is on schedule. **In 2018, Bystrinsky GOK is planned to produce 35-40 kt of copper and 180-200 koz of gold in concentrate ».**

Nickel

In 4Q17, consolidated nickel production increased 11% quarter-on-quarter (q-o-q) to **60 kt**. The growth was mainly attributed to the increase in processing of nickel matte shipped from Polar division to Kola refining to meet production targets.

In 2017, consolidated nickel production reduced 8% year-on-year (y-o-y) to **217 kt**. The decrease was driven primarily by the reduction of low-margin processing of third parties feed at Norilsk Nickel Harjavalta due to the downstream reconfiguration. Nickel output from the Company's own Russian feed increased 7% y-o-y to **210 kt** in line with **206-211 kt** production target.

Copper

In 4Q17, consolidated copper production increased 15% q-o-q to **110 kt**. The increase was attributed to processing of copper concentrate previously stored at Copper smelter due to unfavorable meteorological conditions in Norilsk (for details [see 3Q and 9M 2017 operating results press-release](#)).

In 2017, consolidated copper production increased 11% y-o-y to **401 kt**. Copper output from the Company's own Russian feed increased 15% y-o-y to **398 kt** above the **377-387 kt** production target. The increase of copper output in the reported period was attributed to the processing of concentrate purchased from Rostec.

Platinum Group Metals

In 4Q17, palladium and platinum output increased 9% q-o-q to **753 koz** and 2% q-o-q to **177 koz**, respectively, driven by the increase of nickel matte volumes shipped from Polar division to Kola refining and processing of work-in-progress material.

In 2017, palladium and platinum output increased 6% y-o-y to **2,780 koz** and 4% y-o-y to **670 koz**, respectively. The increase of PGM output was mostly due to the processing of concentrate purchased from Rostec, processing of work-in-progress material stored at Polar division and decrease of work-in-progress material in transit due to the completion of downstream reconfiguration.

Palladium output from the Company's own Russian feed increased 8% y-o-y to **2,728 koz** in line with **2,636-2,732 koz** production target. Platinum output from the Company's own Russian feed increased 7% y-o-y to **650 koz** slightly above the **581-645 koz** production target.

Russian operations

Since 2H16, following the shutdown of Nickel plant in the Polar division, all saleable nickel has been produced at two production sites: Kola MMC in Russia and Norilsk Nickel Harjavalta in Finland. **In 4Q17**, nickel output in Russia increased 10% q-o-q to **43 kt**, which was driven mostly by the processing of additional volumes of matte shipped from Polar to Kola division.

In 2017, combined nickel production in Russia reduced 14% y-o-y to **157 kt**. The decrease was due to the reconfiguration of downstream production facilities, which included the shutdown of Nickel Plant, increase of processing volumes of Russian feed (nickel matte) produced at the Polar division at the refineries of Kola MMC and Norilsk Nickel Harjavalta, as well as a decrease in low-margin processing of third party nickel feed at Harjavalta.

In 4Q17, copper output in Russia increased 16% q-o-q to **106 kt**. The increase was attributed to processing of additional volumes of copper concentrate previously stored at Copper smelter due to unfavorable meteorological conditions in Norilsk (for details [see 3Q and 9M 2017 operating results press-release](#)).

In 2017, copper output in Russia increased 11% y-o-y to **388 kt**. The increase of copper output was due to the processing of concentrate purchased from Rostec.

In 4Q17, palladium and platinum output in Russia increased 10% q-o-q to **749 koz** and 3% q-o-q to **176 koz**, respectively. The increase of PGM production volumes in 4Q17 owed to increased processing volumes of nickel matte shipped from Polar division to Kola MMC and processing of work-in-progress material at Polar Division.

In 2017, palladium output in Russia increased 7% y-o-y to **2,738 koz**, while platinum output was up 6% y-o-y to **660 koz**. The increase of PGM production volumes owed mostly to the processing of concentrate purchased from Rostec, processing of work-in-progress materials stored at Polar Division and decrease of work-in-progress material in transit due to the completion of downstream reconfiguration.

Norilsk Nickel Finland

In 4Q17, nickel production at Norilsk Nickel Harjavalta increased 12% q-o-q to **17 kt**, almost all of which was produced from then Company's own Russian feed (17 kt, +14% q-o-q). The increase was from a low base of previous quarter.

In 2017, nickel output at Harjavalta increased 11% y-o-y to **60 kt**, of which 55 kt were produced from the Company's own Russian feed (increased 3-fold y-o-y). The growth was attributed to the increase in processing of Russian feed as result of downstream reconfiguration.

In 4Q17, output of copper at Norilsk Nickel Harjavalta reduced 6% q-o-q to **4 kt**, all of which were produced from the Company's own Russian feed. The decline was due to lower metal content in the processed Russian feed.

In 2017, copper output at Harjavalta increased 40% y-o-y to **13 kt**, almost all of which were produced from the Company's own Russian feed (12,3 kt, up 21x y-o-y). The increase was attributed to higher processing volumes of Russian feed resulting from the downstream assets reconfiguration.

In 4Q17, output of saleable palladium (palladium in copper cake) reduced 64% q-o-q to **4 koz**, while output of saleable platinum (platinum in copper cake) reduced 50% q-o-q to **1 koz**.

In 2017, output of palladium and platinum reduced 34% y-o-y to **42 koz** and 55% y-o-y to **10 koz**, respectively. The decrease of PGM output at Harjavalta owed to the substitution of purchased feed from third parties by the Company's own Russian feed with a lower PGM content.

2018 Production guidance from Russian feedstock:

Metals	Volume
Norilsk Nickel Group (excluding Chita)	
Ni, kt	210-215
Cu, kt	400-420
Pd, koz	2,630-2,725
Pt, koz	600-650
Bystrinsky (Chita) Copper Project ⁽¹⁾	
Cu, kt	35-40
Au, koz	180-200

Note: 1. Norilsk Nickel owns 50.1% of Bystrinsky (Chita Copper) Project. Production results shown on 100% basis and fully consolidated in Company's financial and operational results.

NORILSK NICKEL GROUP SALEABLE METALS PRODUCTION	4Q 2017	3Q 2017	Q-o-Q, %	FY 2017	FY 2016	Y-o-Y, %
TOTAL METAL PRODUCTION ¹						
Nickel, t	60,032	54,175	11%	217,112	235,749	-8%
thereof from own Russian feed	59,725	52,940	13%	210,131	196,809	7%
Copper, t	110,203	95,955	15%	401,083	360,217	11%
thereof from own Russian feed	110,203	95,806	15%	397,774	344,482	15%
Palladium, koz	753	693	9%	2,780	2,618	6%
thereof from own Russian feed	761	687	11%	2,728	2,526	8%
Platinum, koz	177	173	2%	670	644	4%
thereof from own Russian feed	178	171	4%	650	610	7%
Polar division and Kola MMC (Russia)						
Nickel, t	42,761	38,782	10%	157,396	182,095	-14%
Polar division	0	0	-	0	50,860	-100%
Kola MMC	42,761	38,782	10%	157,396	131,235	20%
<i>thereof from own Russian feed</i>	<i>42,761</i>	<i>38,043</i>	<i>12%</i>	<i>155,110</i>	<i>126,937</i>	<i>22%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>739</i>	<i>-100%</i>	<i>2,286</i>	<i>4,298</i>	<i>-47%</i>
Copper, t	106,217	91,720	16%	387,642	350,619	11%
Polar division	84,800	71,555	19%	306,859	280,347	9%
Kola MMC	21,417	20,165	6%	80,783	70,272	15%
<i>thereof from own Russian feed</i>	<i>21,417</i>	<i>20,087</i>	<i>7%</i>	<i>78,587</i>	<i>63,542</i>	<i>24%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>78</i>	<i>-100%</i>	<i>2,196</i>	<i>6,730</i>	<i>-67%</i>
Palladium, koz	749	682	10%	2,738	2,554	7%
Polar division	260	264	-2%	956	1,703	-44%
Kola MMC	489	418	17%	1,782	851	109%
<i>thereof from own Russian feed</i>	<i>489</i>	<i>412</i>	<i>19%</i>	<i>1,736</i>	<i>815</i>	<i>113%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>6</i>	<i>-100%</i>	<i>45</i>	<i>36</i>	<i>26%</i>
Platinum, koz	176	171	3%	660	622	6%
Polar division	69	77	-10%	259	449	-42%
Kola MMC	107	94	14%	401	173	132%
<i>thereof from own Russian feed</i>	<i>107</i>	<i>92</i>	<i>16%</i>	<i>385</i>	<i>159</i>	<i>142%</i>
<i>thereof from 3d parties feed</i>	<i>0</i>	<i>2</i>	<i>-100%</i>	<i>16</i>	<i>14</i>	<i>15%</i>
Norilsk Nickel Harjavalta (Finland) ²						
Nickel, t	17,271	15,393	12%	59,716	53,654	11%
<i>thereof from own Russian feed</i>	<i>16,964</i>	<i>14,897</i>	<i>14%</i>	<i>55,021</i>	<i>19,012</i>	<i>189%</i>
Copper, t	3,986	4,235	-6%	13,441	9,598	40%
<i>thereof from own Russian feed</i>	<i>3,986</i>	<i>4,164</i>	<i>-4%</i>	<i>12,328</i>	<i>593</i>	<i>1979%</i>
Palladium, koz	4	11	-64%	42	64	-34%
<i>thereof from own Russian feed</i>	<i>12</i>	<i>11</i>	<i>9%</i>	<i>35</i>	<i>8</i>	<i>338%</i>
Platinum, koz	1	2	-50%	10	22	-55%
<i>thereof from own Russian feed</i>	<i>2</i>	<i>2</i>	<i>0%</i>	<i>6</i>	<i>2</i>	<i>200%</i>
Nkomati (South Africa) ³						
Nickel, t	1,475	1,891	-16%	8,006	8,486	-6%
Copper, t	1,013	1,228	7%	4,504	4,007	12%
Palladium, koz	10	13	8%	46	40	15%
Platinum, koz	5	5	0%	20	15	33%

Notes:

¹ Totals may vary from the sum of numbers as a result of rounding.

² Production results include processing of nickel concentrate from Russian feed and purchased materials.

³ Metal in concentrate for sale assuming 50% ownership. The numbers are not consolidated in the Group totals.

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,
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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 include Polar Division, located at the Norilsk Industrial District on Taimyr Peninsula, and Kola Mining and Metallurgical Company located on the Kola Peninsula in Russia as well as Harjavalta nickel refinery in Finland.

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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