



NORNICKEL

PRESS-RELEASE

NORILSK NICKEL ANNOUNCES PRELIMINARY CONSOLIDATED PRODUCTION RESULTS FOR 2nd QUARTER AND 1st HALF 2016

Moscow, July 29, 2016 - PJSC MMC Norilsk Nickel (hereinafter – Nornickel or the Company), the world's largest nickel and palladium producer, announces preliminary consolidated production results for the second quarter and the first half of 2016.

Nickel

2Q16 consolidated nickel production amounted to **58 kt** decreasing 9% quarter-on-quarter (q-o-q). Nickel output from the Company's own Russian feed reached **47 kt**, down 9% q-o-q. The reduction was driven by the increase of work-in-progress material in transit due to shut down of smelting and roasting capacities of Nickel Plant and lower metal content in mined ore.

Overall in 1H16, nickel output amounted to **122 kt** decreasing 7% year-on-year (y-o-y) driven mostly by one-off increase of work-in-progress material in transit due to the ongoing reconfiguration of downstream production facilities at Polar division and lower metal content in mined ore.

Copper

2Q16 consolidated copper production amounted to **90 kt** increasing 3% q-o-q. Copper output from the Company's own Russian feed reached **86 kt**, up 1% q-o-q. The increase was attributed to higher copper content in mined ore.

Overall in 1H16, copper output amounted to **177 kt** decreasing 3% y-o-y driven mostly by the increase of work-in-progress material in transit.

Platinum Group Metals

2Q16 consolidated palladium and platinum output amounted to **688 koz** (up 7% q-o-q) and **162 koz** (down 5% q-o-q), respectively. Palladium output from the Company's own Russian feed reached **678 koz**, up 8% q-o-q and platinum output reached **159 koz**, down 3% q-o-q. The growth of palladium and decrease of platinum output was mainly attributed to a respective change of metal content in mined ore.

Overall in 1H16, palladium and platinum output amounted to **1,330 koz** (down 2% y-o-y) and **333 koz** (down 2% y-o-y), respectively. The decline was driven mostly by the ongoing reconfiguration of downstream production facilities at Polar division and increase of work-in-progress material in transit.

Russian operations

In 2Q16, Russian assets produced **47 kt** of nickel, down 8% q-o-q. In 1H16, total nickel output by the Pola and Kola divisions decreased 8% y-o-y to **99 kt**. The reduction was attributed to lower

processing volumes of rich ore due to the pre-commissioning activities as a part of the second phase of Talnakh Concentrator upgrade and the increase of production from Russian feed at Norilsk Nickel Harjavalta in line with the reconfiguration program.

In 2Q16, copper output in Russia amounted to **88 kt**, up 3% q-o-q. The growth was attributed to an increase of cuprous ores mined and processed by the Polar division. In 1H16, copper output amounted to **174 kt**, down 1% y-o-y. The slight reduction was attributed to the start of concentrate production for further processing at Norilsk Nickel Harjavalta and a respective increase of work-in-progress material in transit. In reported periods, Kola copper production from third parties surged due to the increase of processing of copper cake received from Norilsk Nickel Harjavalta.

In 2Q16, palladium output in Russia reached **678 koz** (up 7% q-o-q) and platinum output from Company's Russian operations amounted to **159 koz** (down 5% q-o-q). Overall in 1H16, palladium output in Russia stayed almost flat y-o-y at **1,311 koz** and platinum output from Company's Russian operations amounted to **326 koz** (up 1% y-o-y). The growth of palladium and decrease of platinum output was mainly attributed to the change in metal content in mined ore.

Norilsk Nickel Finland

In 2Q16, Norilsk Nickel Harjavalta produced approximately **11 kt** of nickel, down 12% q-o-q. The decrease was driven by scheduled repairs at the refinery. Nickel output from the Company's own Russian feed reached **0.8 kt**, up 50% q-o-q, which was mainly attributed to the processing of Russian concentrate as part of the reconfiguration program. In 1H16, nickel output amounted to **22 kt** increasing 2% y-o-y. The growth was attributed to the increased processing volumes of Russian feed and materials purchased from third parties.

In 2Q16, output of copper increased 14% q-o-q to **2 kt**, which was attributed to higher copper content in supplied ore. In 1H16, copper output decreased almost two-fold y-o-y to **3 kt**. The reduction of output was driven by shipment of copper cake for processing to Kola MMC.

In 2Q16, Norilsk Nickel Harjavalta increased the production of palladium (in copper cake) by 12% q-o-q to **10 koz** and the production of platinum (in copper cake) stayed almost flat q-o-q at **4 koz**. In 1H16, output of palladium and platinum reached **19 koz** (down 54% y-o-y) and **8 koz** (down 53% y-o-y) respectively. The decrease of PGM output was driven by shipment of copper cake for processing to Kola MMC.

Nornickel confirms that it is on track to meet its 2016 metal production guidance from Russian feed:

2016 Production Guidance (from Russian feed):

Metals	Saleable Metals
Ni, kt	206-212
Cu, kt	342-352
Pd, koz	2,296-2,392
Pt, koz	542-586

NORNICKEL SALEABLE METALS PRODUCTION	2Q 2016	2Q 2015	Change q-o-q	1H 2016	1H 2015	Change y-o-y
TOTAL METAL PRODUCTION¹						
Nickel, t	57,942	63,631	-9%	121,573	131,291	-7%
<i>from Russian feed</i>	46,956	51,869	-9%	98,825	106,694	-7%
Copper, tonnes	90,186	87,253	3%	177,439	182,095	-3%
<i>from Russian feed</i>	86,316	85,257	1%	171,573	174,471	-2%
Palladium, koz	688	642	7%	1,330	1,359	-2%
<i>from Russian feed</i>	678	626	8%	1,304	1,292	1%
Platinum, koz	162	171	-5%	333	339	-2%
<i>from Russian feed</i>	159	164	-3%	323	314	3%
NORNICKEL POLAR AND KOLA DIVISIONS						
Nickel, t	47,456	51,764	-8%	99,220	108,373	-8%
Polar division	20,700	23,650	-12%	44,350	47,836	-7%
Kola division	26,756	28,114	-5%	54,870	60,537	-9%
<i>from Russian feed</i>	25,467	27,692	-8%	53,159	58,858	-10%
<i>from 3d parties feed</i>	1,289	422	205%	1,711	1,679	2%
Copper, t	88,364	85,660	3%	174,024	175,351	-1%
Polar division	73,923	72,763	2%	146,686	145,494	1%
Kola division	14,441	12,897	12%	27,338	29,857	-8%
<i>from Russian feed</i>	12,393	12,494	-1%	24,887	28,977	-14%
<i>from 3d parties feed</i>	2,048	403	408%	2,451	880	179%
Palladium, koz	678	633	7%	1,311	1,313	0%
Polar division	495	405	22%	900	983	-8%
Kola division	182	229	-20%	411	330	25%
<i>from Russian feed</i>	182	222	-18%	404	309	31%
<i>from 3d parties feed</i>	0	7	-100%	7	21	-67%
Platinum, koz	159	167	-5%	326	322	1%
Polar division	125	119	5%	244	257	-5%
Kola division	34	48	-29%	82	65	26%
<i>from Russian feed</i>	34	45	-24%	79	57	38%
<i>from 3d parties feed</i>	0	3	-100%	3	8	-63%
NORNICKEL FINLAND²						
Nickel, t	10,486	11,867	-12%	22,353	22,007	2%
<i>from Russian feed</i>	789	527	50%	1,316	0	-
Copper, t	1,822	1,593	14%	3,415	6,073	-44%
Palladium, koz	10	9	12%	19	41	-54%
Platinum, koz	4	4	0%	8	16	-53%
NORNICKEL AFRICA						
Tati Nickel nickel, t	0	0		0	1,822	-100%
thereof Tati Nickel nickel to 3d parties	0	0		0	911	-100%
thereof Tati Nickel nickel processed in the Company	0	0		0	911	-100%
Nkomati (50%) nickel processed in the Company, t	2,170	2,900	-25%	5,070	5,382	-6%
Tati Nickel copper, t	0	0		0	1,343	-100%
thereof Tati Nickel copper to 3d parties	0	0		0	671	-100%
thereof Tati Nickel copper processed in the Company	0	0		0	671	-100%
Nkomati (50%) copper processed in the Company, t	1,006	1,339	-25%	2,345	2,533	-7%
Tati Nickel palladium, koz	0	0		0	10	-100%
thereof Tati Nickel palladium to 3d parties	0	0		0	5	-100%
thereof Tati Nickel palladium processed in the Company	0	0		0	5	-100%
Nkomati (50%) palladium processed in the Company, koz	10	13	-23%	23	26	-12%
Tati Nickel platinum, koz	0	0		0	2	-100%
thereof Tati Nickel platinum to 3d parties	0	0		0	1	-100%
thereof Tati Nickel platinum processed in the Company	0	0		0	1	-100%
Nkomati (50%) platinum processed in the Company, koz	4	5	-20%	9	10	-10%

Notes:

¹Totals may value from sum of numbers as a result of rounding

² Production results include processing of nickel concentrate from Nkomati and purchased materials

ABOUT THE COMPANY

Nornickel 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 Nornickel 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.

Nornickel shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges. Nornickel ADRs trade over the counter in the US and on the London and Berlin Stock Exchanges.

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