



## PRESS RELEASE

**NORNICKEL**

Public Joint Stock Company «Mining and Metallurgical Company «NORILSK NICKEL»  
(PJSC “MMC “Norilsk Nickel”, “Nornickel” or the “Company”)

### **NORNICKEL ANNOUNCES CONSOLIDATED PRODUCTION RESULTS FOR 1H2020**

**Moscow, 29 July, 2020** – Nornickel, the world’s largest producer of palladium and high-grade nickel and a major producer of platinum and copper, announces preliminary consolidated production results for the second quarter and the first half of 2020.

#### **First Vice-President, Chief Operating Officer, Sergey Dyachenko commented on the 1H2020 production results:**

«First of all, I would like to reiterate that a reduction of environmental impact remains our absolute strategic priority and confirm our commitment to radically improve the environmental situation in the regions of our operations.

The Company is applying its maximum efforts to mitigate the impact of the fuel spill at the HPP-3. To date, [the clean-up of the Ambarnaya River and the collection of contaminated soil have been practically completed](#) and the most complex and labour-intensive work on cleaning and rehabilitation of soil has been launched. We have started construction of a temporary pipeline for the transportation of the collected water-fuel mixture to a special treatment and disposal site. Jointly with the government and independent consultants Nornickel is exploring the most effective solutions for the disposal of contaminated soil and the restoration of disturbed ecosystems. The Company is engaged into an active dialogue with all stakeholders and will continue to update regularly the investment community on the remediation efforts of the fuel storage incident at HPP-3.

As part of the long-term planning of our operations in permafrost conditions and mitigation of environmental risks, **Nornickel is developing a real-time monitoring system of the soil conditions and the foundations’ stability of the main production facilities**. We expect that this programme will be designed and rolled out by the end of 2021. Meanwhile, the capabilities of the existing permafrost diagnostics center will be enhanced already this year, alongside an additional comprehensive audit of hazardous production facilities.

In its fight against the spread of the COVID-19, [the Company is taking maximum precautions to protect the health and safety of its employees](#) and providing full support to the regional communities and authorities, which helps to maintain production processes without any interruptions. I would like to confirm that the COVID-19 outbreak has not had any material adverse impact on our operations.

**In 2Q2020, the output of all key metals have increased** against the previous quarter. However, 1H2020 production of saleable products have declined year-on-year primarily due to hot commissioning of a nickel refining shop with new chlorine leaching technology at Kola MMC. The decrease of PGMs output was attributed mostly to a high base effect of 1H2019, when Krasnoyarsk Precious Metals Plant processed earlier accumulated work-in-progress inventory. The decline in copper production was driven by lower processing volumes of concentrate purchased from Rostec as well as the short-term reduction of capacity utilisation rate of our smelting operations at Kola MMC owing to unfavorable meteorological conditions in order to reduce environmental impact.

At the same time, Bystrinsky GOK continued to ramp-up to designed capacity, having increased production of copper in concentrate by almost 50% year-on-year.

**Overall, we reiterate our production guidance for FY2020».**

## NORNICKEL GROUP

### Nickel

**In 2Q2020**, consolidated nickel production increased 8% quarter-on-quarter (q-o-q) to **56 kt**, almost all of which were produced from the Company's own Russian feed (55 kt, +8% q-o-q). The growth was attributed to the gradual ramp-up of nickel refinery at Kola MMC using new chlorine-leaching technology. As part of strategic diversification of sales into premium products, carbonyl nickel production at Kola MMC increased to 1.6 kt (+3% q-o-q).

**In 1H2020**, total nickel output decreased 2% year-on-year (y-o-y) to **108 kt**, almost all of which were produced from the Company's own Russian feed (107 kt, -1% y-o-y). The decline was attributed to hot commissioning of a refining shop using new chlorine leaching technology at Kola MMC.

**In 1H2020**, carbonyl nickel output increased 41% y-o-y to **3.2 kt**.

### Copper

**In 2Q2020**, consolidated copper production increased 9% q-o-q to **125 kt**, almost all of which were produced from the Company's own Russian feed. The growth was driven by a temporary increase in processed volumes of concentrate purchased from Rostec, and copper cake supplied from Norilsk Nickel Harjavalta to Copper Plant of the Polar Division for further refining, as well as an increase in copper feed for copper smelting at Polar Division due to a reduction of copper content in the matte shipped for further processing to Kola MMC.

**In 1H2020**, total copper output decreased 5% y-o-y to **240 kt**, almost all of which were produced from the Company's own Russian feed. The decline was attributed to lower processing volumes of concentrate purchased from Rostec in comparison to 1H2019, as well as a decrease of copper production at Kola MMC due the short-term reduction of capacity utilisation rate of its smelting operations owing to unfavorable meteorological conditions in order to reduce environmental impact.

Bystrinsky Project was ramping up on schedule, having increased production of copper in concentrate by 49% y-o-y to **30 kt**.

### Platinum Group Metals

**In 2Q2020**, palladium and platinum output amounted to **722 koz** (+32% q-o-q) and **172 koz** (+15% q-o-q), respectively. The increase of PGM output was mostly driven by processing of work-in-progress material at Krasnoyarsk Precious Metals Plant and shipment of copper cake (containing PGMs) from Norilsk Nickel Harjavalta to Boliden for further processing under contractual obligations.

**In 1H2020**, palladium and platinum output amounted to **1,270 koz** (-17% y-o-y) and **323 koz** (-17% y-o-y), respectively. The decrease of PGMs was attributed mostly to a high base effect of 1H2019, when Krasnoyarsk Precious Metals Plant processed earlier accumulated work-in-progress inventory.

## RUSSIAN OPERATIONS

**In 1H2020**, all saleable metals were produced by the Company's Russian operations from their own feed.

### Nickel

**In 2Q2020**, nickel output at Kola MMC increased 12% y-o-y to **39 kt**. The increase was attributed to the scheduled ramp-up of nickel refinery at Kola MMC operating new chlorine-leaching technology. **In 1H2020**, Kola MMC decreased nickel output 7% y-o-y to **74 kt**. The decline was attributed to hot commissioning of a refining shop with a new chlorine leaching technology.

## Copper

**In 2Q2020**, copper output at the Company's operations in Russia increased 8% q-o-q to **124 kt**. The growth was driven by a temporary increase in processed volumes of concentrate purchased from Rostec, and copper cake supplied from Norilsk Nickel Harjavalta to Copper Plant of the Polar Division for further refining, as well as an increase in copper feed for copper smelting at Polar Division due to a reduction of copper content in the matte shipped for further processing to Kola MMC.

**In 1H2020**, total copper output decreased 2% y-o-y to **239 kt**. The decline was attributed to lower processing volumes of concentrate purchased from Rostec in comparison to 1H2019, as well as decrease of copper production at Kola MMC due the short-term reduction of capacity utilisation rate of its smelting operations owing to unfavorable meteorological conditions in order to reduce environmental impact.

Bystrinsky Project was ramping up on schedule, with copper in copper concentrate production increased 49% y-o-y to **30 kt**.

## Platinum Group Metals

**In 2Q2020**, the Company's Russian operations produced **716 koz** (+31% q-o-q) of palladium and **172 koz** (+15% q-o-q) of platinum. The growth of PGMs was attributed mostly to processing of work-in-progress material at Krasnoyarsk Precious Metals Plant.

**1H2020**, palladium and platinum output amounted to **1,264 koz** (-16% y-o-y) and **322 koz** (-15% y-o-y), respectively. The decrease of PGMs output was attributed mostly to a high base effect of 1H2019, when Krasnoyarsk Precious Metals Plant processed earlier accumulated work-in-progress inventory.

## **NORILSK NICKEL HARJAVALTA (FINLAND)**

### Nickel

**In 2Q2020**, nickel production at Norilsk Nickel Harjavalta remained largely unchanged q-o-q at **17 kt**. **In 1H2020**, nickel output increased 12% y-o-y to **33 kt**. The growth was attributed to change in the maintenance schedule, with the scheduled repairs postponed from May to August.

### Copper

**In 2Q2020**, copper output at Norilsk Nickel Harjavalta amounted to **1 kt** (6-fold growth q-o-q). The increase was attributed to the shipment of salable copper cake to Boliden in line with an existing contract. **In 1H2020**, total copper output decreased 82% y-o-y to slightly above **1 kt**. The decrease was due to the scheduled shipment of copper cake from Norilsk Nickel Harjavalta to Copper Plant of the Polar Division for further refining.

### Platinum Group Metals

**In 2Q2020**, output of saleable palladium and platinum (both contained in copper cake) amounted to **6 koz** (10-fold growth q-o-q) and **1 koz** (11-fold growth q-o-q), respectively. The increase was attributed to the shipment of salable copper cake (containing PGMs) to Boliden under an existing contract. **1H2020**, output of palladium and platinum reached **7 koz** (-82% y-o-y) and **1 koz** (-85% y-o-y), respectively. The decrease was attributed to the scheduled shipment of copper cake from Norilsk Nickel Harjavalta to Copper Plant of the Polar Division for further refining.

## **NKOMATI (SOUTH AFRICA) (\*)**

**In 1H2020**, Nkomati (50% - owned by Norilsk Nickel Group) produced **3 kt** of nickel (-31% y-o-y), **1 kt** of copper (-42% y-o-y), **13 koz** of palladium (-32% y-o-y) and **6 koz** of platinum (-29% y-o-y). The decrease in metal production was attributed to the decision taken early to put the mine into care and maintenance and depletion of the existing open pit reserves.

*Note: (\*) Nkomati production results are not consolidated in the Group's total operating results.*

**Production Guidance from the Company's Own Russian Feed for 2020:**

<b>Metal</b>	<b>Volume</b>
Norilsk Nickel Group (excluding Chita)	
Ni, kt	225-235
Cu, kt	420-440
Pd, koz	2,648-2,777
Pt, koz	611-675
Bystrinsky GOK (Chita Copper Project) <sup>(1)</sup>	
Cu, kt	55-65
Au, koz	220-240

*Note: (1) Nor Nickel owns 50.01% of Bystrinsky (Chita Copper) Project. Production results are shown metal in concentrate for sale on 100% basis. Production results are consolidated in total operational results on 100% basis. The concentrator at the Bystrinsky project was launched in 2018 as part of the hot commissioning stage and was fully commissioned in September 2019.*

NORILSK NICKEL GROUP SALEABLE METALS PRODUCTION <sup>1</sup>		2Q 2020	1Q 2020	Q-o-Q	1H 2020	1H 2019	Y-o-Y
<b>Total nickel</b>	t	<b>55,831</b>	<b>51,757</b>	<b>8%</b>	<b>107,588</b>	<b>109,682</b>	<b>-2%</b>
including from own Russian feed	t	55,438	51,133	8%	106,571	107,741	-1%
<b>Total copper</b>	t	<b>124,926</b>	<b>114,987</b>	<b>9%</b>	<b>239,913</b>	<b>251,304</b>	<b>-5%</b>
including from own Russian feed	t	124,909	114,914	9%	239,823	251,100	-4%
<b>Total palladium</b>	koz	<b>722</b>	<b>548</b>	<b>32%</b>	<b>1,270</b>	<b>1,533</b>	<b>-17%</b>
including from own Russian feed	koz	722	548	32%	1,270	1,531	-17%
<b>Total platinum</b>	koz	<b>173</b>	<b>150</b>	<b>15%</b>	<b>323</b>	<b>388</b>	<b>-17%</b>
including from own Russian feed	koz	173	150	15%	323	387	-17%
<b>Polar Division and Kola MMC (Russia)</b>							
<b>Nickel</b>	t	<b>39,312</b>	<b>35,143</b>	<b>12%</b>	<b>74,455</b>	<b>80,039</b>	<b>-7%</b>
Kola MMC, including	t	39,312	35,143	12%	74,455	80,039	-7%
refined Ni from own Russian feed	t	37,940	33,260	14%	71,200	79,525	-10%
saleable intermediate products from own Russian feed	t	1,372	1,883	-27%	3,255	514	533%
from 3d parties feed	t	0	0	-	0	0	-
<b>Copper</b>	t	<b>108,611</b>	<b>99,647</b>	<b>9%</b>	<b>208,258</b>	<b>223,160</b>	<b>-7%</b>
Polar Division	t	94,251	82,172	15%	176,423	179,722	-2%
Kola MMC, including	t	14,360	17,475	-18%	31,835	43,438	-27%
Cu cathodes from own Russian feed	t	13,770	16,940	-19%	30,710	35,828	-14%
saleable intermediate products from own Russian feed	t	590	535	10%	1,125	7,610	-85%
from 3d parties feed	t	0	0	-	0	0	-
<b>Palladium</b>	koz	<b>716</b>	<b>547</b>	<b>31%</b>	<b>1,264</b>	<b>1,497</b>	<b>-16%</b>
Polar Division	koz	373	177	111%	550	461	19%
Kola MMC, including	koz	343	371	-7%	714	1,036	-31%
from own Russian feed	koz	343	371	-7%	714	1,036	-31%
from 3d parties feed	koz	0	0	-	0	0	-
<b>Platinum</b>	koz	<b>172</b>	<b>150</b>	<b>15%</b>	<b>322</b>	<b>380</b>	<b>-15%</b>
Polar Division	koz	88	55	62%	143	114	25%
Kola MMC, including	koz	83	95	-12%	179	266	-33%
from own Russian feed	koz	83	95	-12%	179	266	-33%
from 3d parties feed	koz	0	0	-	0	0	-
<b>Bystrinsky GOK ( Russia, Zabaykaysky Krai) <sup>2</sup></b>							
Copper	t	15,119	15,140	0%	30,259	20,253	49%
Gold	koz	58	56	3%	114	87	31%
Iron ore concentrate	kt	491	381	29%	872	505	73%
<b>Norilsk Nickel Harjavalta (Finland)</b>							
<b>Nickel, including</b>	t	<b>16,519</b>	<b>16,614</b>	<b>-1%</b>	<b>33,133</b>	<b>29,643</b>	<b>12%</b>
from own Russian feed	t	16,126	15,990	1%	32,116	27,702	16%
from 3d parties feed	t	393	624	-37%	1,017	1,940	-48%
<b>Copper, including</b>	t	<b>1,196</b>	<b>200</b>	<b>498%</b>	<b>1,396</b>	<b>7,891</b>	<b>-82%</b>
from own Russian feed	t	1,179	127	828%	1,306	7,687	-83%
from 3d parties feed	t	17	73	-77%	90	204	-56%
<b>Palladium, including</b>	koz	<b>6.1</b>	<b>0.6</b>	<b>968%</b>	<b>6.7</b>	<b>36.3</b>	<b>-82%</b>
from own Russian feed	koz	5.9	0.1	5820%	6.0	34.2	-82%
from 3d parties feed	koz	0.2	0.5	-64%	0.6	2.1	-70%
<b>Platinum, including</b>	koz	<b>1.1</b>	<b>0.1</b>	<b>842%</b>	<b>1.3</b>	<b>8.2</b>	<b>-85%</b>
from own Russian feed	koz	1.1	0.0	-	1.1	6.6	-84%
from 3d parties feed	koz	0.1	0.1	-33%	0.2	1.6	-88%
<b>Nkomati (South Africa) <sup>3</sup></b>							
Nickel	t	1,337	1,289	4%	2,626	3,792	-31%
Copper	t	581	556	4%	1,137	1,971	-42%
Palladium	koz	6	7	-15%	13	19	-32%
Platinum	koz	3	3	11%	6	8	-29%

## Notes:

- 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.
- Norilsk Nickel Group owns 50.01% of Bystrinsky GOK (Chita Copper Project). Production results are shown metal in concentrate for sale on 100% basis and fully consolidated in total operational results. The concentrator at the Bystrinsky project was launched in 2018 as part of the hot commissioning stage and was fully commissioned in September 2019.
- Norilsk Nickel Group owns 50% of Nkomati. Production results report metal contained in saleable concentrate on a 50% basis and are not consolidated in the Group's total operating results. In 2019, the Group and its operating partner, African Rainbow Minerals, reached an agreement to scale down production at Nkomati Nickel Mine during 2020. As part of this process, the partners will elaborate in due course a plan contemplating the cessation of the mining operations and the placing of the mine in care and maintenance.

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**

MMC Norilsk Nickel is a diversified mining and metallurgical company, the world's largest producer of palladium and high-grade nickel and a major producer of platinum and copper. The company also produces cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium, sulphur and other products.

The production units of Norilsk Nickel Group are located at the Norilsk Industrial District, on the Kola Peninsula and Zabaykalsky Krai in Russia as well as in Finland and South Africa.

MMC Norilsk Nickel shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges, ADRs are traded over the counter in the US and on the London, Berlin and Frankfurt Stock Exchanges.

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