PRESS-RELEASE

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NORILSK NICKEL

MMC NORILSK NICKEL PRESENTS
PRELIMINARY INTERIM IFRS CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2010

Moscow, 04 October 2010 – Open Joint Stock Company ("OJSC") Mining and Metallurgical Company Norilsk Nickel ("MMC Norilsk Nickel", or the "Company") and its subsidiaries (the "Group") present its preliminary unaudited interim condensed consolidated financial statements (the "financial statements") as at 30 June 2010 and for the six months then ended in compliance with International Accounting Standard IAS 34 Interim Financial Information ("IAS 34").

KEY ITEMS OF INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010 (1)

US Dollars million

	For the six months ended 30 June 2010	**For the six months ended 30 June 2009**	***% change p-o-p***
Revenue			
Nickel	3,058	1,647	*86*
Copper	1,262	793	*59*
Palladium	774	373	*108*
Platinum	676	415	*63*
Gold	82	61	*34*
Metal sales	**5,852**	**3,289**	***78***
Other sales	**985**	**789**	***25***
Total revenue	**6,837**	**4,078**	***68***
Cost of metal sales	(2,424)	(2,004)	*21*
Cost of other sales	(968)	(737)	*31*
Gross profit	**3,445**	**1,337**	***158***
Gross profit margin, %	*50%*	*33%*	
Selling expenses	(125)	(55)	*127*
General and Administrative expenses	(338)	(273)	*24*
Other operating expenses, net	(29)	(46)	*(37)*
Operating profit	**2,953**	**963**	***207***
Finance costs	(52)	(98)	*(47)*
Other income and expenses	47	(249)	*n/a*
Profit before income tax	**2,948**	**616**	***379***
Total income tax expense	(603)	(177)	*241*
Profit for the period	**2,345**	**439**	***434***
Profit margin, %	*34%*	*11%*	

EARNINGS PER SHARE

Weighted average number of ordinary shares in issue during the period	**175,113,679**	**174,362,861**
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	**13.3**	**2.4**

Note:

1 unaudited results

REVENUE

In the first six months of 2010 revenue of the Group increased by 68% as compared to the first six months of 2009, and amounted to USD 6,837 million. In the reporting period revenue from metal sales increased by 78% to USD 5,852 million as compared to the same period of 2009. The main driver of revenue growth in the first half of 2010 was the increase in prices of base and precious metals (please see the detailed information below) produced by the Group and the growth in physical volumes of metal sales except for the copper.

Physical volumes of metal sales[1]

Metal	**For the six months ended 30 June 2010**	**For the six months ended 30 June 2009**	***% change p-o-p***
Refined metals			
Russian divisions and Finland			
Nickel (‘000 tonnes)	138	128	8
Copper (‘000 tonnes)	167	186	(10)
Palladium (’000 ounces)	1,402	1,322	6
Platinum (’000 ounces)	337	304	11
Gold (’000 ounces)	65	60	8
USA			
Palladium (’000 ounces)	241	223	8
Platinum (’000 ounces)	87	75	16
Gold (’000 ounces)	4	4	-
Semi finished products			
Nickel in concentrate (‘000 tonnes)	5	10	(50)
Copper in concentrate (‘000 tonnes)	4	-	-
Copper in copper cake [2] (‘000 tonnes)	5	8	(38)
GROUP’S TOTAL			
Nickel (‘000 tonnes)	**143**	**138**	**4**
Copper (‘000 tonnes)	**176**	**194**	**(9)**
Palladium (’000 ounces)	**1,643**	**1,545**	**6**
Platinum (’000 ounces)	**424**	**379**	**12**
Gold (’000 ounces)	**69**	**64**	**8**

Notes:

(1) All information is presented for the first half of 2009 and 2010 based on 100% ownership for subsidiaries

(2) Copper cake is a semi product with copper content 38-40% produced by Norilsk Nickel Harjavalta

Average selling prices of metals for the period

Metal	For the six months ended 30 June 2010	For the six months ended 30 June 2009	*% change p-o-p*
Russian divisions and Finland			
Nickel (in USD per tonne)	21,419	11,766	83
Copper (in USD per tonne)	7,216	4,073	77
Palladium (in USD per ounce)	467	217	115
Platinum (in USD per ounce)	1,582	1,096	44
Gold (in USD per ounce)	1,159	925	25
Stillwater Mining Company			
Palladium (in USD per ounce)	444	345	29
Platinum (in USD per ounce)	1,479	1,040	42
Gold (in USD per ounce)	1,152	923	25

Average metal prices[1] at LME and LPPM for the period

Metal	For the six months ended 30 June 2010	For the six months ended 30 June 2009	*% change p-o-p*
Nickel (in USD per tonne)	21,212	11,705	81
Copper (in USD per tonne)	7,130	4,046	76
Palladium (in USD per ounce)	467	217	115
Platinum (in USD per ounce)	1,596	1,098	45
Gold (in USD per ounce)	1,152	915	26

Note:

(1) Source: Bloomberg.

Nickel

In the first half of 2010 revenue from nickel contributed 52% to total metal sales and increased by 86% from USD 1,647 million in the first six months of 2009 to USD 3,058 million. The growth in revenue from nickel sales was driven by a significant increase of the average selling price of nickel produced by the Russian divisions and Norilsk Nickel Harjavalta (Finland) by 82%.

In the first half of 2010 physical volumes of nickel sales produced by the Russian divisions and Norilsk Nickel Harjavalta (Finland) increased by 8% to 138 thousand tonnes as compared to 128 thousand tones in the first six months of 2009. At the same time, physical volumes of nickel in semi products produced by Norilsk Nickel International (excluding Norilsk Nickel Harjavalta) decreased by 5 thousand tones, mainly due to placement of Australian assets of the Group into care and maintenance.

Copper

Revenue from copper sales amounted to 22% of total metal sales and increased in the first half of 2010 by 59% to USD 1,262 million as compared to USD 793 million for the same period of 2009. The growth of revenue from copper sales is mainly due to the increase in average selling price by 77% from USD 4,073 per tonne in the first six months of 2009 to USD 7,216 per tonne in the first half of 2010.

Physical volumes of copper sales produced by Russian divisions decreased in the first six months of 2010 by 10% (or by 19 thousand tonnes) to 167 thousand tonnes as compared with 186 thousand tonnes for the same period of 2009 due to selling in the first half of 2009 of inventories accumulated at the end of 2008. Traditionally the seasonality factor makes an adverse impact on the metal sales results in the first half of a calendar year as well.

Physical volumes of sales of copper in semi products, produced by Norilsk Nickel International (including Norilsk Nickel Harjavalta), in the first half of 2010 increased by 13% as compared to the same period of 2009.

Palladium

In the first half of 2010 sales of palladium contributed 13% of total metal sales of the Group. Revenue from palladium sales more than doubled from USD 373 million in the first half of 2009 to USD 774 million in the first six months of 2010.

Revenue from sale of palladium produced by Russian divisions increased by 128% from USD 287 million in the first half of 2009 to USD 655 million in the first six months of 2010. The main reasons of revenue growth include an increase in physical volumes of sales and growth of the average selling price of the metal. Physical volume of sales of palladium produced by the Russian divisions in the first half of 2010 amounted to 1,402 thousand ounces, representing a 6% growth as compared to the same period of 2009 – 1,321 thousand ounces. Moreover, the average selling price of palladium increased by 2.2 times from USD 217 per ounce in the first half of 2009 to USD 467 per ounce in the reporting period.

In the first half of 2010 revenue from palladium produced by Stillwater Mining Company increased by 39% - from USD 77 million in the first half of 2009 to USD 107 million in the first half of 2010. In the reporting period physical volumes of palladium sales made by Stillwater Mining Company grew by 8% and amounted to 241 thousand ounces as compared to 223 thousand ounces in the first half of 2009. Moreover, the average selling price increased by 29% from USD 345 per ounce in the first half of 2009 to USD 444 per ounce in the reporting period.

Platinum

In the first half of 2010 sales of platinum contributed 12% of total metal sales of the Group. Revenue from platinum sales increased by 63% from USD 415 million in the first half of 2009 to USD 676 million in the first six months of 2010.

Revenue from sale of platinum produced by the Russian divisions increased by 60% from USD 333 million in the first half of 2009 to USD 533 million in the first six months of 2010. The main reason of revenue growth is explained by the growth of the average selling price by 44% from USD 1,096 per ounce in the first half of 2009 to USD 1,582 per ounce in the reporting period. Physical volumes of sales of platinum produced by the Russian divisions in the first half of 2010 amounted to 337 thousand ounces, representing an 11% growth as compared to the same period of 2009 – 304 thousand ounces.

In the first half of 2010 revenue from sale of platinum produced by Stillwater Mining Company increased by 65% - from USD 78 million in the first half of 2009 to USD 129 million in the first half of 2010. The growth in revenue is attributable both to the growth of physical volumes of sales by 16% from 75 thousand ounces in the first half of 2009 to 87 thousand ounces in the reporting period, as well as to the growth of the average selling price of platinum from USD 1,040 per ounce in the first half of 2009 to USD 1,479 per ounce in the reporting period.

Gold

In the first half of 2010 revenue from gold amounted to 1% of total metal sales of the Group and increased by 34% from USD 61 million in the first half of 2009 to USD 82 million in the first six months of 2010.

Revenue from sale of gold produced by the Russian divisions increased by 36% from USD 55 million in the first half of 2009 to USD 75 million in the reporting period. The growth of revenue is mainly due to the increase of average selling price of metal by 25% from USD 925 per ounce in the first half of 2009 to USD 1,159 per ounce the first half of 2010 complemented by the growth of physical volumes of sales by 8% to 65 thousand ounces.

In the first half of 2010 revenue from sale of gold produced by Stillwater Mining Company increased by 25% due to an increase of the average selling price of gold.

Other sales

Apart from revenue from metal sales revenue from non-mining operations increased by USD 196 million (or by 25%) and amounted to USD 985 million in the first half of 2010 as compared to USD 789 million for the same period of the last year. The growth of revenue from other sales in the first half of 2010 is explained by the effect of translation to the presentation currency, as well as by the growth of volumes and selling prices of utilities and energy services.

COST OF METAL SALES

Cost of metal sales increased by 21% to USD 2,424 million in the first half of 2010 from USD 2,004 million in the first six months of 2009. The main reasons for the growth of costs in the first six months of 2010 were a significant increase in expenses on acquisition of metals and metal scrap by USD 350 million and the effect of translation to the presentation currency, as a result of strengthening of Russian rouble against USD in the reporting period of 2010.

Expenses of Russian divisions and Finland comprise the largest share in cash operating costs – 87%, the share of Stillwater Mining Company and Norilsk Nickel International (excluding Finland) totals 9% and 4% respectively.

Labour remained the most significant item of cash operating costs. The share of labour in overall cash operating costs decreased from 30% in the first six months of 2009 to 26% in the first half of 2010. In the reporting period labour expenses totaled USD 656 million being USD 87 million (or 15%) higher than for the same period of 2009. The key drivers of the increase in labour expenses include the effect of translation to the presentation currency (+8%) and indexation of wages of employees of Russian divisions.

In the first half of 2010 expenses on acquisition of metal scrap and metals increased by USD 350 million (or by 125%) and totaled USD 630 million. The growth of expenses on acquisition of metal scrap and metals is explained by the increase in physical volumes of metals acquired and by the increase in prices of raw materials purchased for processing by the Group's enterprises due to the growth of market prices of nickel and other metals.

In the first half of 2010 fuel, consumables and spares costs increased by USD 68 million (or by 14%) as compared to the first six months of 2009 and amounted to USD 551 million. The key drivers of growth of fuel, consumables and spares costs were the effect of translation to the presentation currency (+9%) and increase in market prices of materials and oil products consumed by Russian divisions (+5%) which was partially compensated by the decrease of these expenses at international enterprises of the Group.

The outsourced third party services increased by 23% and totaled USD 312 million in the first half of 2010. The main reasons of growth of expenses include the effect of translation to the presentation currency (+5%), increase of expenses at Russian divisions and Finland due to costs of transportation of stockpiled raw materials, processing of metal concentrate and exploration works (+14%) and the growth of expenses at international divisions of the Group caused by repair works (+4%).

Expenses on mandatory state taxes and levies, included in cost of metal sales, increased in the first half of 2010 by USD 27 million to USD 101 million due to the effect of translation to the presentation currency (+8%) and increase of payments made by Russian divisions (+19%) and by other international divisions of the Group (+9%).

In the first half of 2010 utility expenses increased by 20% mostly due to the growth of tariffs on energy consumed by Russian and international divisions of the Group. The largest portion of increase is attributable to Kola MMC and Norilsk Nickel Harjavalta (Finland).

The use of proprietary fleet, decrease in volumes hauled by international divisions of the Group led to a decrease in the transportation costs by 10% in the first half of 2010 as compared to the same period of 2009.

In the first half of 2010 other expenses increased by USD 84 million, which is mostly attributable to the growth of other expenses of Stillwater Mining Company.

In the first six months of 2010 sales of by-products increased by 51% as compared to the same period of 2009 and amounted to USD 232 million. The key drivers of growth of revenue from by-products include the increase in market prices of by-product metals, in particular cobalt and rhodium, and the growth of physical volumes of by-products sold by Stillwater Mining Company and the Russian divisions.

In the first half of 2010 the depreciation charge decreased by 3% and amounted to USD 333 million. This is mainly due to the closure of Australian operations of Norilsk Nickel International, that was partially offset by additional depreciation charge at the Russian divisions and Finland resulting from new equipment placed into operation, as well as from the effect of translation to the presentation currency.

Value of metal inventories of the Group in the first half of 2010 increased by USD 227 million. In particular, the growth of metal inventories of Russian divisions and Finland is due to the changes in the accounting estimates. Additionally, Stillwater Mining Company recorded a growth of refined platinum and palladium balances due to the growth of market prices of metals. Norilsk Nickel International also showed a growth of inventories mainly explained by the accumulation of nickel concentrate.

COST OF OTHER SALES

In the first half of 2010 cost of other sales increased by 31% as compared to the same period of 2009 and totaled USD 968 million. Key drivers of increase of cost of other sales were growth of expenses at OGK-3 (+17%) due to growth of prices and tariffs on purchased materials and energy resources, as well as the effect of translation to the presentation currency (+10%).

SELLING EXPENSES

In the first half of 2010 selling expenses increased by USD 70 million to USD 125 million as compared to USD 55 million for the first six months of 2009 which was mainly attributable to a substantial growth in export duty costs caused by the re-introduction of nickel export duties from January 2010 (from February 2009 export duties for nickel and copper cathodes were suspended) and the growth of market prices on metals produced by the Group. Without consideration of export duty costs selling expenses of the Group decreased by 9% in the reporting period as compared to the same period of 2009.

GENERAL AND ADMINISTRATIVE EXPENSES

In the first six months of 2010 general and administrative expenses increased by USD 65 million to USD 338 million as compared to USD 273 million in the first half of 2009. The growth of general and administrative expenses is due to the effect of translation to the presentation currency (+10%), increase related to severance pay-outs, growth of expenses for third parties services at current period (+5%) and other gains recognised within administrative expenses in 2009 (+9%).

FINANCE COSTS

In the first half of 2010 finance costs decreased by USD 46 million (or by 47%) and totaled USD 52 million as compared to USD 98 million in the same period of last year. The decline in finance costs is mainly explained by partial redemption of loans granted for the acquisition of Lion Ore in 2007 and by the effect of foreign currency exchange rates.

INCOME FROM INVESTMENTS

In the first half of 2010 income from investments increased by USD 36 million (or by 55%) and amounted to USD 102 million as compared to USD 66 million for the same period of 2009. Key drivers of profit growth were the increase in interest income from bank deposits and income from disposal of assets classified as available for sale which was partially offset by the increase in financial assets impairment reserve.

SHARE OF PROFITS OF ASSOCIATES

In the first half of 2010 share of profits of associates increased by USD 34 million and totaled USD 19 million as compared to a loss of USD 15 million for the same period of 2009. The profit of USD 19 million for the first six months of 2010 is attributable to an associate of the Group – Nkomati Nickel Mine (South Africa).

TOTAL INCOME TAX EXPENSE

In the first half of 2010 current income tax expense increased by USD 448 million (or by 242%) to USD 633 million as compared to USD 185 million in the first half of 2009. Taking into consideration the deferred income tax liabilities total income tax expense increased by USD 426 million (or by 241%) to USD 603 million.

The growth in total income tax expense is mostly due to the increase in profit before tax of the Group, which in turn reflects the increase of total revenue by 68%.

PROFIT FOR THE PERIOD AND ADJUSTED EBITDA

In the first half of 2010 the adjusted EBITDA increased to USD 3,373 million (or by 141%) from USD 1,398 million in the first half of 2009. The adjusted EBITDA margin amounted to 49% in the first six months of 2010 as compared to 34% for the same period of 2009.

Net profit for the first six months 2010 increased by USD 1,906 million (or by 434%) and amounted to USD 2,345 million as compared to USD 439 million in the same period of 2009 mostly due to higher metals' selling prices**.**

KEY ITEMS OF INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2010 [1]

US Dollars million

	30 June 2010	% of total	31 December 2009	% of total	Change, %
ASSETS					
Non-current assets	**14,408**	**63**	**14,352**	**63**	**-**
Property, plant and equipment	10,918	48	11,017	48	(1)
Other financial assets	1,075	5	918	4	17
Current assets					
Inventories	2,197	10	1,990	9	10
Trade and other receivables	1,111	5	978	4	14
Other financial assets	2,031	9	1,098	5	85
Cash and cash equivalents	2,284	10	3,632	16	(37)
	8,268	**36**	**8,376**	**37**	(1)
Assets classified as held for sale	21	-	32	-	(34)
	8,289	**37**	**8,408**	**37**	**(1)**
TOTAL ASSETS	**22,697**	**100**	**22,760**	**100**	**-**
EQUITY AND LIABILITIES					
Share capital and reserves	**15,427**	**68**	**14,755**	**65**	**5**
Non-current liabilities	**3,020**	**13**	**3,893**	**17**	**(22)**
Loans and borrowings	1,514	7	2,345	10	(35)
Current liabilities	**4,250**	**19**	**4,112**	**18**	**3**
Loans and borrowings	1,768	8	2,972	13	(41)
Dividends payable	1,183	5	7	-	n/a
TOTAL EQUITY AND LIABILITIES	**22,697**	**100**	**22,760**	**100**	**-**

NOTE:

1 unaudited results

TOTAL ASSETS, PROPERTY, PLANT AND EQUIPMENT, CAPITAL AND RESERVES

Total assets as of 30 June 2010 were USD 22,697 million and decreased by less than 1% during the first six months of 2010. As of the end of the reporting period property, plant and equipment amounted to USD 10,918 million as compared to USD 11,017 million as of 31 December 2009. The decrease of property, plant and equipment by 1% is mostly due to the effect of translation to the presentation currency and depreciation accrued in the period, which were partially compensated by the acquisition of equipment and capital construction. In the reporting period share capital and reserves increased by 5% to USD 15,427 million (including minority interest in the amount of USD 1,067 million) as compared to USD 14,755 million as of 31 December 2009 (including minority interest in the amount of USD 1,080 million). The growth of share capital and reserves was mainly due to the increase of profit for the reporting period.

OTHER FINANCIAL ASSETS

As of 30 June 2010 current and non-current other financial assets amounted to USD 3,106 million as compared to USD 2,016 million as of 31 December 2009. The increase of other financial assets by USD 1,090 million (or by 54%) was mainly attributable to growth of bank deposits and changes in the market value of securities available-for-sale.

INVENTORIES

In the reporting period inventories of finished goods, semi products, raw materials increased by 10% and amounted to USD 2,197 million mainly due to the growth of market prices of refined metals, ore and ore concentrate.

CASH AND CASH EQUIVALENTS

As of 30 June 2010, cash and cash equivalents amounted to USD 2,284 million as compared to USD 3 632 million as of 31 December 2009. The decrease of cash and cash equivalents by USD 1,348 million (or by 37%) was mostly due to scheduled repayments of loans and borrowings and investments in other financial assets.

LONG AND SHORT TERM LOANS AND BORROWINGS

As of 30 June 2010 loans and borrowings of the Group decreased by USD 2,035 million (or by 38%) and amounted to USD 3,282 million as compared to USD 5,317 million as of 31 December 2009, of which 46% are long-term loans and 54% are short-term loans.

KEY ITEMS OF INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010 [1]

US Dollars million

	For the six months ended 30 June 2010	**For the six months ended 30 June 2009**
Net cash generated from operating activities	2,445	932
Net cash (used in)/generated from investing activities	(1,802)	(53)
Net cash used in financing activities	(1,941)	(428)
Net increase/(decrease) in cash and cash equivalents	**(1,298)**	**451**
Cash and cash equivalents as of the beginning of the period	3,632	1,995
Translation effect	(50)	(123)
Cash and cash equivalents as of the end of the period	**2,284**	**2,323**

Note:

1 unaudited results

NET CASH GENERATED FROM OPERATING ACTIVITIES

The main source of cash for the Group is net cash flows from operating activities. Due to the substantial increase in revenue from metal sales in the first half of 2010 net cash generated from operating activities increased by USD 1,513 million (+162%) and amounted to USD 2,445 million as compared to USD 932 million in the same period of 2009.

NET CASH, (USED IN)/GENERATED FROM INVESTING ACTIVITIES

Net cash outflow from investing activities in the first half of 2010 amounted to USD 1,802 million mainly due to changes in deposits, acquisition of property, plant, equipment and intangible assets.

NET CASH USED IN FINANCING ASTIVITIES

In the first six months of 2010, net cash used in financing activities amounted to USD 1,941 million mostly represented by repayments of loans and borrowings.

CASH AND CASH EQUIVALENTS AS OF THE END OF PERIOD

Cash and cash equivalents as of 30 June 2010 amounted to USD 2,284 million as compared to USD 2,323 million as of 30 June 2009.

The full version of the interim condensed consolidated financial statements of MMC Norilsk Nickel for the six months ended 30 June 2010 prepared in accordance with IFRS will be available on the Company's web-site www.nornik.ru/en after the approval by the Board of Directors.