

**OJSC MMC NORILSK NICKEL PRESENTS UNAUDITED INTERIM
CONSOLIDATED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED
30 JUNE 2011, PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS**

Moscow, 14th October 2011 – OJSC MMC Norilsk Nickel (“MMC Norilsk Nickel” or the “Company”) and its subsidiaries (the “Group”) hereby presents unaudited interim financial results for 6 months ended 30 June 2011, prepared in accordance with International Financial Reporting Standards (“IFRS”).¹

**UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
30 JUNE 2011**

US Dollars million

	Notes	For the six months ended 30 June 2011	For the six months ended 30 June 2010	% change <i>p-o-p</i>
CONTINUING OPERATIONS				
Revenue				
Nickel		3 654	3 052	20
Copper		1 526	1 261	21
Palladium		1 078	667	62
Platinum		606	547	11
Gold		92	77	19
Metal sales	1.1	6 956	5 604	24
Other sales	1.2	379	300	26
Total revenue	1	7 335	5 904	24
Cost of metal sales	2.1	(2 715)	(2 224)	22
Cost of other sales	2.2	(403)	(297)	36
Gross profit		4 217	3 383	25
<i>Gross profit margin, %</i>		57%	57%	
Selling and distribution expenses	3	(385)	(125)	208
General and administrative expenses	4	(368)	(302)	22
Other net operating expenses	5	(80)	(51)	57
Operating profit		3 384	2 905	16
Finance costs	6	(62)	(52)	19
Income from investments, net	7	37	78	(53)
Foreign exchange loss, net		(227)	(9)	2 422
Share of (losses)/profits from associates	8	(3)	22	(114)
Profit before tax		3 129	2 944	6
Income tax expense	9	(751)	(615)	22
Profit for the year from continuing operations		2 378	2 329	2
(Loss)/gain for the year from discontinued operations		(560)	16	(3 600)
Profit for the year	10	1 818	2 345	(22)
Attributable to:				
Shareholders of the parent company		1 795	2 333	
Minority shareholders		23	12	
		1 818	2 345	
<i>Profit margin, %</i>		25%	40%	

¹Preliminary unaudited financial results for 6 months ended on June 30, 2011.

EARNINGS PER SHARE

Weighted-average number of ordinary shares in issue during the year	177 088 493	175 113 679
Basic and diluted earnings per share from continuing and discontinued operations attributable to shareholders of the parent company (US dollars per share)	10,1	13,3
Basic and diluted earnings per share from continuing operations attributable to shareholders of the parent company (US dollars per share)	13,4	13,3

1 SALES REVENUE

In the first six months of 2011 revenue of the Group increased by 24% as compared to six months of 2010, and amounted to USD 7 355 million.

1.1. Revenue from metal sales

Revenue from metal sales increased by 24% as compared to six months of 2010, and amounted to USD 6 956 million. The key reason for this growth was the increase in market prices for precious and base metals produced by the Group. (Detailed information is presented in the tables below).

In the reporting period revenue from metal sales increased (nickel and copper) by 20% to USD 867 million and amounted to USD 5 180 million. Precious metal sales (Palladium, Platinum and Gold) increased by USD 485 million (or 38%) and amounted to USD 1 776 million.

Average selling price ⁽¹⁾ of metals of Russian entities own production

Metal	For the six months ended 30 June 2011	For the six months ended 30 June 2010	% change p-o-p
Nickel (<i>in USD per tonne</i>)	25 782	21 553	20
Copper (<i>in USD per tonne</i>)	9 499	7 216	32
Palladium (<i>in USD per troy ounce</i>)	776	467	66
Platinum (<i>in USD per troy ounce</i>)	1 787	1 582	13
Gold (<i>in USD per troy ounce</i>)	1 447	1 159	25

Notes:

(1) Excluding sales of metals purchased from third parties.

Average metal prices ⁽¹⁾ at LME and LPPM for the period

Metal	For the six months ended 30 June 2011	For the six months ended 30 June 2010	% change p-o-p
Nickel (<i>in USD per tonne</i>)	25 569	21 212	20
Copper (<i>in USD per tonne</i>)	9 398	7 130	32
Palladium (<i>in USD per troy ounce</i>)	775	467	66
Platinum (<i>in USD per troy ounce</i>)	1 788	1 596	12
Gold (<i>in USD per troy ounce</i>)	1 445	1 152	25

Notes:

(1) Source: Bloomberg.

Nickel

In the first half of 2011 revenue from nickel accounted for 53% of revenue from metal sales of the Group and increased from USD 3 052 million in the first six months of 2010 to USD 3 654 million in the first six months of 2011. This was driven by the average nickel sales price growth from 21 553 USD per ton in the first six months of 2010, as compared to 25 782 USD in 2011.

Physical volume of sales of nickel produced by the Norilsk Nickel Harjavalta (Finland) increased by 3 thousand tonnes in the first six months of 2011 in comparison with first six months of 2010 and amounted to 23 thousand tonnes.

Physical volume of nickel in semi-products produced by Norilsk Nickel International Botswana remained on the level of first six months of 2010 and amounted to 4 thousand tonnes in the first six months of 2011.

Copper

Revenue from copper sales amounted to 22% of revenue from metal sales of the Group and grew in the first six months of 2011 to USD 1 526 million as compared to USD 1 261 million in 2010. The key reason for the sales increase was growth in average market sales prices for copper from 7 216 per ton in the first six months of 2010 to USD 9 499 million per ton in the first half of 2011.

Physical volume of sales of copper in semi-products, produced by Harjavalta Nickel Oy decreased in the first six months of 2011 by 3 thousand tonnes in comparison with first six months of 2010 and amounted to 3 thousand tonnes. The decrease is attributed to the fact that part of copper cake produced by Harjavalta Nickel Oy was sold to "Kola MMC," hence it was realised within the Group.

Physical volume of copper in semi-products produced by Norilsk Nickel International Botswana remained on the level of first six months of 2010 and amounted to 4 thousand tonnes in the first six months of 2011.

Palladium

Revenue from palladium amounted to 15% of revenue from metal sales of the Group in the first six months of 2011. Group revenues from palladium increased from USD 667 million in the first half of 2010 to USD 1 078 million in the first six months of 2011.

Sales of palladium produced by the Group in Russia increased from USD 655 million in the first half of 2010 to USD 1 058 million in the reporting period of 2011.

Sales of palladium in PGM cake produced by Harjavalta Nickel Oy in the first half of 2011 was USD 7 million as compared to USD 4 million in the similar period of 2010. The key reason for the sales growth is increase in average market sales price for palladium.

Sales of palladium produced by Norilsk Nickel International (Botswana) in the first half of 2011 was USD 13 million as compared to USD 7 million in the first six months of 2010. The key reason for sales growth is increase in average market sales price for palladium.

Platinum

In the first half of 2011 revenue from platinum sales amounted to 9% of revenue from metal sales of the Group. Platinum sales increased from USD 547 million in the first half 2010 to USD 606 million in the first half of 2011.

Sales of platinum produced by the Group in Russia increased from USD 534 million in Q2 2010 to USD 595 million in the first six months of 2011. The sales growth mainly resulted from the increase in the average metal sales price from USD 1,582 per ounce in the first six months of 2010 to USD 1,787 per ounce in the reporting period.

Platinum sales in PGM cake produced by Harjavalta Nickel Oy totaled USD 5 million in the reporting period compared to USD 4 million of revenue for the similar period in 2010. The sales growth mainly resulted from the increase in the average metal sales price.

Gold

Sales of gold accounted for 1% of metal sales of the Group in the reporting period, and increased up to USD 92 million from USD 77 million in the first six months of 2010.

Sales of gold produced by the Group in Russia increased from USD 75 million in the first six months of 2010 to USD 88 million in the reporting period. The growth resulted primarily from increase in average market sales price from USD 1,159 per ounce in 2010 to USD 1,447 per ounce in 2011.

1.2. Other sales

In 2010, other sales increased by USD 79 million (or by 26%) and amounted to USD 379 million in the first six months of 2011, as compared to USD 467 million in 2010.

Other sales

(US dollars, millions)

	For the period ended 30 June 2011	For the period ended 30 June 2010	<i>Change, %</i>
Energy and utilities	137	106	29
Transport	145	111	31
Other	97	83	17
Total	379	300	26

The growth in revenues from energy and utilities by USD 26 million was driven by increasing sales of natural gas condensate and the increase in sales prices of fuel sold.

The increase in revenues from transport services by USD 28 million was due to the increased volume of passenger air travel.

The increase in other revenues by USD 10 million was driven by the growth in volume of research and development services rendered to external customers, in addition to an increase in retail sales at the Norilsk industrial district.

The effect of translation to presentation currency was USD 15 million.

2 COST OF SALES

2.1. Cost of metal sales

Cost of metals sold increased by 22%, from USD 2 224 million in the first six months of 2010 to USD 2 715 million in the reporting period. The main factor which contributed to the growth was the increase in expenses on acquisition of refined metal, PGM scrap and other semi-products.

Cash operating costs

The key reasons for the growth in cash operating costs of USD 485 million in the first six months of 2011 were:

- Increase of USD 266 million (or 13%) relates to growing expenses on acquisition of refined metal, PGM scrap and other semi-products; purchasing of metals is attributed to expanded production facilities of the Group, including facilities in Finland with a goal to receive additional net income;
- increase of USD 158 million (or 7%) relates to expenditures not including expenses on acquisition of refined metal, PGM scrap and other semi-products;
- increase of USD 80 million (or 4%) relates to effect of translation to presentation currency;
- decrease of USD 19 million (or 1%) due to growth in sales of by-product metals.

The structure of cash operating costs in the first six months of 2011 changed as compared to the similar period in 2010. These changes are related to growth in expenses of acquisition of refined metal, PGM scrap and other semi-products that contain non-ferrous and precious metals.

Entities of the Group contributed to cash operating costs of the Groups as follows:

1 Russian and Finnish enterprises	96%
2 Norilsk Nickel International	4%

Incorporating measures aimed at efficient costmanagement, the Company contained the growth of costs within 7% compared to the costs for the first six months of 2010, which in absolute figures is USD 158 million.

Cost of metal sales
(US dollars, million)

	For the period ended 30 June 2011						For the period ended 30 June 2010						Group Change p-on-p %,
	Group	as % of total	Russian* enterprises and NNH	as % of total	NNI (exclud ing NN H)	as % of total	Group	as % of total	Russian* enterprises and NNH	as % of total	NNI (6e3 NNH)	as % of total	
Total cash operating costs (see table below)	2 596	89	2 499	89	97	84	2 111	87	2 013	87	98	79	23
Depreciation of operating assets	330	11	311	11	19	16	316	13	290	13	26	21	4
Total production costs	2 926	100	2 810	100	116	100	2 427	100	2 303	100	124	100	21
(Increase)/decrease in metal inventories	(211)		(222)		11		(203)		(177)		(26)		4
Cost of metal sales	2 715		2 588		127		2 224		2 126		98		22

Cash operating costs
(US dollars, millions)

	For the period ended 30 June 2011						For the period ended 30 June 2010						Group Change p-on-p %,
	Group	as % of total	Russian* enterprises and NNH	as % of total	NNI (exclud ing NN H)	as % of total	Group	as % of total	Russian* enterprises and NNH	as % of total	NNI (6e3 NNH)	as % of total	
Labour	729	26	714	26	15	15	594	25	580	26	14	14	23
Expenses on acquisition of refined metal, PGM scrap and other semi-products	896	32	896	33	-	-	630	27	630	28	-	-	42
Consumables and spare parts	579	20	573	21	6	6	528	23	519	23	9	9	10
Outsourced third party services	272	10	209	8	63	64	273	12	210	10	63	64	-
Utilities	118	4	112	4	6	6	87	4	82	4	5	5	36
Tax on mining and pollution levies	99	4	95	3	4	4	86	4	83	4	3	3	15
Transportation	87	3	84	3	3	3	67	3	66	3	1	1	30
Other costs	46	2	44	2	2	2	57	2	53	2	4	4	(19)
Total cash operating costs	2 826	100	2 727	100	99	100	2 322	100	2 223	100	99	100	22
Revenue from sale of by-product metals	(230)		(228)		(2)		(211)		(210)		(1)		9
Total cash operating costs	2 596		2 499		97		2 111		2 013		98		23

* excluding inventory turnovers

Labour

Labour costs are a significant component in total cash operating costs with a fairly stable share of total operating costs. As a result of the work in the first half of 2011 the share of labour costs within cash operating costs was 26% versus 25% in the first half of 2010.

In the first half of 2011 labour costs amounted to USD 729 million and increased by USD 135 million (or 23%) as compared to the first half of 2010.

The main reasons for the change were:

- increase due to the effect of translation to presentation currency, of USD 30 million (or 5%);
- increase by USD 42 million (or 7%) due to growth in the number of staff at the NPR and Kola MMC;
- increase by USD 63 million (or 11%) in average staff monthly salaries due to inflation growth.

Staff growth in Russian Group companies associated mainly with an increase in mining and processing in the Polar Division and Kola MMC, as well as with the increase in own production of goods and services. The staff growth contributed to reduction in costs of third-party services.

Expenses on acquisition of refined metal, PGM scrap and other semi-products

Expenses on acquisition of refined metal, PGM scrap and other semi-products for the first half of 2011 amounted to USD 896 million and increased by USD 266 million (or 42%) due to growth in prices and in physical volume of purchases. The increase in purchase volumes was determined by the possibility of additional load capacity of the Group in order to earn additional income.

Consumables and spares

Expenditures on consumables and spares amounted to USD 579 million for the first half of 2011 and grew by USD 51 million (or 10%) as compared to the first half of 2010.

The main reasons for the increase were:

- increase due to the effect of translation to presentation currency, of USD 26 million (or 5%);
- increase in consumables and spares expenditure at the Russian facilities by USD 25 million (or 5%), primarily driven by the growth in prices as well as by increase in mining and processing in Polar Division.

Third party services

In the first half of 2011 expenditures on services from third parties decreased by USD 1 million and amounted to USD 272 million.

The main reasons for the increase were:

- an increase due to the effect of translation to presentation currency, of USD 1 million
- a decrease in overall expenditure by USD 2 million

The absolute reduction of expenditures on services provided by third-parties mainly was driven by reduction of costs of repairs and maintenance in the Russian Group companies, through the implementation of in-house services.

Utilities

Utility expenditures in the first half of 2011 amounted to USD 118 million and increased by USD 31 million (or 36%) compared to the first half of 2010.

The main factors driving the increase were growth in volume of refining carried out at Russian facilities and in Finland and inflationary growth of prices of all energy sources.

Of the total amount of the increase:

- increase due to the effect of translation to presentation currency, of USD 4 million (or 5%);
- an absolute increase of expenditures by USD 27 million (or 31%), which is associated with the growth of utilities regulated tariffs, mainly related to Kola MMC (USD 18 million (or 21%)), to Finland (USD 8 million (or 9%)) and to Norilsk Nickel International companies (USD 1 million (or 1%)).

Transportation costs

In the first half of 2011 transportation costs increased by USD 20 million (or 30%) and totalled USD 87 million.

Key reasons for the change in these costs were:

- an increase due to the effect of translation to presentation currency, of USD 3 million (or 5%);
- an absolute increase in transportation expenditures of USD 17 million (or 25%).

The absolute increase in transport costs was formed by Russian Group companies (Polar Division) and is associated mainly with the growth of tariffs for gas transportation

Other costs

In the first half of 2011, other expenditures significantly decreased by USD 11 million (or 19%) and amounted to USD 46 million.

Revenue from sale of by-product metals

Revenue from sales of by-product metals in the first half of 2011 increased by USD 19 million as compared to the first half of 2010 and amounted to USD 230 million. Key growth in revenue attributable to the entities in Russia and Finland was due to an increase in market prices of silver and iridium and an increase in volumes sold of certain by-products.

Depreciation of operating assets

The depreciation charge in the first half of 2011 increased by USD 14 million (or by 4%) and mainly caused the effect of translation to presentation currency.

Increase in metal inventories

The cost of metal inventories held by the Group in the first half of 2011 increased by USD 211 million.

Of the total amount of the increase:

- USD 221 million – increase in costs of inventories at the entities in Russia and Finland, associated mainly with the accumulation of metals in Polar Division during non-navigational period, with the increase in the cost of metals, as well as with the influence of change in the structure of raw materials in Finland in favour of semi-products more enriched by metals
- USD 10 million – decrease in cost of inventories in Norilsk Nickel International entities, relating to higher closing balances of the produced concentrate and an increase in prices.

2.2. Cost of other sales

(US dollars, millions)

	For the six months ended	For the six months ended	
	30 June 2011	30 June 2010	Change y-on-y, %
Energy and utilities	117	87	34
Transport	138	90	53
Other	147	120	22
Total	403	297	36

Other cost of sales increased by USD 106 million in the first half of 2011 (or by 36%) and amounted to USD 403 million, with an absolute increase of USD 91 million and the effect of translation to presentation currency USD 15 million.

Increase in other costs was due to growth of volumes of work and services rendered.

3 SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased in the first half of 2011 by USD 260 million (or 208%) to USD 385 million, as compared to USD 125 million in the first half of 2010.

The main reason for the increase in expenses was a significant growth in export customs duties, in connection with the imposition of Russian export duties on copper in November 2010 and increase in export duties rate for nickel from 5% to 10% in November 2010, as well as with growth of export revenue.

Selling and distribution expenses

(US dollars, millions)

	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Change y-on-y, %
Export customs duties	357	99	261
Transportation expenses	13	15	(13)
Labour	9	6	50
Other	6	5	20
Total	385	125	208

4 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by USD 66 million in the first six month of 2011 to USD 368 million as compared to USD 302 million in the first half of 2010.

General and administrative expenses

(US dollars, millions)

	For the first six months ended 30 June 2011	For the first six months ended 30 June 2010	Change p-on-p, %
Labour	194	140	39
Third party services	67	60	12
Taxes other than mining and income taxes and pollution levies	45	49	(8)
Amortization and depreciation	12	11	9
Transportation expenses	8	7	14
Other	42	35	20
Total	368	302	24

The main reasons for the change in expenses were:

- absolute growth of expenses, before the effect of translation to presentation currency for the Russian entities in the amount of USD 52 million
- an increase due to the effect of translation to presentation currency for the Russian entities of USD 14 million.

The main reasons for the increase in expenses for the Russian entities was an increase in labour expenses of USD 47 million (or by 32%), primarily due to payments made to the independent members of the board of directors, including those relating to early termination of board of directors tenure, contract payments and accepted long-term motivation program.

5 OTHER NET OPERATING EXPENSES

Other net operating expenses grew by USD 29 million (or 57%) for the first six month of 2011, and amounted to USD 80 million as compared to USD 51 million in the first half of 2010.

The main reasons for the increase in expenses were:

- Growth in various social costs and donation of USD 61 million.
- The increase of bad debt provision for OJSC "NTEK" by USD 19 million related to increased repayment periods of customer's debt for heat and electricity.

Other operating expenses

(US dollars, millions)

	For the first six months ended 30 June 2011	For the first six months ended 30 June 2010	Change p-on-p, %
Social expenses	103	42	145
Change in allowance for doubtful debts	27	8	238
Change in provisions for value added tax recoverable	(1)	8	(113)
Change in other provisions	-	(23)	(100)
Other	(49)	16	(406)
Total	80	51	57

6 FINANCE COSTS

Finance costs increased by USD 10 million (or by 19%) in the first half of 2011 to USD 62 million, as compared to USD 52 million in the first six months' period of 2010, which is a consequence of Rouble bond issue in the second half of 2010.

Finance costs

(US dollars, millions)

	For the first six months ended 30 June 2011	For the first six months ended 30 June 2010	Change p-on-p, %
Interest expense on borrowings	38	31	23
Unwinding of discount on environmental obligations	22	18	22
Interest on obligations under financial lease	2	3	(33)
Total	62	52	19

7 INCOME FROM INVESTMENTS, NET

Income from investments decreased by USD 41 million (or 53%) in the first six months 2011, and amounted to USD 37 million as compared to USD 78million in the first half of 2010, which represents a reduction of income on disposal of investments.

8 SHARE OF PROFITS FROM ASSOCIATES

Company's share of profits from associates decreased by USD 25 million, the net loss was equal to USD 3 million in the first half of 2011, compared to the net profit of USD 22 million in the first six months of 2010.

9 INCOME TAX

In the first half of 2011 current income tax expense increased by USD 95 million (or 15%), to USD 730 million, as compared to USD 635 million in the first six months of 2010 . The increase of current income tax expense corresponds to increase in operating profit, which resulted from gross revenue growth by 24 %. The current profit tax increase from the effect of translation to presentation currency equals to USD 32 million.

Income tax

(US dollars, millions)

	For the first six months ended 30 June 2011	For the first six months ended 30 June 2010	Change p-on-p, %
Current income tax expense	730	635	15
Deferred tax expenses	21	(20)	205
Total	751	615	22

The effective income tax rate on profit from continued operations amounted to 24% in the first six months of 2011, as compared to 21% in the first half of 2010.

10 PROFIT FOR THE PERIOD

Profit from continuing operations for the first half of 2011 increased by USD 49 million (or 2%) and amounted to USD 2,378 million, as compared to USD 2,329 million for the similar period in 2010. The insignificant increase of profit resulted from incurred foreign exchange loss amounting to USD 227 million and a growth of profit from operating activities of USD 479 million (or 16%).

Net profit for the first six months of 2011 decreased by USD 527 million (or 22%) and amounted to USD 1 818 million, as compared to USD 2 345 million for the first half of 2010. The net profit reduction was caused by a loss on discontinued operations related to disposal of OGK-3 shares, amounting to USD 560 million.

11 EBITDA

(US dollars, millions)

	For the first six months ended 30 June 2011	For the first six months ended 30 June 2010	<i>Change p-on-p, %</i>
Operating profit	3 384	2 905	<i>16</i>
Depreciation and amortisation included in cost of sales	330	316	<i>4</i>
Depreciation and amortisation included in other expenses	17	17	<i>-</i>
Depreciation and amortisation included in commercial, administrative and general expenses	12	11	<i>9</i>
EBITDA	3 743	3 249	<i>15</i>

EBITDA increased from USD 3,249 million in the first half of 2010 to USD 3,743 million (or by 15%) in first half 2011.