



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 GROUP ANNOUNCES PRELIMINARY CONSOLIDATED PRODUCTION RESULTS FOR 2st QUARTER AND 1st HALF 2017

Moscow - PJSC MMC Norilsk Nickel, the largest refined nickel and palladium producer in the world, announces preliminary consolidated production results for the second quarter and the first half of 2017.

First Vice-President - Chief Operating Officer, Sergey Dyachenko commented on the 1H17 production results:

«In 2Q17 our platinum group metals (PGMs) production increased substantially owing to the processing of built-up work-in-progress material which enabled us to offset the previous quarter decline. A minor reduction in nickel production volumes was due to scheduled annual repair works at Harjavalta nickel refinery in Finland. In addition, in 2Q17 we significantly decreased low-margin processing of third party nickel feed at Harjavalta.

In May 2017, Talnakh Concentrator reached its design parameters in terms of nickel and copper recovery rates into collective concentrates as well as the metal content in nickel-pyrrhotite and copper concentrates.

At the same time, we were still experiencing certain issues with lifting and processing previously stored pyrrhotite concentrate and also had to run some short-term suspensions of our smelting operations in the Polar division due to unfavorable meteorological conditions to keep the pollutant concentrations in Norilsk's residential area within the limits. Our management team is doing their best to minimize the negative impact of the above on current year production targets through more efficient ore processing and optimization of smelting capacities utilization and **we thus confirm initial 2017 metal production guidance**».

Nickel

2Q17 consolidated nickel production amounted to **49 kt** decreasing 8% quarter-on-quarter (q-o-q). Nickel output from the Company's own Russian feed reached **48 kt**, down 2% q-o-q. The reduction was driven by scheduled annual repair works at Harjavalta refinery in Finland and termination of processing of Nkomati concentrate.

Overall in 1H17, nickel output amounted to **103 kt** decreasing 15% year-on-year (y-o-y) driven primarily by the reduction of low-margin processing of third parties feed. Nickel output from the Company's own Russian feed reached **98 kt**, down 1% y-o-y. The decrease was attributed to the ongoing reconfiguration of downstream production facilities at the Polar division, [including modernization and capacity expansion at Talnakh Concentrator](#), [shut down of Nickel Plant](#) in 3Q16 and, as a result, increase of work-in-progress material.

Copper

2Q17 consolidated copper production amounted to **101 kt**, up 7% q-o-q. Copper output from the Company's own Russian feed reached **100 kt**, up 9% q-o-q.

In 1H17, copper output amounted to **195 kt**, up 10% y-o-y driven mostly by the processing of concentrate purchased from Rostec and reduced metal losses in recovery of copper into copper concentrate as a result of modernization of Talnakh Concentrator.

Platinum Group Metals

2Q17 consolidated palladium and platinum output amounted to **781 koz** (up 41% q-o-q) and **190 koz** (up 46% q-o-q), respectively. Palladium output from the Company's own Russian feed reached **759 koz**, up 46% q-o-q and platinum output reached **183 koz**, up 55% q-o-q.

The increase of palladium and platinum output was attributed to processing of precious metal concentrate, which was accumulated in 1Q17 as work-in-progress material (PGMs contained in the nickel matte, which is shipped for processing from the Polar to Kola division) and at Krasnoyarsk Precious Metals Plant.

In 1H17, palladium and platinum output amounted to **1,334 koz** (flat y-o-y) and **320 koz** (down 4% y-o-y), respectively. The decline was attributed to lower metal content in mined ore and substitution of feed purchased from third parties by Russian material with lower platinum content.

Russian operations

Due to the shutdown of Nickel plant in the Polar division, since 2H16 saleable nickel has been produced at two production sites: Kola MMC in Russia and Norilsk Nickel Harjavalta in Finland. 2Q17 nickel output in Russia amounted to **38 kt**, up 3% q-o-q driven by the increase of nickel matte volumes shipped from Nadezhda Metallurgical Plant to Kola MMC for processing.

In 1H17, nickel output in Russia amounted to **76 kt**, down 24% y-o-y. The decrease was driven by decommissioning of Nickel Plant in 2016, increase of work-in-progress material and increase in processing of Russian feed at Norilsk Nickel Harjavalta as a part of ongoing downstream reconfiguration¹. At the same time, nickel production from third party feed at Kola MMC decreased due to termination of processing of copper cake from Norilsk Nickel Harjavalta and Nkomati nickel concentrate.

2Q17 copper output in Russia amounted to **99 kt**, up 9% q-o-q. In 1H17, copper output amounted to **190 kt**, up 9% y-o-y. The increase of copper output in reported periods was attributed to the launch of processing of concentrate purchased from Rostec and reduction of metal losses in recovery of copper into copper concentrate as a result of modernization of Talnakh Concentrator.

2Q17 palladium and platinum output in Russia amounted to **773 koz** (up 45% q-o-q) and to **188 koz** (up 50% q-o-q), respectively. The increase of PGM output was due to processing of concentrate accumulated in 1Q17 as work-in-progress material in transit from the Polar to Kola division and at Krasnoyarsk Precious Metals Plant.

In 1H17, palladium output in Russia was unchanged y-o-y at **1,307 koz**, while platinum output amounted to **313 koz** (down 4% y-o-y). The decrease of platinum output was mainly attributed to the change in metal content in mined ore.

¹ Starting from the 4Q16 all nickel matte produced at Nadezhda Metallurgical Plant is shipped for processing to the Kola MMC where its material amounts refined at Severonickel Plant and the rest in form of nickel concentrate is shipped to Norilsk Nickel Harjavalta Finland for refinery.

Norilsk Nickel Harjavalta (Finland)

2Q17 nickel production at Norilsk Nickel Harjavalta amounted to **11 kt**, down 32% q-o-q, with nickel output from the Company's own Russian feed amounting to **10 kt**, down 25% q-o-q. The decrease was attributed to scheduled annual repair works at the Harjavalta refinery.

In 1H17, nickel output amounted to **27 kt**, up 21% y-o-y. The increase was attributed to higher processing volumes of Russian feed as a result of the downstream assets reconfiguration.

2Q17 output of copper at Norilsk Nickel Harjavalta amounted to **2 kt** (down 41% q-o-q). Copper output from the Company's own Russian feed reached **2 kt** (down 23% q-o-q). The decrease was attributed to scheduled annual repair works at the Harjavalta refinery.

In 1H17, copper output almost doubled y-o-y to **5 kt**. The increase was attributed to higher processing volumes of Russian feed as a result of the downstream assets reconfiguration.

2Q17 output of saleable palladium and platinum (in copper cake) amounted to **8 koz** (-58% q-o-q) and **2 koz** (-60% q-o-q), respectively. The decrease was attributed to scheduled annual repair works at the Harjavalta refinery.

In 1H17, output of palladium and platinum reached **27 koz** (up 29% y-o-y) and **7 koz** (down 8% y-o-y), respectively. The decline of platinum was attributed to the substitution of purchased feed from third parties by Russian feed with lower platinum content.

2017 Production guidance from Russian feedstock:

Metals	Volumes
Ni, kt	206-211
Cu, kt	377-387
Pd, koz	2,636-2,732
Pt, koz	581-645

NORILSK NICKEL GROUP SALEABLE METALS PRODUCTION	2Q 2017	1Q 2017	Q-o-Q, %	1H 2017	1H 2016	Y-o-Y, %
TOTAL METAL PRODUCTION ¹						
Nickel, t	49,418	53,487	-8%	102,905	121,574	-15%
thereof from own Russian feed	48,343	49,504	-2%	97,847	98,772	-1%
Copper, t	100,804	94,238	7%	195,042	177,475	10%
thereof from own Russian feed	100,228	91,825	9%	192,053	171,573	12%
Palladium, koz	781	553	41%	1,334	1,331	0%
thereof from own Russian feed	759	521	46%	1,280	1,303	-2%
Platinum, koz	190	130	46%	320	334	-4%
thereof from own Russian feed	183	118	55%	301	323	-7%
Polar division and Kola MMC (Russia)						
Nickel, t	38,430	37,423	3%	75,853	99,220	-24%
Polar division	0	0	-	0	44,350	-100%
Kola MMC	38,430	37,423	3%	75,853	54,870	38%
<i>thereof from own Russian feed</i>	<i>38,403</i>	<i>36,165</i>	<i>6%</i>	<i>74,568</i>	<i>53,159</i>	<i>40%</i>
<i>thereof from 3d parties feed</i>	<i>27</i>	<i>1,258</i>	<i>-98%</i>	<i>1,285</i>	<i>1,711</i>	<i>-25%</i>
Copper, t	98,823	90,882	9%	189,705	174,024	9%
Polar division	79,344	71,160	12%	150,504	146,686	3%
Kola MMC	19,479	19,722	-1%	39,201	27,338	43%
<i>thereof from own Russian feed</i>	<i>18,950</i>	<i>18,161</i>	<i>4%</i>	<i>37,111</i>	<i>24,887</i>	<i>49%</i>
<i>thereof from 3d parties feed</i>	<i>529</i>	<i>1,561</i>	<i>-66%</i>	<i>2,090</i>	<i>2,451</i>	<i>-15%</i>
Palladium, koz	773	534	45%	1,307	1,310	0%
Polar division	263	169	55%	432	900	-52%
Kola MMC	510	365	40%	875	411	113%
<i>thereof from own Russian feed</i>	<i>492</i>	<i>343</i>	<i>43%</i>	<i>835</i>	<i>404</i>	<i>107%</i>
<i>thereof from 3d parties feed</i>	<i>18</i>	<i>21</i>	<i>-15%</i>	<i>39</i>	<i>7</i>	<i>460%</i>
Platinum, koz	188	125	50%	313	326	-4%
Polar division	69	44	55%	113	244	-54%
Kola MMC	119	81	47%	200	82	144%
<i>thereof from own Russian feed</i>	<i>113</i>	<i>73</i>	<i>56%</i>	<i>186</i>	<i>79</i>	<i>135%</i>
<i>thereof from 3d parties feed</i>	<i>6</i>	<i>8</i>	<i>-26%</i>	<i>14</i>	<i>3</i>	<i>370%</i>
Norilsk Nickel Harjavalta (Finland) ²						
Nickel, t	10,988	16,064	-32%	27,052	22,354	21%
<i>thereof from own Russian feed</i>	<i>9,940</i>	<i>13,339</i>	<i>-25%</i>	<i>23,279</i>	<i>1,263</i>	<i>1743%</i>
Copper, t	1,981	3,356	-41%	5,337	3,451	55%
<i>thereof from own Russian feed</i>	<i>1,934</i>	<i>2,504</i>	<i>-23%</i>	<i>4,438</i>	<i>0</i>	<i>-</i>
Palladium, koz	8	19	-58%	27	21	29%
<i>thereof from own Russian feed</i>	<i>4</i>	<i>8</i>	<i>-50%</i>	<i>12</i>	<i>0</i>	<i>-</i>
Platinum, koz	2	5	-60%	7	8	-8%
<i>thereof from own Russian feed</i>	<i>1</i>	<i>1</i>	<i>0%</i>	<i>2</i>	<i>0</i>	<i>-</i>
Nkomati (South Africa) ³						
Nickel, t	2,255	2,384	-5%	4,639	5,070	-9%
Copper, t	1,153	1,109	4%	2,262	2,345	-4%
Palladium, koz	12	12	0%	24	23	4%
Platinum, koz	5	5	0%	10	9	11%

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,
Vice - president, Investor Relations

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 the 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.

Contacts for media relations:

Phone: +7 (495) 785 58 00

Email: pr@nornik.ru

Contacts for investor relations:

Phone: +7 (495) 786 83 20

Email: ir@nornik.ru