

UPDATED STRATEGIC PLAN

Under the updated strategic development plan of the Norilsk Nickel Group for 2016, the key tasks of the Operations Function were as follows:

- redefinition of the upstream project portfolio;
- operating efficiency improvement;
- portfolio assessment of the Group’s production assets.

The redefined base strategic portfolio of Polar Division’s Upstream is aimed at building a strong production profile to ensure efficiency improvements going forward. The base portfolio was updated to include the most attractive and highly profitable projects. The Company’s next step will be to draft comprehensive mine development plans with potential involvement of additional reserves and resources. Current project portfolio is sufficient to ensure sustainable production volumes for the next 5–10 years.

The Company has developed and started implementing the Processing Capacities Reconfiguration Programme seeking to materially improve its upstream and downstream operating efficiency. In 2016, the Company commissioned Stage 2 of Talnakh Concentrator. The facility upgrade is going as planned, with the Nickel Plant shutdown completed by now.

The operating efficiency programme for 2015–2017 seeks to streamline the mining planning process, increase overall recovery rates for nickel, copper, cobalt, and PGM, re-process secondary resources (tailings, copper slags, and nickel bearing pyrrhotite with a low nickel content), and optimise the work-in-progress inventory levels. Other efficiency programmes include upgrade of nickel and cobalt production technologies at Kola MMC (completed), improvement of product quality and optimisation of production costs.

THE RECONFIGURATION OF THE COMPANY’S SMELTING AND REFINING CAPACITIES AIMS AT

- Improving operating efficiency through a more balanced and fuller utilisation of capacities following the Nickel Plant shutdown (completed in August 2016),
- raming up of pyrometallurgical capacities at Nadezhda Metallurgical Plant (completed),
- reconstruction of nickel refining capacities at Kola MMC (2015–2018).

TAIMYR PENINSULA

(Norilsk Nickel’s Polar Division)

Polar Division is located on the Russian Taimyr Peninsula (beyond the Arctic Circle at 69oN). It is linked to other regions by inland waterways (the Yenisey River), the Northern Sea Route and air.

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| ● Residential Area | ① Copper Plant | ③ Talnakh Concentrator |
| ○ Mines | ② Nickel Plant (shut down in August 2016) | ④ Nadezhda Metallurgical Plant |
| | | ⑤ Norilsk Concentrator |

