



NORILSK NICKEL

A MAINSTAY IN MINING



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Director of foreign assets, Roman Panov, discusses the factors that have contributed to the success of Norilsk Nickel and how core markets, particularly Africa, are continuing to be vital sources of growth

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Mining has been a part of life in the Norilsk area since the 1920s, during which time the seeds were sown for what would become a lucrative industry for the region and Russia as a whole over the course of the subsequent century. It was in 1935 that the government of the USSR created the Norilsk Combine and 1943 that Norilsk managed to produce an annual total of 4000 tonnes of refined nickel, before hitting its target figure of 10,000 tonnes just two years later in 1945.

In the aftermath of the fall of the Soviet Union a joint-stock company was created in 1993, taking the name RAO Norilsk Nickel. By 1997, the company had been sold to private enterprise Interros and had returned to profitability. In the years since, Norilsk has gone on to successfully acquire a host of mining and metallurgical assets across the world, thus transforming itself into a multinational organisation with operations in Russia, Finland, Australia, Botswana and South Africa.

Today, MMC Norilsk Nickel is the world's largest producer of nickel and palladium, and one of the leading global producers of platinum and copper. In addition, it also produces various by-products such as cobalt, chromium, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium and sulphur. "Our production assets," explains director of foreign assets, Roman Panov, "are located in five countries, Russia, Finland, Australia, Botswana and South Africa, across which we mine over 30 million tonnes of ore and produce almost 300,000 tonnes of nickel. The





Arctic Express is the ship also in Russia

latter figure represents a fifth of the world's total nickel production."

In its home country of Russia, the company's production units include its Polar Division, which is located above the Polar Circle on the Taimyr Peninsula, and Kola MMC on the Kola Peninsula, while in Finland it operates the

Harjavalta processing plant. In Australia its operations include Black Swan, Cawse, Lake Johnston and Honeymoon Well, and in Africa its activities are comprised of the Nkomati project in South Africa and Tati Nickel in Botswana. In addition to its operating assets, the company boasts a large sales and

“OUR RESOURCE BASE WILL BE EXPANDING CONSIDERABLY AS WE EMBARK FURTHER UPON GEOLOGICAL EXPLORATION IN THE REGIONS WHERE WE CURRENTLY OPERATE”

marketing network in many of the world's major regions, vital energy assets that ensure the security of energy supply to its operations, proprietary research and development assets and its unique Arctic fleet.

Norilsk Nickel sees its mission as revolving around strengthening its leadership in the mining and metals sectors, while at all times remaining a responsible producer and supplier of non-ferrous and precious metals. “The company plans to be included in the top five largest mining

300,000
.....
Tonnes of nickel produced globally by Norilsk Nickel per annum

and metals companies by market capitalisation, as well as geographical expansion and production diversification, by the year 2025,” Panov enthuses.

Panov believes that the company has the necessary technical, financial, economic and investment policies that will allow it to achieve its aims. It establishes solid grounds for social, regional and human resources policies, strategies for the development of related industrial facilities and the optimisation of corporate governance.

“In the years to come,” Panov continues, “our resource base will be expanding considerably as we embark further upon geological exploration in the regions where we currently operate and through our participation in new projects. As part of a broader drive to diversify our commodity portfolio and our region presence we continue to monitor projects in mineral-rich countries in southern Africa. Specifically, we are looking at potential projects in Zimbabwe, the Democratic Republic of Congo, Zambia and Botswana. These consist of both greenfield and brownfield mines, however what we are focusing on is the quality and quantity of reserves that each holds underground.”

“EXPANSION ACROSS AFRICA FITS PERFECTLY INTO OUR STRATEGY AND WILL ACT AS A LOGICAL WAY OF TYING OUR EXPANSION PLANS TO OUR EXISTING OPERATING SITES”



Truck at Tati Nickel Mine in Botswana



Nkomat Mine in South Africa

Africa and South Africa in particular, is playing an increasingly important role in the growth strategies of diversified mining companies. This is equally true for Norilsk Nickel, the major difference being that it already has a commanding presence in South Africa where it is part of the Nkomati nickel mine joint venture alongside African Rainbow Minerals.

“Expansion across Africa,” Panov says, “fits perfectly into our strategy and will act as a logical way of tying our expansion plans to our existing operating sites. What is also important to highlight is the fact that Norilsk is not restricted to nickel and in that respect we actively investigate the

potential of all manner of base-metals with a similar degree of enthusiasm.”

Having a unique raw material mineral base gives the company the ability to retain its competitive advantage within the industry and provides it with stability of production and enables it to make strong long-term forecasts.

“In order to strengthen our position as a leading global mining and metallurgical entity,” Panov states, “our primary objectives are to further develop our international operations and focus on the development of key production assets. The management of the company collectively works on a constant basis to optimise business

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The company signed a Declaration of Strategic Partnership with South Africa's government

processes, improve operational indicators, reduce costs and enhance efficiency at all levels in order to create additional value for our shareholders.”

Norilsk Nickel continues to retain its position as the world's lowest-cost producer of nickel and one of the ways it does is maintaining a strong presence on the African continent. It is with this in mind that the company is particularly interested in prospecting and carrying out the geological investigation and exploration of promising new greenfield projects in South Africa.

“In March 2011,” Panov concludes, “the Declaration of Strategic Partnership between Norilsk Nickel and South Africa's Department of Mineral Resources was signed. The aim of this partnership is to facilitate the implementing of lucrative mineral resource development projects in the country. This partnership alone highlights just how important a role South Africa will continue to play in our growth strategy on the African continent.” **EN**

Tati Nickel Mine
in Botswana

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Norilsk Nickel visit:
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