



29.01.2007

MMC Norilsk Nickel announces preliminary production figures for 2006 and production forecast for 2007

Mining and Metallurgical Company (MMC) Norilsk Nickel (“the Company”) announces 2006 preliminary production figures of its Mining and Metals Complex operations in the Taimyr (Polar Division) and Kola Peninsula (Kola MMC). As a result of stable operations, the Company met its 2006 metals production targets in line with management expectations.

During 2006 total nickel production was 244 thousand metric tons. 2005 total nickel production was 243 thousand metric tons. Production was consistent quarter-on-quarter at 60, 61, 61, 62 thousand metric tons for Q1, Q2, Q3, and Q4 respectively, as compared to 59, 61, 61 and 62 thousand metric tons for the corresponding periods of 2005.

During 2006 total copper production was 425 thousand metric tons, in line with production guidance. In 2005, copper production from own sources amounted to 427 thousand metric tons. Total 2005 copper production, including production from purchased materials, amounted to 452 thousand metric tons. Stable operations resulted in consistent quarterly production at 109, 109, 101 and 106 thousand metric tons of copper for Q1, Q2, Q3, and Q4, respectively, as compared to 113, 112, 113 and 114 thousand metric tons for the corresponding periods of 2005. Copper production slightly decreased due to commencing the reconstruction of skip hoists at the cuprous ore mining sections of the Komsomolsky mine.

In 2006 the Company’s palladium production reached 3.164 million ounces (98.4 metric tons), platinum production reached 752 thousand ounces (23.4 metric tons), in line with the increased production guidance released in October 2006. Increased output is due to higher metals recovery and lower PGM work in process. In 2005 the Company produced 3.133 million ounces (97.4 metric tons) of palladium and 751 thousand ounces (23.4 metric tons) of platinum.

Quarterly production of palladium was 775 (24.1), 881 (27.4), 768 (23.9) and 740 (23,0) thousand ounces (metric tons) in Q1, Q2, Q3, and Q4, respectively. In 2005, quarterly production of palladium was 715 (22.2), 768 (23.9), 840 (26.1), 810 (25.2) thousand ounces (metric tons). Quarterly production of platinum was 184 (5,7), 215 (6,7), 179 (5,6), 174 (5,4) thousand ounces (metric tons) in Q1, Q2, Q3 and Q4, respectively. In 2005, quarterly production of platinum was 174 (5.4), 181 (5.6), 198 (6.2), 198 (6.2) thousand ounces (metric tons).

Tav Morgan, Deputy General Director of MMC Norilsk Nickel announced that in 2007 nickel production is expected at 240 to 245 thousand metric tons. Forecasted 2007 production of copper from own sources is estimated at 404-409 thousand metric tons. Palladium production is expected in the range of 3.00-3.05 million ounces (93-95 metric tons), and platinum production in the range of 700-710 thousand ounces (around 22 metric tons).

Lower 2007 expected production volumes, in comparison with 2006 actual production figures, result from large-scale reconstruction work in accordance with the Company production strategy approved in June 2006. It includes:

- Changing skip hoists at Komsomolsky mine;
- Reconstruction of the Norilsk Beneficiation Plant in order to increase processing of disseminated ores and stockpiled pyrrhotine concentrate.

2006 actual production figures and expected nickel, copper, palladium and platinum production volumes are related only to the production results of the Polar Division and Kola MMC.

On 20 November 2006 MMC Norilsk Nickel announced that it had entered into a definitive agreement to purchase the nickel business of OM Group, Inc. The transaction is expected to close in the first quarter of 2007. As a result of the transaction, the Norilsk Nickel Group will extend its product line to include nickel salts and briquettes and increase its yearly production of attributable nickel by approximately 35,000 to 40,000 tons.

In 2007 MMC Norilsk Nickel will continue to release quarterly nickel, copper, palladium and platinum production figures of its Polar Division and Kola MMC within 30 days of the end of the quarter.