Acquisition of OM Group’s Nickel Business Assets

Moscow
November 20th, 2006
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OMG’s Nickel Business assets to be acquired:
- 100% OMG Harjavalta Nickel Oy (Harjavalta nickel refinery)
- 100% OMG Cawse Pty Ltd (Cawse nickel mine and leaching facility)
- 20% of MPI Nickel Pty Ltd (Silver/Black Swan nickel mine, Honeymoon Well nickel project)
- Up to 11% of Talvivaaran Kaivososakeyhtio Bio-Heap Leach Nickel Project¹
  - Convertible debt with conversion rights to shares
  - Shares or a US$8mln reduction from the purchase price (in the event shares not transferred post closing)

Purchase price of the acquired business: $408m cash

Agreements to be signed:
- Cobalt Supply Agreements whereby Norilsk Nickel sells up to 2,500 mt/year cobalt contained in concentrates and up to 2,500 mt/year cobalt metal to OM Group
- Cobalt solution and by-product supply agreements for Harjavalta Refinery product streams that currently go to OM Group’s other processing facilities
- Other agreements that facilitate the transition to new ownership

Acquisition timeline:
- Sale and Purchase Agreement signed on 17 November 2006
- Regulatory approval required
- Clearance expected to be received in Q1 2007

Note: ¹ ~11.1% total ownership stake if convertible loan converted and shares transferred (before private placement dilution at IPO)
Strategic Rationale of Acquiring OMG’s Nickel Business

- Increased production of nickel, which we believe will continue to be an attractive industry with positive growth prospects
  - 35,000 to 40,000\(^1\) mt/year attributable nickel production
  - Supplements Norilsk Nickel’s stable production profile, enabling it to maintain market share in the industry

- Diversification of geography and product mix:
  - Operations in Europe and Australia
  - More diverse product offering to stainless steel industry with nickel briquettes
  - Expansion in attractive nickel plating and electro-forming segments
  - Entry into nickel salt products

- Modest transaction size is accretive to EPS

- Acquisition creates multiple strategic opportunities including:
  - Access to best-in-class operational skills and potential for accelerated operational skill development in current Norilsk Nickel operations
  - Potential to capture nickel sales/marketing synergies and enhance group’s development
  - Gaining access to laterite leaching and bio-leaching technologies
  - Utilizing cobalt offtake agreements to streamline cobalt back office and sales workload increasing Norilsk Nickel’s sales and marketing efforts to focus on primary product streams

Note:

1 Based on incremental 2007 refined nickel production, excluding tolling volumes
Harjavalta Nickel Oy operates Finland’s only nickel refinery, mainly treating third party nickel intermediates products.

- Own feed sources are Cawse and Silver/Black Swan
- 60,000 mt/year capacity of nickel products

Sulphide leaching applied at Harjavalta shows recovery rates consistently above 98% and is a best practice nickel refinery.

Harjavalta refinery produces a balanced variety of nickel products.

- By-product process streams are technologically strongly connected to Kokkola refinery, which belongs to OM Group.

Source: Public company information
Cawse Pty Ltd Description

• Cawse Pty Ltd operates one of the three “first generation” nickel laterite operations

• Cawse is located 50km from Kalgoorlie in Western Australia

• The Cawse project, designed and built by Kvaerner Davy/Minproc Engineers in joint venture, was initially built for Centaur Mining and Exploration Ltd at installed cost of US$234mln and commissioned in 1998
  - Capacity: ~6,000–7,000 mt/year of nickel contained in intermediate product
  - Final products: nickel carbonate – damp powder containing 48% nickel and 3% cobalt
  - Technology: Conventional mining and beneficiation combined with High Pressure Acid Leaching (HPAL) technology, resulting in ~91% recovery rate from ore to nickel carbonate concentrate