

UNCTAD Expert Meeting on
FDI IN NATURAL RESOURCES

20-22 November 2006

**Russia's Mining Industry:
Inward and Outward Investment**

by

Mr. David Humpreys
Chief Economist, Norilsk Nickel



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Some facts about Norilsk Nickel



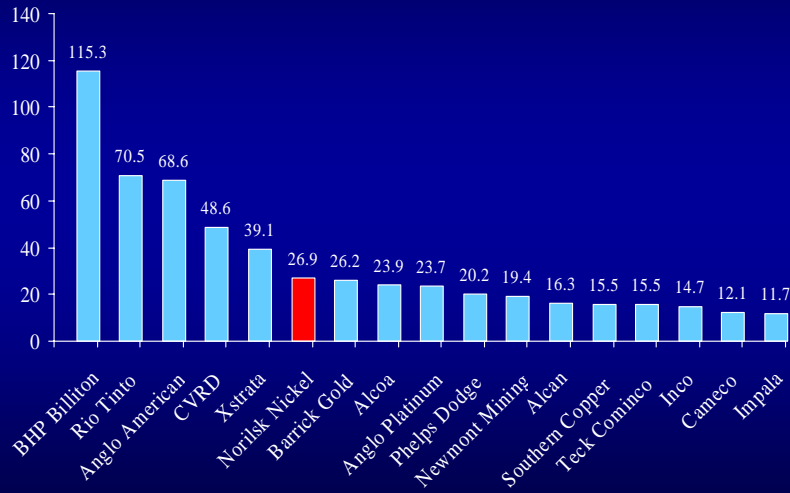
- Russia's largest mining company
- One of world's largest mining companies
- Leading global producer of nickel, copper, cobalt, platinum and palladium
- World's lowest cost nickel miner
- Most highly rated private Russian company by S&P
- Quoted on RTS and Micex and traded elsewhere in ADRs and GDRs
- Headquartered in Moscow
- Operations in Russia's Far North, on Kola Peninsula and in Montana (US)

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Largest quoted mining companies



Market Capitalisation, late Oct 2006, US\$ bn



Source: UBS

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Some facts about Norilsk Nickel



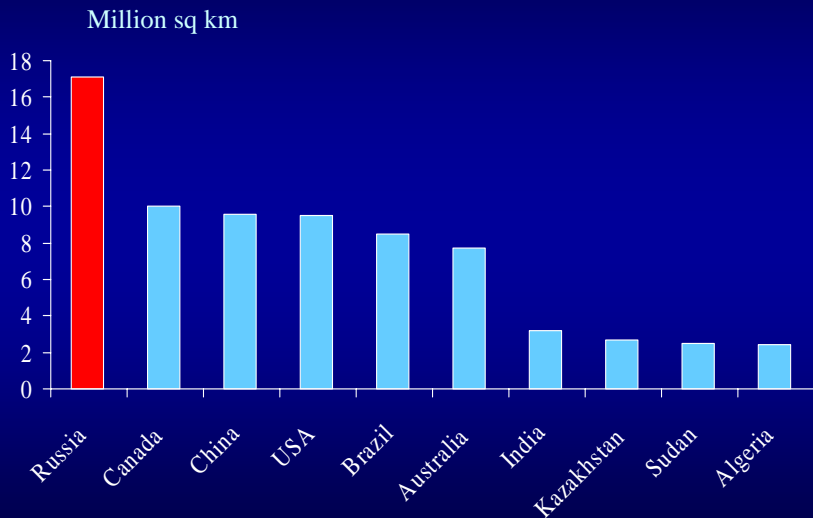
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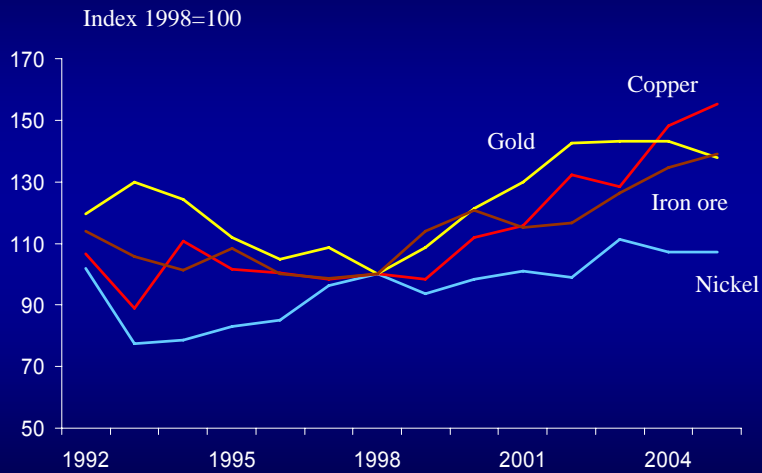
Map of The Russian Federation



World's largest countries



Mine production in Russia



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Russian non-fuel mining and metals companies



Iron ore	Lebedinsky Mikhailovksy Stoilensky Kachkanarsky Karelsky Okatysh
Aluminium	Rusal Sual
Copper	Norilsk Nickel UGMK Russian Copper Company
Nickel	Norilsk Nickel
Gold	Polyus Gold Polymetal
PGMs	Norilsk Nickel
Diamonds	Alrosa

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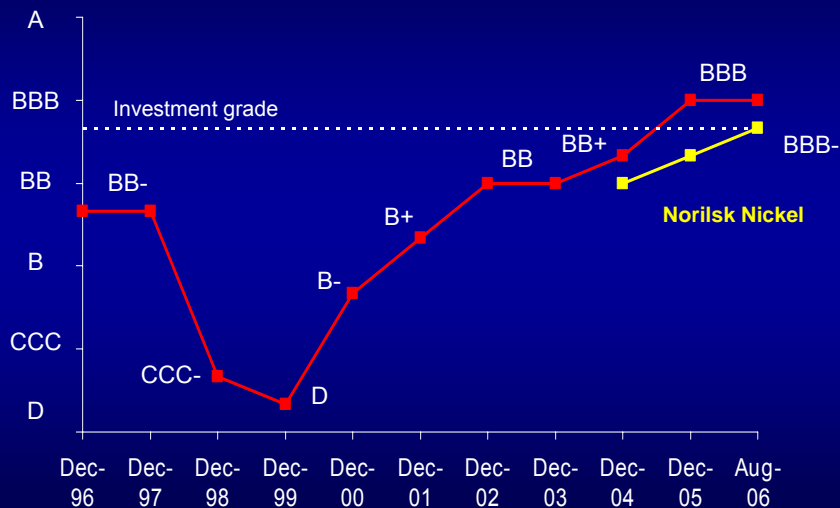
AIM-listed mining companies in Russia



<u>Company</u>	<u>Regional focus</u>	<u>Market capitalisation</u> <u>October 2006 £m</u>
Bema Gold	Magadan/Chukotka	1040
Peter Hambro Mining	Amur/Magadan	924
Highland Gold Mining	Khabarovsk/Chita	267
Aricom	Amur	186
Trans-Siberian Gold	Krasnoyarsk/Kamchatka	25
Amur Minerals	Amur	18

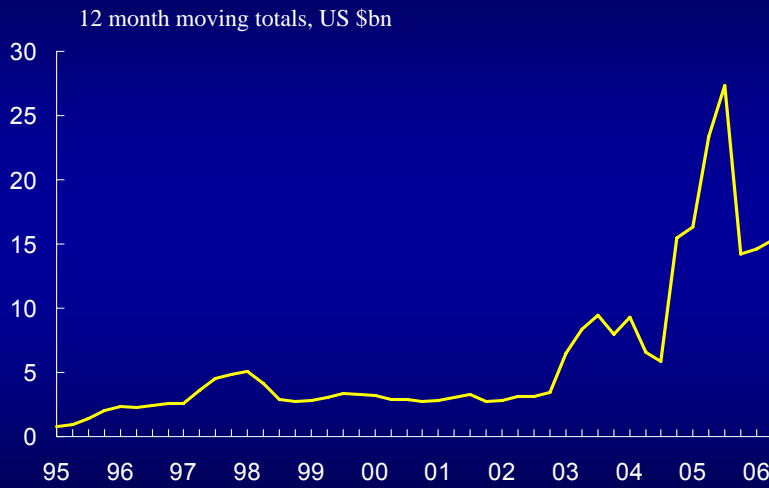
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Russia's S&P's credit rating



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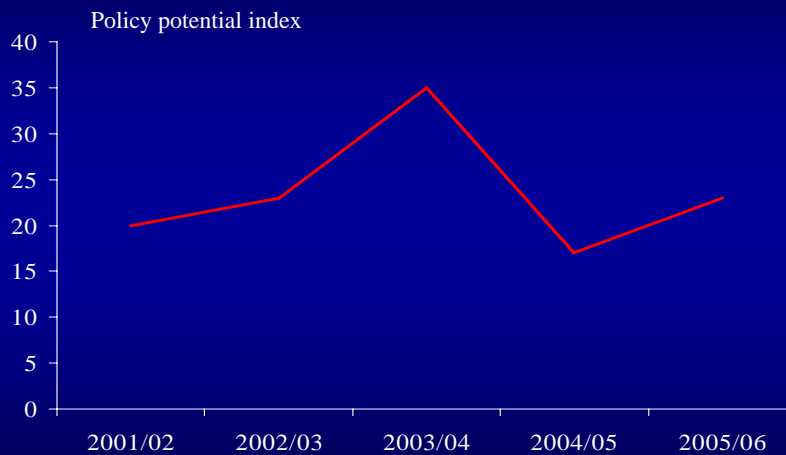
Russian inward FDI



Source: EcoWin

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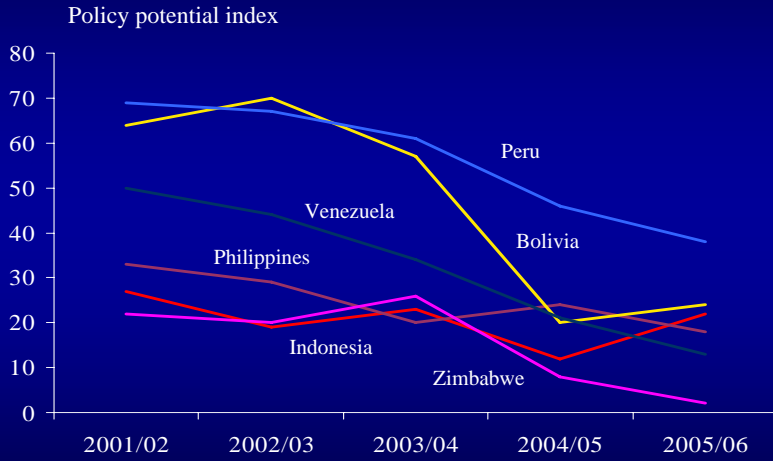
Russia: attractiveness of mineral policies



Source: Fraser Institute

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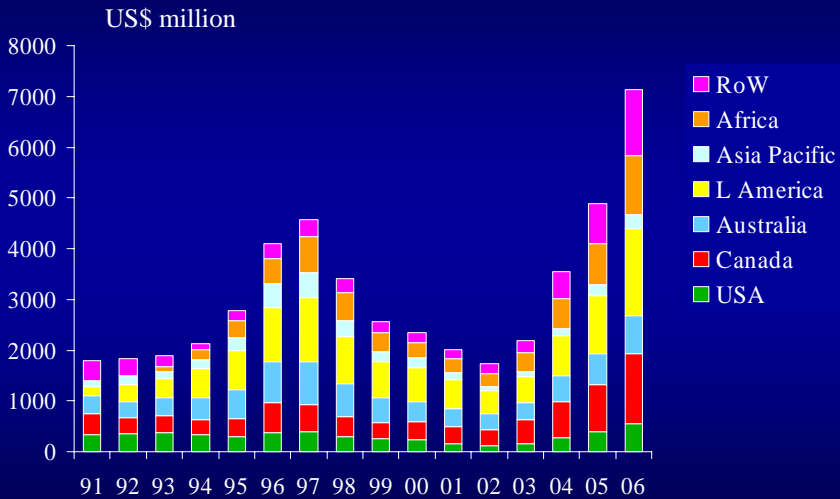
Policy attractiveness of selected mineral-rich countries



Source: Fraser Institute

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Industry exploration by region



Source: Metals Economics Group

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Exploration expenditure, US\$ million



	<u>2001</u>	<u>2003</u>	<u>2005</u>
1.	Australia 394	Canada 471	Canada 928
2.	Canada 333	Australia 339	Australia 615
3.	USA 158	USA 153	USA 396
4.	Peru 128	South Africa 128	Russia 256
5.	Chile 115	Brazil 113	Peru 242
6.	Brazil 112	Peru 111	Mexico 232
7.	Mexico 82	Chile 90	South Africa 208
8.	Argentina 72	Mexico 80	Chile 163
9.	South Africa 53	Russia 53	Brazil 162
10.	Indonesia 52	Argentina 38	Argentina 159
...			
15.	Russia 16		

Source: Metals Economics Group

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Exploration programmes involving majors



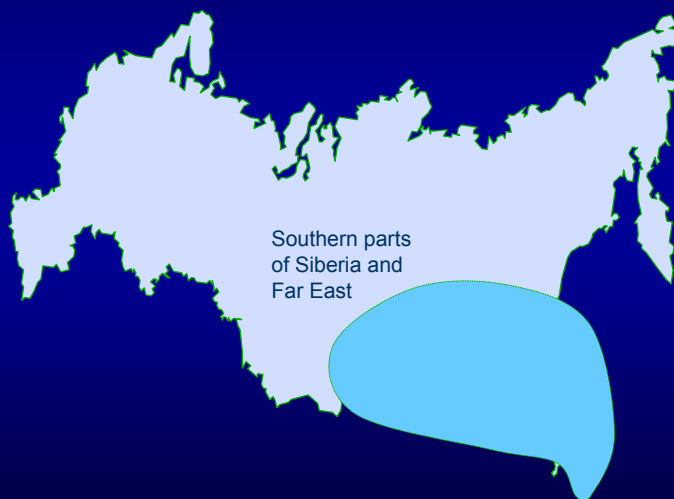
<u>Global major</u>	<u>Russian partner</u>	<u>Date</u>
Rio Tinto	Norilsk Nickel	Jan '06
BHP Billiton	Norilsk Nickel	Jun '06
AngloGold Ashanti	Polymetal	Sept '06
Anglo American	Severstal	Oct '06

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Rio Tinto-Norilsk Nickel joint venture



■ - Area of focus for exploration and development

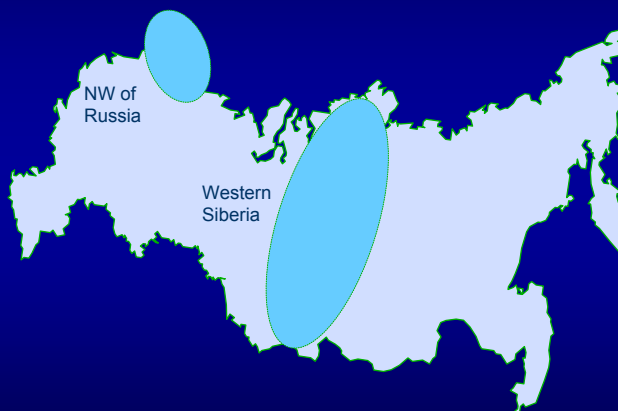


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BHP Billiton- Norilsk Nickel alliance



■ - Area of focus for exploration and development



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Outward investment in mining : why do it?



- Secures supplies of raw materials not available in Russia
- Offers a bigger pool of opportunities for value-creation
- Serves objectives of geographic and product diversification
- Brings in technologies and skills not available locally
- Maintains pressure to raise standards e.g. on disclosure
- Provides better access to capital on competitive terms

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Rusal's overseas investments



<u>Country</u>	<u>Project</u>	<u>Product</u>	<u>Date</u>
Guinea	CBK	Bauxite	2001
Guinea	Friguia	Bauxite/alumina	2002
Guinea	Dian-Dian	Bauxite /alumina	2002
Guyana	BCGI	Bauxite	2004
Australia	QAL	Alumina	2005
Italy	Eurallumina	Alumina	2006

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Norilsk Nickel's overseas investments



<u>Country</u>	<u>Project</u>	<u>Product</u>	<u>Date</u>
USA	Stillwater Mining	PGMs	2003
South Africa	Gold Fields	Gold	2004-2006

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