

Norilsk Nickel Reassesses Operations, Calculates Reserves

By [The Moscow Times](#)

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Norilsk Nickel's Kola production division might stop processing copper and nickel ore from the Kola Peninsula in 2015 and only process nickel matte from the company's Polar branch, head of the exploration department Oleg Simonov said in an interview with Interfax published Tuesday.

Norilsk Nickel wanted to process concentrate from the Voronezh region's Yelanskoye and Yelinskoye deposits at Kola, but the company announced Monday that it would not challenge the results of the tender awarding those licenses to the Ural Mining and Metallurgical Company.

"A lot depends on metal prices, but it's quite possible that by 2015 processing Murmansk region ore at Kola will become unprofitable" due to the declining quality of ore at Kola's main deposit Zhdanovskoye, Simonov said.

Simonov could not specify the nickel price at which development of Kola's deposits would become unprofitable.

"I can't state the exact figure. But if the trend of falling prices continues, we could have serious difficulties at this division," he said.

Norilsk Nickel has already begun converting part of Kola's facilities to production of cobalt. Kola could begin producing high-grade electrolytic cobalt in 2015. Norilsk is investing about 2 billion rubles in this project.

The grade of Zhdanovskoye ore is three times lower than that of the Polar branch's Norilsk-1 deposit, and it does not contain copper and platinum group metals.

"If the problem of providing Kola with a normal ore base is not resolved, it's possible that it will have to be turned into a facility that will only process Norilsk nickel matte," Simonov said.

Nickel matte from the Polar branch is shipped to Kola by sea, from Dudinka to Murmansk. Navigation at the Dudinka port is shut down for about a month every year due to spring flooding on the Yenisei River. During the shutdown, Norilsk borrows nickel on the exchange to ensure uninterrupted supplies to its customers.

Asked whether there are any non-licensed copper and nickel deposits left in Russia that are comparable to the southern sector of Norilsk-1, the license to which Norilsk Nickel lost to Russian Platinum in a tender in June, Simonov said: "There is the small Shanuch deposit in Kamchatka with reserves of about 150,000 tons of nickel."

Shanuch has high-grade sulfide copper and nickel ores, but is located in a remote area.

The Shanuch copper, nickel and cobalt deposit, located near the Central Kamchatka Ridge, has inferred nickel resources of 261,900 tons within the Shanuch ore field, including 152,300 tons at the Shanuch deposit.

Another priority project for the renewal of the company's mineral resource close to existing operations in the Norilsk industrial district is the Maslovskoye copper and nickel deposit. The deposit was discovered by Norilsk Nickel, and the company holds a license to survey and assess the deposit until 2014.

The development of Maslovskoye is complicated by the fact that the southern section of the Norilsk-1 deposit, which is next to Maslovskoye, might have a new owner — Russian Platinum, Simonov said.

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