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Norilsk Nickel Negotiating $1Bln Financing for Copper Project

By The Moscow Times

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Russia's Norilsk Nickel, the world's largest nickel and palladium producer, is in talks with Russian banks on raising $1 billion to finance a copper project, Norilsk's first deputy chief executive said.

Norilsk, controlled by tycoon Vladimir Potanin and aluminum giant RusAl, recently approved the project to develop the Bystrinskoye copper deposit in the Zabaikalsk region as part of its strategy update.

The company has invested about $500 million so far and plans to raise the remaining $1 billion as a non-recourse debt.

Norilsk plans to start copper concentrate production at Bystrinskoye in the third quarter of 2017. Annual revenue is expected to exceed $1 billion after reaching full capacity production of 66,000 tons of copper concentrate and 219,000 troy ounces of gold concentrate in 2018.

Norilsk plans to develop the project alone, said Norilsk's first deputy chief executive, Pavel Fedorov.

"We believe that partners are not necessary for this project in the current market conditions," he told reporters Friday in comments approved for publication Monday.

London copper hit its highest in 11 weeks on Monday as China pledged to quicken the pace of financial reform, supporting growth in demand for commodities as global exchange supplies of the metal dry up.

Norilsk said it planned to suspend production at its old Nickel plant in the town of Norilsk by 2016 and to compensate the plant's production with other assets.

Norilsk is currently in talks with the government to share the up to 4.5 billion rubles ($130 million) the company needs to retrain and migrate 3,500 people who currently work at the plant in Russia's Arctic.

It also plans to use its own semi-products rather than supplies from third parties in its nickel refining plant Harjavalta in Finland, Fedorov said.

Its 2016 and 2018 production target, announced in October, remained unchanged, he added.

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