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Russia to Become World's Top Palladium Producer After $15Bln Arctic Investment

Nornickel and Russian Palladium to invest in huge production plant in Arctic tundra.

By The Barents Observer

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Palladium is currently more expensive than gold after a significant price rise in recent years. **Alexander Kolbasov / TASS**

"It is a very good project," President Vladimir Putin said Monday when met Musa Bazhaev, leader of metal firm Russian Platinum.

Bazhaev intends to produce 120 tonnes a year of palladium at the company's two sites in the Taymyr Peninsula. Together with metallurgy and mining company Nornickel, Bazhaev's Russian Platinum will invest $15 billion in the new Arctic Palladium joint venture.

The Arctic Palladium will develop resources located near the nickel fields of Nornickel. Ore reserves are estimated to 770 million tons and the production period stretches 55 years into

the future, Bazhaev told Putin.

Annual net revenues will be as high as $3.7 billion, which means the investment return period will be only four years, he explained.

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According to the company, a total of 5,860 new jobs will be created and the group will pay 40 billion rubles ($630 million) in tax every year. The metals will be shipped out of Russia through the northern sea route, the much-hyped and state-supported Arctic transport corridor.

“The creation of this joint venture means that we keep up with the times, because there is strong growth in the demand of platinoids, and especially palladium,” Bazhaev said, stressing the importance of the metal in the manufacturing of petrol and diesel-engined cars.

“Therefore, I consider this joint venture with Nornickel to be in high demand and one of the best production projects in the world.”

The market value of palladium has increased significantly in recent years, and is now sold for $1,800 per ounce — more than gold.

With the new project, Russia will become the world’s biggest producer of palladium.

Russian Platinum acquired the license to the Chernogorskoye field in 2011. Two years later, the company won the license to the nearby Norilsk-1 field.

The resources are planned to be extracted through an open pit and a nearby processing plant and smelter will be built, the company says on its website.

In addition to platinoids, the fields hold large resources of nickel and copper.

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