Ongoing production optimisation

Production in 2013

As a result of the increase in capacity of the Beresov-4 mine and processing plant, the Company’s overall production capacity reached 13 million tonnes at the beginning of 2013. Total production in 2013 amounted to 16 million tonnes, 10% higher than in 2012. Consequently, the Company’s capacity utilisation rate in 2013 was 78%.

The implementation of our capacity expansion programme allows us to respond quickly to increasing demand. Despite having increased our average output for the year, the Company is operated at a technically comfortable capacity utilisation level of approximately 80%.

Capacity expansion programme

In 2013, the Company continued to construct shafts as part of the project to develop the Ust-Yeya site. The drilling and casing of steering holes on both shafts has been completed and shaft installations and temporary facilities required for the period of shaft sinking have been constructed. In December 2013, sinking equipment was brought into operation and the sinking of shaft No. 1 began. As of the end of March, the shaft had been sunk to a level of 45m. The design of the subsoil complex is in progress. The start of construction of permanent surface facilities is planned for 2015; this will allow the works to be completed by the time the shafts come into operation.

Production optimisation

In 2013, the Company continued to implement projects to increase output in production sections and to develop the equipment. The projects provide for an increase in the extraction ratio of the commercial substance, pitchblende, from syntechnoe, as well as a 15–20% increase in output in existing technological sections of plants. The project involves the modernisation of existing equipment, as well as its partial replacement with more technologically advanced options. The project will lead to an increase in the Company’s potash production capacity of 1.5 million tonnes by the end of 2016.

Additional expansion projects

Petrovskoe

The Company continues to develop design documentation for the development of the Petrovskoe site. The drilling of test and shaft wells for the sinking of the shafts is currently ongoing. According to the licence conditions, the design documentation should be developed and approved by 2017. A decision on construction will be taken after the documentation has been prepared.

Sokolniki-3, phase 1

The first phase of the Sokolniki-3 expansion project involved the installation of equipment for the inspection and re-entry of shaft No. 4, and the development of design documentation.

Other projects

In 2013, the Company continued to reconstruct the Saraivskoe plant. The installation of steam pipe racks, a power grid, a water pipeline, and sewage system is ongoing. The installation of equipment in an adjustable vacuum crystallisation unit is also in progress. All activities are aimed at increasing the capacity of the carnallite plant to 400–500 tonnes per year. The main works should be completed in 2014. Investments in the project in 2013 amounted to approximately USD 13 million.

As part of work to maintain capacity, a number of activities are taking place: shaft panes are being prepared, mined areas are being prepared for filling, equipment is being replaced and modernised, and industrial safety systems are being adapted to comply with current standards.

The Company is carrying out targeted work to improve mine safety. In 2013, it continued projects to protect water pipes and mined objects on the earth’s surface. Works on filling mined areas is also underway.