

Stock Exchange Release**Talvivaara Mining Company Plc****15 October 2012****Talvivaara Production Update****Improved production in the third quarter
Challenging water balance impacting ability to deliver full year production target****Highlights**

- Nickel production of 4,030t in Q3 2012 and 10,598t year to date
- Zinc production of 7,184t in Q3 2012 and 21,760t year to date
- Continued progress in equipment availabilities and run rates
- Heavy rains impacted solution grades; some effect likely to persist through year-end
- Q4 2012 nickel production anticipated to improve over Q3, but challenging water balance has impacted ability to deliver the full year 2012 production target of approximately 17,000t of nickel

Production update*Metals recovery*

Talvivaara produced 4,030t of nickel and 7,184t of zinc in the third quarter of 2012, which represents a clear improvement over 3,194t of nickel and 6,686t of zinc in the previous quarter. Metals production in the first nine months of 2012 amounted to 10,598t of nickel and 21,760t of zinc.

The Company continued to achieve stable operation of the metals recovery plant for most of the third quarter. Deviations from stable operation were caused by two brief power outage -related stoppages in late July and an unscheduled downtime of 8 days in late September due to problems in re-starting hydrogen sulphide production following a planned 4-hour stoppage for piping installations to enable de-watering of the open-pit mine.

Leach solution flow rate through the plant improved throughout the quarter and reached an average of 1,447 m³/h in September excluding the unscheduled stoppage. Flow rates exceeding 1,500 m³/h have again been reached following the stoppage and the Company expects a gradual increase in the flow rate towards previously tested 1,800 m³/h during the fourth quarter, enabling a sustainable step-up of the metals production rate.

Bioheapleaching and water management

Continued historically heavy rainfall throughout the third quarter has prolonged water balance issues at the Sotkamo mine. In the first nine months of the year, the total rainfall in the area amounted to 710mm, which exceeds the long-term average of 489mm by 45%. During most of the spring and summer, rainfall in the area exceeded the long-term average by 50-100%. As a result, some 1.7Mm³ of excess water has accumulated at the mine site and been temporarily stored in the open pit. De-

watering of the pit started in September following the completion of an expansion of the gypsum pond and piping installations noted above and is anticipated to take 2-3 months.

The planned commissioning of two reverse osmosis plants for water purification during the fourth quarter is further expected to improve the water balance by enabling Talvivaara to increase recycling of purified process waters and to reduce raw water intake. A third reverse osmosis unit will be installed next spring.

The excess water in circulation has continued to dilute metal grades in leach solution. During the quarter, the average nickel grade in solution pumped to the metals recovery plant was 1.5-1.6 g/l compared to slightly below 2 g/l at the start of the year.

The unusually high water content in the heaps has also been found to impact leaching by reducing the efficiency of aeration. Measures to improve aeration are being taken and include accelerated reclaiming of the existing primary heaps as well as improving the overall water balance, which over time enables reduction of the amount of water in circulation. Development work is also ongoing to improve the design of future primary heaps for optimal aeration efficiency.

As a result of the ongoing efforts to reduce the impact of excess water on leaching performance, Talvivaara expects to see moderate improvement in the leach solution grades during the remainder of 2012. However, a complete reversal of the impact is unlikely to be achieved before the year-end.

Ore production

Because water in the open pit prevented mining in accordance with original plans in the third quarter, the mining department sourced ore from a more distant location at the Southern end of the Kuusilampi pit. Despite this, a record level of 1.5Mt of ore was mined and subsequently crushed in July and equipment availabilities in materials handling approached the required steady state levels.

As announced in connection with the Company's second quarter results on 16 August 2012, Talvivaara has decided to discontinue mining and crushing operations for a period of 3-4 months from the beginning of September due to the prevailing water balance situation. Discontinuing mining and crushing operations is carried out without lay-offs or redundancies. The temporary production scheme alteration is proceeding as planned and, as a result, Talvivaara expects to realize operating cost savings of approximately EUR 20 million during the fourth quarter of 2012 and first quarter of 2013. The altered production scheme is not anticipated to negatively impact metals production during the remainder of 2012. Because of the large nickel inventory already under leaching in the heaps and the long leaching times that in total extend over several years, the impact on 2013 production is also anticipated to be minor.

Permitting

The authorities responsible for Talvivaara's environmental permit renewal and the environmental permit for uranium recovery have informed the Company of a delay in processing the applications. Decisions on the permits were previously expected by year-end 2012, but will now be postponed until late January or February 2013. Talvivaara continues to operate under the Company's existing environmental permit until the renewal process is completed and does not anticipate the delay having any material impact on its production output or financial results.

Production guidance

Talvivaara anticipates its Q4 2012 production to improve over the level attained in Q3 2012. However, due to the challenging water balance situation the Company considers it unlikely that its full year 2012 production target of approximately 17,000t of nickel will be achieved.

Reporting and upcoming events

Talvivaara will announce its January-September interim results on 8 November 2012.

Talvivaara's Capital Markets Day will be held in London on 20 November 2012. Further details of the event and its video cast will be available on the Company's web site approximately one week prior to the event.

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Talvivaara Mining Company Plc

Talvivaara Mining Company is an internationally significant base metals producer with its primary focus on nickel and zinc using a technology known as bioheap leaching to extract metals out of ore. Bioheap leaching makes extraction of metals from low grade ore economically viable. The Talvivaara deposits comprise one of the largest known sulphide nickel resources in Europe. The ore body is estimated to support anticipated production for several decades. Talvivaara has secured a 10-year off-take agreement for 100 per cent of its main output of nickel and cobalt to Norilsk Nickel and entered into a long-term zinc streaming agreement with Nyrstar NV. Talvivaara is listed on the London Stock Exchange Main Market and NASDAQ OMX Helsinki and is included in the FTSE 250 index. Further information can be found at www.talvivaara.com.