

**Stock Exchange Release  
Talvivaara Mining Company Plc  
30 April 2015**

**Talvivaara Mining Company Plc's Interim Management Statement for the period of 1  
January 2015 – 30 April 2015**

As announced by Talvivaara Mining Company Plc ("Talvivaara" or the "Company") on 31 December 2014 the Company will release interim management statements in accordance with the Finnish Securities Markets Act, Chapter 7, Section 14 for the first three and nine months of the accounting year 2015 instead of the interim reports for the respective periods.

Based on the above, Talvivaara gives the following report for the period of 1 January 2015 – 30 April 2015:

**Key events**

- Following the announcement of the bankruptcy of Talvivaara Sotkamo, trading of Talvivaara's shares on the Helsinki Stock Exchange was suspended on 6 November 2014. The suspension of trading continues on the date of this statement
- Talvivaara finances its operations by providing administrative and technical services and by leasing certain critical machinery and equipment to the bankruptcy estate of Talvivaara Sotkamo under agreements entered into by the Company and the bankruptcy estate on 19 November 2014
- Talvivaara is continuing its operations for the time being with the target of securing sufficient financing to participate in the acquisition of the mining operations from the bankruptcy estate of Talvivaara Sotkamo or securing a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business
- Following the termination notice by the bankruptcy estate of Talvivaara Sotkamo on 30 March 2015, Nyrstar contested the right of the bankruptcy estate to terminate the Zinc Streaming Agreement or the Streaming Holiday Agreement. Simultaneously, Nyrstar sent a notice to the Company, reserving their right to issue a demand to the Company as a guarantor for a payment of all sums due by Talvivaara Sotkamo under the Zinc Streaming Agreement and the Streaming Holiday Agreement, should the bankruptcy estate of Talvivaara Sotkamo fail to do so. Due to previous intercreditor arrangements, the extent of the Company's guarantee liability towards Nyrstar remains unclear
- Talvivaara's corporate reorganisation proceedings were commenced on 29 November 2013 and are still on-going. The Espoo District Court has on 30 January 2015 extended the deadline for the re-submission of the restructuring programme until 13 March 2015
- The supplemented draft restructuring programme of the Company was submitted by the Administrator to the District Court of Espoo on 13 March 2015, proposing a haircut of 99% for the unsecured restructuring debts and leaving 1% of the amount of such debt to be repaid. The restructuring debts secured by business mortgage would not be cut and no payments would be made on debts with lowest priority. The draft restructuring programme does not include a provision on a duty to make supplementary payments
- The confirmation and entry into force of the draft restructuring programme requires the fulfilment of a number of conditions, including Talvivaara negotiating an agreement with the party that purchases Talvivaara Sotkamo mining operations based on which Talvivaara can obtain sufficient cash flow to cover the costs of its business operations and has the right to make an investment sufficient to acquire a significant minority stake in the Sotkamo operations, or Talvivaara completes a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business
- On 14 April 2015, the District Court of Espoo initiated a creditors' voting procedure on the draft restructuring programme. The approval of the draft restructuring programme requires express support from the necessary number of creditors. The voting period expires on 6 May 2015

## Review of operations

Following the bankruptcy of Talvivaara Sotkamo on 6 November 2014, Talvivaara has not had control over the operations at the Sotkamo mine and is therefore no longer in a position to continue reporting on the status and development of the Sotkamo mining operations, including information on production levels and water management. Following the announcement of the bankruptcy of Talvivaara Sotkamo, trading of Talvivaara's shares on the Helsinki Stock Exchange was suspended on 6 November 2014. The suspension of trading continues on the date of this statement.

Prior to the bankruptcy, the activities of the Talvivaara group comprised of the operations at the Talvivaara mine primarily carried out by Talvivaara Sotkamo and a broad range of support functions and expert services provided by the Company. Throughout its existence, the Company has employed the majority of the group's managerial resources and technical experts and therefore provided the operating subsidiary with e.g. administrative, financial, communications, technical, laboratory, commercial, legal and sustainability services against agreed fees. In addition, the Company owns a lime and limestone handling plant and reception station, which are critical for the production and water treatment processes of the mine, and which the Company has leased to Talvivaara Sotkamo since 2009.

In order to minimise any environmental risks, assist the running of the ongoing operations and to facilitate the sales process of the mining assets, Talvivaara and the bankruptcy estate of Talvivaara Sotkamo agreed that the services and equipment leases provided by the Company shall continue. To this effect, the parties entered on 19 November 2014 into the Administration and Laboratory Services Agreement and the Agreement on Lease of Lime and Limestone Handling Plant and Reception Station. The agreements detail the Company's personnel resources and equipment that are available and critical for the environmentally and occupationally safe operations at the Sotkamo mine and state the agreed pricing for the services provided. Invoicing of personnel resources is based on hourly rates, expenses incurred in the provision of the services are charged at cost added with an administrative margin, and for the limestone plant a monthly rent has been agreed. The new agreements are largely in line with those previously in place between Talvivaara and Talvivaara Sotkamo with only minor modifications resulting from the changed circumstances following Talvivaara Sotkamo's bankruptcy.

## Financial status

### Liquidity development

Currently the Company finances its day-to-day operations by providing administrative and technical services and leasing certain critical machinery and equipment to the bankruptcy estate of Talvivaara Sotkamo. The target of the Company is to secure sufficient financing to participate, as a member of a consortium, in the acquisition of the mining operations from the bankruptcy estate of Talvivaara Sotkamo Ltd or to complete a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business.

During the reporting period, costs relating to the preparation of the Company's 2014 financial statements as well as the costs relating to the completion of the Company's draft restructuring programme and arrangement of the creditors' voting procedure have temporarily increased the cost basis. As at 30 April 2015, the Company's cash and cash equivalents amount to EUR 4.3 million.

### Equity

Following Talvivaara Sotkamo's bankruptcy, the Company has fully written off its receivables from and the shares held in Talvivaara Sotkamo. As a result, Talvivaara has lost its equity, which has been acknowledged by the Company's Board of Directors and notified to the trade register. Talvivaara further notes that it has already in November 2013 recognised the weakening of its financial position and taken measures to mitigate this by applying for corporate reorganisation. The corporate reorganisation proceedings of the Company were commenced on 29 November 2013 and their continuation was approved by the Company's shareholders on 12 June 2014.

### Off-balance sheet and contingent liabilities

Talvivaara Sotkamo has largely covered the environmental bond requirement under the current environmental permit by a guarantee insurance provided by Atradius Credit Insurance NV ("Atradius"). The coverage currently amounts to EUR 31.9 million. According to the environmental permit, the required bond is to be placed to cover the cost of the restoration of waste areas (gypsum ponds, heap areas), which is anticipated to take place partly during the life of the mine, as waste areas are filled to their maximum levels, and partly as part of the eventual closure of the mine. In the event such restoration activities took place without Talvivaara Sotkamo carrying the cost, the expenses would initially be covered by Atradius. However, eventually Atradius would claim the cost back from the Company, which has given counter-indemnity for such costs to Atradius. The guaranteed liability is part of the Company's restructuring debt and any payments that fall due under the guarantee are finally determined in the Company's restructuring programme and repaid according to the authorized payment schedule.

Furthermore, even if the Company's restructuring debts were cut in accordance with the Administrator's final draft restructuring programme, the assets of the Company would still be less than the aggregate amount of the Company's remaining liabilities following the 99-percent-haircut of the unsecured restructuring debts or even following a 100% conversion of the unsecured restructuring debts into equity of the Company. The exact amount of the negative funding balance will depend, among others, on the extent to which unsecured restructuring debts are converted into equity of the Company, and on the aggregate amount of the Company's other liabilities not subject to restructuring at the date of entry into force of the restructuring programme.

### **Progress of corporate reorganisation**

The corporate reorganisation proceedings of Talvivaara were commenced on 29 November 2013. The Administrator has subsequently on 30 September 2014 submitted a preliminary restructuring programme proposal for the Company to the Espoo District Court.

On 30 January 2015, the District Court of Espoo granted an extension to the deadline for re-submitting the proposal for the reorganisation programme of Talvivaara until 13 March 2015.

The Administrator has on 5 February 2015 decided to repay the minor debts of the Company under the exception rule of section 18 of the Finnish Act on Corporate Restructuring. Restructuring debts amounting to less than EUR 1,000 (including interest and penalty interest, to the extent claimed by the creditors, until the start of the reorganization proceedings) have been considered minor debts. The Company has repaid such minor debts during February 2015. The total of such payments amounted to EUR 15,672, comprising of receivables a total of 40 creditors.

On 12 March 2015, Talvivaara was informed that Audley Capital Advisors LLP, a UK-based investment and capital advisory firm, has entered into a conditional asset purchase agreement to acquire the assets of Talvivaara Sotkamo from its bankruptcy estate. At the same time, the Republic of Finland, through its wholly-owned special purpose company Terrafame Ltd, has entered into an investment agreement with Audley Capital Advisors LLP. The purpose of the asset purchase agreement and the investment agreement is to re-establish the operations and continue the business of the Sotkamo mine within a new mining company that will be established in connection with the transaction. Before the transaction can close and operations at the mine can be ramped up under the direction of the new mining company, a number of steps must still take place including the provision of the necessary regulatory permits and the obtaining of committed financing. The Company announced on 12 March 2015 that the process of selling the Sotkamo mining operations had progressed in the expected sequence, and the milestone reached by the parties to the conditional asset purchase agreement enables the start of serious discussions on Talvivaara's potential role in the future of the Sotkamo mining operations.

On 13 March 2015, the Administrator of the corporate reorganisation of Talvivaara filed the supplemented draft restructuring programme to the District Court of Espoo. The supplemented draft restructuring programme was based on the plan presented in the original draft restructuring programme dated 30 September 2014, whereby the business operations of the mine are to be sold to a new company with which Talvivaara shall have a sufficient functional connection that is based on ownership, operations or other type of economic co-operation.

The total amount of the restructuring debts to be taken into account in the restructuring proceedings is approximately 513 million euros, out of which 508 million euros is considered unsecured debt. This amount does not include debts with lowest priority. In addition, the Company has approximately 8 million euros liability relating to a granted third-party security. The Administrator proposed that the restructuring debts be cut by 99% which would leave 1% of the amount of such debt to be repaid. The restructuring debts secured by business mortgage will not be cut and no payments would be made on debts with lowest priority. The draft restructuring programme does not include a provision on a duty to make supplementary payments. The total amount of the restructuring debts includes also approximately 31.9 million euros of conditional restructuring debt, which consists mainly of counter indemnity given as a guarantee for the guarantee insurance provided by Atradius Credit Insurance N.V to Kainuu ELY Centre. The guarantee insurance relates to the certain obligations prescribed in Talvivaara Sotkamo's environmental permit.

The term of the restructuring programme would consist of one instalment. After the 1% restructuring debt repayment has been made to the remaining restructuring creditors and after the other measures obligating the Company in the draft restructuring programme have been completed, Talvivaara would not be subject to any restriction on payment of dividends.

The Administrator's estimate is that after the completion of the above referenced restructuring measures - and assuming that none of the restructuring creditors would use their conversion right included in the draft restructuring programme - the balance sheet of the Company would include approximately 25.1 million euros of financial debt, comprising of approximately 12.5 million euros of new debts arisen during the proceedings and approximately 12.6 million euros of cut restructuring debts and other liabilities.

The confirmation and entry into force of the draft restructuring programme requires the fulfilment of all of the following conditions:

- a) Talvivaara succeeds in negotiating an agreement with the party that purchases Talvivaara Sotkamo mining operations from the bankruptcy estate based on which:
  1. Talvivaara can obtain sufficient cash flow to cover the costs of its business operations if the Company's other assets or other cash flows are not sufficient to cover said costs; and
  2. Talvivaara has the right to make an investment sufficient to acquire a significant minority stake in the company engaging in the mining operations, or the parties complete a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business;
- b) The general meeting of shareholders of Talvivaara:
  1. approves the opportunity to be offered to all holders of unsecured restructuring debts to convert the full amount (but not a part thereof) of their unsecured restructuring debt into shares in the Company with due regard to any limitations of prohibitions set by foreign securities laws that would make the offering of the conversion right to certain foreign creditors either illegal or unreasonably difficult to implement. If all unsecured restructuring creditors exercise said opportunity, the percentage of holdings of the Company's current shareholders would be diluted by 70%. The conversion rate would be EUR 0.1144 per share; and
  2. executes or authorises the Company's Board of Directors to execute a financial arrangement (e.g. issuance of shares or bonds or execution of other financing instrument) to raise the funds needed to execute an arrangement referred to in section a) 2. and/or for paying the remaining restructuring debts and for covering other possible liabilities to the extent the Company's other funds are not sufficient for such purpose;
- c) The proceedings for converting the restructuring debts into shares in the Company have been completed in accordance with the section b) 1 above, and the new shares have been registered in the Trade Register.

A share issue or an issuance of another instrument entitling to the shares of the Company, which are among the possible means to satisfy the condition for the entry into force of the restructuring programme, would, if fully subscribed for and depending on the amount to be raised in the transaction, dilute the holdings of the existing shareholders significantly.

In addition to what has been provided on the lapse of restructuring programme and corporate reorganization, if the special conditions set for the entry into force of the restructuring programme have not been met by 13 March 2017, the Administrator will make a request to the District Court to have the restructuring proceedings interrupted. In addition, the draft restructuring programme included a specific condition entitling the Administrator to make a request to the District Court for the cancellation of the corporate reorganization in case the Company does not have the funds for paying the restructuring debts within two years of the confirmation of the programme.

Talvivaara as a debtor in the restructuring proceedings was given a similar right as the creditors of the corporate reorganisation to give a statement on the supplemented draft restructuring programme and propose changes to it by the deadline of 27 March 2015 set by the District Court of Espoo. No statement on the restructuring programme was given by Talvivaara.

On 14 April 2015, the District Court of Espoo gave a decision to initiate a creditors' voting procedure on the draft restructuring programme of the Company in accordance with section 76 of the Restructuring of Enterprises Act. By initiating the voting procedure, the creditors of the Company are given the opportunity to either support or oppose the Administrator's draft restructuring programme. The approval of the draft restructuring programme requires express support from the necessary number of creditors.

Based on the decision of the District Court of Espoo, the voting ends on 6 May 2015 at 4.15 pm (Finnish time), except for the voting period for the convertible bond holders and the nominee-registered bond holders that ends already on 4 May 2015 at 4.00 pm (Finnish time).

## **Financing and commercial arrangements**

### Termination of the Zinc Streaming Agreement

On 30 March 2015, the bankruptcy estate of Talvivaara Sotkamo notified Nyrstar that, pursuant to Chapter 3, Section 8 of the Bankruptcy Act, it does not commit to the Zinc Streaming Agreement or the Loan and Streaming Holiday Agreement. Consequently, Nyrstar has on 9 April 2015 sent a notice to the bankruptcy estate of Talvivaara Sotkamo, contesting the right of the bankruptcy estate to terminate the Zinc Streaming Agreement or the Loan and Streaming Holiday Agreement by reason of its own insolvency, and declaring that all the amounts due by Talvivaara Sotkamo under the Loan and Streaming Holiday Agreement have become immediately due and payable by Talvivaara Sotkamo. Nyrstar also gave the bankruptcy estate of Talvivaara Sotkamo a 30-day-notice under the Zinc Streaming Agreement, during which period Talvivaara Sotkamo as a seller under the Zinc Streaming Agreement should try to remedy the seller event of default, failing which the Zinc Streaming Agreement shall terminate. Simultaneously, Nyrstar sent a notice to the Company, reserving their right to issue a demand to the Company as a guarantor for a payment of all sums due by Talvivaara Sotkamo under the Zinc Streaming Agreement and the Loan and Streaming Holiday Agreement, should the bankruptcy estate of Talvivaara Sotkamo fail to do so.

However, based on the Intercreditor Agreement binding on the Company and Nyrstar, the Company cannot make any payments to Nyrstar in relation to the termination sum if full payment has not been made to the lenders having receivables with a higher ranked priority. As the lenders having a higher ranked priority will not receive a full payment on their receivables due to Talvivaara Sotkamo's bankruptcy and the Company's restructuring proceedings, the Company cannot make payments relating to the termination sum to Nyrstar, as Nyrstar's claim for termination sum is in a subordinate position. Based on the above, the Administrator did not include the Company's guarantee liability for the termination sum in the restructuring debts or in the new liabilities arisen during the proceedings in his final draft restructuring programme.

On 13 April 2015, the Facility Agent of the lenders under the Revolving Credit Line Facility Agreement, which have receivables with the highest ranking priority, notified Nyrstar, the Company and the bankruptcy estate of Talvivaara Sotkamo that an Event of Default under the Revolving Credit Line Facility Agreement has occurred and is continuing and that all payments, which would otherwise be permitted for the Company or Talvivaara Sotkamo have thereby become prohibited.

## Risk factors

Talvivaara's near-term risk factors include particularly such risks that relate to its ongoing corporate reorganisation proceedings, financing and going concern status:

***If an adequate overall financial solution for the continuance of Talvivaara's business operations is not found, Talvivaara's restructuring programme may not be approved and authorised and shareholders could lose their entire investment in the Company***

The approval and authorisation of the proposed restructuring programme of Talvivaara is conditional, among other things, on (i) a requisite number of the Company's creditors voting in favour of the Administrator's draft restructuring programme, (ii) Talvivaara succeeding in completing an arrangement that will secure the necessary cash flow for the Company to discharge all of its liabilities and the continuance of the Company's eligible business, and (iii) the shareholders of Talvivaara approving the possibility for a conversion of unsecured restructuring debts into shares in the Company as well as the financial arrangement required to discharge the remaining restructuring debts and to cover other possible liabilities to the extent the Company's other funds are not sufficient for such purpose. As of the date of this statement, there is no certainty as to whether the Company can fulfil all the set requirements within the given time frame. If the restructuring programme is not approved and authorised, the Company may have to file for bankruptcy and, as a result, the shareholders could lose their entire investment in the Company.

***If the corporate reorganisation proceedings of Talvivaara are not successful, shareholders could lose their entire investment in the Company***

Although the Board of Directors believes that a corporate reorganisation is a viable option for Talvivaara, there can be no assurance that the proposed restructuring programme of the Company will be approved and authorised or be ultimately successful. The corporate reorganisation process can fail for a number of reasons, including due to an insufficiency of funds to implement or complete the restructuring programme, changes in circumstances affecting the financial viability of Talvivaara, including, for example, termination of the service and lease agreements between the Company and the bankruptcy estate of Talvivaara Sotkamo, or insufficient income from the services provided to the bankruptcy estate or the contemplated new entity running the mining operations. If the corporate reorganisation fails for these or any other reasons, it could result in the bankruptcy of the Company. As a result, shareholders could lose their entire investment in the Company.

***Failure by the Company to reach final clarity on the treatment of its guarantee obligation for the termination sum set forth in the Zinc Streaming Agreement may impair or even hinder the Company's efforts to raise new funds for the successful fulfilment of the conditions for the entry into force of the Company's restructuring programme***

Whilst the Company shares the view of the Administrator on the treatment of the guarantee obligation for the termination sum under the Zinc Streaming Agreement and considers the view well-founded, there is no certainty that a competent court or a dispute resolution authority would arrive at the same outcome, should Nyrstar take legal actions to contest the chosen view. Furthermore, even if such legal actions were not initiated by Nyrstar, any uncertainty surrounding the issue would have a significant negative effect on the Company's ability to raise new funds required for the successful fulfilment of the conditions for the entry into force of the Company's restructuring programme.

***The right of conversion of debt into equity included in the restructuring programme of Talvivaara and/or the issuance of new equity instruments may lead to a significant dilution of the existing shareholding of the Company***

The right of conversion of debt into equity included in the restructuring programme of Talvivaara and/or the issuance of new equity instruments may lead to a significant dilution of the existing shareholding of the Company. The extent of dilution will eventually be determined by the aggregate amount of the restructuring debts to be converted into shares at the determined conversion rate of EUR 0.1144 per share as well as by the subscription price of the newly issued shares offered and the amount of funds raised in, the potential equity financing.

***In case Talvivaara acquires a stake in the company carrying on the Sotkamo mining operations, the Sotkamo mine may not be able to successfully address various operational, environmental and other difficulties facing the Talvivaara mine and shareholders could ultimately lose their entire investment in the Company***

The Talvivaara mine has faced various difficulties since the commissioning of the mine in 2008 and 2009. These difficulties include, among others, operational difficulties concerning the mine's production and performance, environmental issues as well as legal and administrative proceedings involving the Sotkamo mine and certain members of Talvivaara's management. Further, there can be no certainty that the financing potentially available to Talvivaara would be sufficient to ramp-up production at the Sotkamo mine or that it would ever achieve profitability. Accordingly, even if Talvivaara were able to obtain sufficient financing in order to participate in the acquisition of the Sotkamo mining operations and the restructuring programme for Talvivaara would be approved and authorized, shareholders could ultimately lose their entire investment in the Company.

### **Financial Reporting**

Talvivaara received on 11 February 2015 an exemption from the Financial Supervisory Authority to defer the publication of the financial statements release as well as the financial statements and the Board of Directors' review for its financial year ending 31 December 2014 to no later than 30 April 2015. The exemption was granted on a condition that the Company publishes, by 28 February 2015, information corresponding to the information to be given in an Interim Management Statement pursuant to chapter 7, section 14 of the Finnish Securities Market Act, as well as other information available on the prospects for continuing operations and on the effects of the bankruptcy of Talvivaara Sotkamo Ltd on the operations of the Company. The Company published the above referred report on its operational and financial status and development on 27 February 2015.

As announced by the Company on 30 April 2015 Talvivaara's financial statements for the financial year ended 31 December 2014 were prepared on a basis other than going concern. The chosen reporting basis resulted from the existence of material uncertainty that casts significant doubt upon the Company's ability to realise its assets and discharge its liabilities in the normal course of business and from the lack of visibility on the Company's operational environment twelve months beyond the date of reporting.

### **Legal affairs**

#### Consideration of charges relating to the gypsum pond leakages and discharges into water ways

Following the consideration of charges, which related to Talvivaara Sotkamo's gypsum pond leakages and the sodium, sulphate and manganese discharges that exceeded the anticipated amounts stated in the original environmental permit application of the mine, the prosecutor decided to bring charges against four members of Talvivaara's management, including CEO Pekka Perä and former CEO Harri Natunen. The charges concern aggravated impairment of the environment.

Based on the pre-trial investigation relating to the discharge of raffinate from the metals recovery plant of Talvivaara Sotkamo and dilute secondary heap solutions into the open pit during the period of 19 December 2013 – 31 January 2014, the prosecutor decided on 11 February 2015 to bring charges against CEO Pekka Perä. During the pre-trial investigation, the police moderated the type of the suspected crime to an environmental infraction (petty crime), while the prosecutor has changed the type of the suspected crime back to impairment of the environment in his application for a summons. The prosecutor has requested the District Court to handle the case together with the case concerning the gypsum pond leakages and the discharges into water ways.

The Company does not share the prosecutor's view of the threshold for charges having been met. The Company welcomes, however, the opportunity to have the facts relating to the above mentioned matters as well as the then-current operating conditions of the Company discussed in an open court.

#### Investigation on Talvivaara's disclosure practices

On 28 April 2015, Talvivaara confirmed that a number of current and former members of Talvivaara's Board of Directors and management have been or will be heard in connection with an investigation

relating to the Company's disclosure practices. Talvivaara believes that the investigation will establish the appropriateness of the Company's conduct in all respects, and emphasizes that the Company has already in the past gone through the applied disclosure practices extensively and in great detail with the Financial Supervisory Authority. None of the inquiries has given rise to any administrative sanctions available for the Financial Supervisory Authority.

### **Personnel**

Talvivaara's headcount decreased from 53 at the beginning of 2015 to 50 on the day of this announcement.

Talvivaara's personnel comprises an expert organisation, the core competences of which include, for example, analytical laboratory services, bioheap leaching and other production processes, procurement, environmental safety, risk management and communications. The organisation has in the past provided critical services to Talvivaara Sotkamo and it continues to provide the same services to the bankruptcy estate of Talvivaara Sotkamo as agreed between the Company and the bankruptcy estate.

### **Changes in Talvivaara Management**

Talvivaara announced on 30 October 2014 that Salla Miettinen-Lähde, who had been CFO of the Company since 2005 and Deputy CEO since 2012, had decided to leave the Company. The employment of Salla Miettinen-Lähde terminated on 31 January 2015.

In preparation of her departure, the Company appointed Chief Commercial Officer Pekka Erkinheimo as the Deputy CEO with immediate effect. Since 1 February 2015, the finance function has reported to Mr. Erkinheimo.

### **Market environment**

Following the bankruptcy of Talvivaara Sotkamo and its exit from the Talvivaara Group, the Company has no exposure to nickel and other commodities markets or to foreign exchange rates. Talvivaara's income is for the time being generated from the services provided under the service and lease agreements between the Company and the bankruptcy estate of Talvivaara Sotkamo, as described elsewhere in this announcement.

### **Short-term outlook**

Talvivaara continues its operations for the time being with the target of securing sufficient financing to participate, as a member of a consortium, in the acquisition of the mining operations from the bankruptcy estate of Talvivaara Sotkamo Ltd or securing a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business. Currently, the Company finances its operations by providing administrative and technical services and by leasing certain critical machinery and equipment to the bankruptcy estate of Talvivaara Sotkamo Ltd under agreements entered into by the Company and the bankruptcy estate. However, the operational outlook for Talvivaara is greatly dependent on the successful completion of the Company's corporate reorganisation proceedings and the success to closing, timing and extent of the necessary financing solutions currently under contemplation. Whilst the Administrator's final draft restructuring programme gives the Company reasonably ample time to fulfil the requirements set forth for the entry into force of the restructuring programme, there is no certainty that the Company can fulfil all the requirements within the given timeframe.

Trading in the Talvivaara share at the Helsinki stock exchange has been suspended since 6 November 2014. As stated by the Finnish Financial Supervisory Authority in its exemption decision of 24 November 2014 relating to Talvivaara's January-September 2014 interim report, reliable pricing of the share, which is a pre-requisite for the trading to resume, cannot occur until the uncertainties relating to Talvivaara's ability to continue its operations have been solved and sufficient information on going concern and the Company's financial status has been announced.

30 April 2015

Talvivaara Mining Company Plc  
Board of Directors

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