

Following the bankruptcy of Talvivaara Mining Company Plc's ("Talvivaara" or the "Company") operating subsidiary Talvivaara Sotkamo Ltd ("Talvivaara Sotkamo") 6 November 2014, trading of Talvivaara's shares on the Helsinki Stock Exchange was suspended. The suspension of trading continues on the date of the Company's Corporate Governance statement 30 April 2015.

Talvivaara has been in corporate reorganisation throughout the year 2014 and the restructuring proceedings are ongoing at the date of this statement. During the corporate reorganisation proceedings, all major decisions and decisions outside the ordinary course of business have required consent of the administrator of the corporate reorganisation proceedings.

Talvivaara's financial statements for the financial year ended 31 December 2014 approved by the Board of Directors on 29 April 2015 have been prepared on a basis other than going concern. The chosen reporting basis results 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.

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.

Corporate Governance Statement 2014

General

This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code 2010. The statement has been issued as a separate report and it is available on the Company's web pages at www.talvivaara.com.

Talvivaara's Audit Committee has reviewed this corporate governance statement and the Company's external auditor, PricewaterhouseCoopers Oy, has confirmed that this statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the Company's financial statements.

Regulatory framework

Talvivaara complies with the Finnish Corporate Governance Code 2010 ("the Corporate Governance Code") for listed companies and the Insider Guidelines issued by NASDAQ OMX Helsinki Ltd. The Finnish Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi.

Due to the cancellation of the London Stock Exchange listing in July 2014 the provisions of the UK Corporate Governance Code have not taken into account in this statement.

The Company has departed from the following recommendations under the Corporate Governance Code:

Recommendation 7: Performance evaluation of the Board

According to the recommendation 7 of the Corporate Governance Code the Board of Directors shall conduct an annual evaluation of its operations and working methods as internal self-evaluation or by using an external evaluator. Due to exceptional circumstances surrounding the Company during the year 2014 and uncertainties relating to the Company's future business operations, it was not considered appropriate to conduct a formal performance evaluation for 2014.

Recommendation 22: A committee shall have at least three members

Following the resignation of Mr. Michael Rawlinson from the Board in November 2013, the Nomination and Governance Committee had only two members until the Annual General Meeting of 12 June 2014. It should however be noted that, following the decision by the Annual General Meeting of 2013, the Shareholders' Nomination Panel has, instead of the Nomination and Governance Committee, made the recommendations on the size and composition of the Board as well as on the remuneration of the Board members. The composition of the Nomination and Governance Committee was reconsidered and revised following the Annual General Meeting of 2014.

In addition, the Sustainability Committee had two members until the Annual General Meeting of 2014 as Ms. Kirsi Sormunen, who acted as the chairman of the Committee, resigned from the Board in March 2014. The composition of the Committee was reconsidered and revised following the Annual General Meeting of 2014. Until then, the Sustainability Committee issues were considered in more detail in the meetings of the Board Directors. The Sustainability Committee is an additional committee voluntarily established by the Board of Directors, supplementing the variety of the committees introduced in the Corporate Governance Code.

Administrative, management and supervisory bodies

General

As a limited liability company incorporated in Finland, Talvivaara is governed under the provisions of the Finnish Companies Act and its Articles of Association. Responsibility for the control and management of the Company is divided between the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer. The shareholders participate in the control and management of Talvivaara through actions taken at the General Meetings of Shareholders. Typically, General Meetings of Shareholders are convened upon notice given by the Board of Directors. In addition, General Meetings of Shareholders are held when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of the total number of issued and outstanding shares.

General Meetings of Shareholders

Under the Finnish Companies Act, General Meetings of Shareholders must be held at the domicile of the company, unless the Articles of Association allow the meeting to be held in another designated location. General Meetings of Shareholders may be held at some other location only if there is an exceptional reason for this. According to the Company's Articles of Association, the General Meetings of Shareholders shall be held either at the domicile of the Company in Sotkamo, or in Helsinki or Espoo, Finland.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered no later than eight business days prior to the relevant General Meeting of Shareholders in the Register of shareholders maintained by Euroclear Finland Ltd ("Euroclear"). An owner whose shares have been registered under a nominee account wishing to attend and vote at the General Meeting of Shareholders should seek a temporary registration in the Register of Shareholders maintained by Euroclear. More detailed instructions for shareholders whose shares have been registered under a nominee account wishing to attend and vote at a General Meeting are given or referred to in the relevant notice convening the General Meeting.

There are no quorum requirements for General Meetings of Shareholders in the Finnish Companies Act or in the Company's Articles of Association. A shareholder may attend and vote at a General Meeting of Shareholders in person or through authorised representatives. A shareholder has a right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. The request is always considered to have arrived in time if it is given to the Board of Directors at least four weeks prior to publishing the notice to convene the General Meeting of Shareholders. The dead line for submitting requests concerning issues to be included in the agenda of the Annual General Meeting is also published at the Company's website.

The Annual General Meeting was held on 12 June 2014 in Sotkamo, Finland. All the resolutions proposed, as set out in the notice of the meeting, were duly passed. A total of 163 shareholders of the Company representing approximately 25.4 per cent of the votes and shares in the Company attended the meeting in person or by proxy.

Shareholders' Nomination Panel

The Annual General Meeting of 2013 resolved to establish a Shareholders' Nomination Panel. The main purpose of the Panel is to ensure that the Board of Directors and its members maintain and represent a sufficient level of knowledge and competence for the needs of the Company and for this purpose to prepare well-founded proposals to the General Meetings for the election and remuneration of the members of the Board of Directors.

The Composition of the Nomination Panel

According to the charter of Panel, the Shareholders' Nomination Panel comprises of four members nominated by shareholders, the Chairman of the Board of Directors and one other member of the Board of Directors appointed by the Board. The Shareholders' Nomination Panel will elect a Chairman from amongst its members.

The right to nominate the shareholder representatives lies with those four shareholders whose share of all the voting rights in the Company is the largest on the last working day of September preceding the next Annual General Meeting. The largest shareholders are determined on the basis of the shareholders' register of the Company held by Euroclear Finland Ltd. However, holdings by a shareholder who, under the Finnish Securities Market Act, has the obligation to disclose changes in shareholdings (flagging obligation) that are divided into several funds or registers, will be summed up when calculating the share of all the voting rights, provided that such shareholder presents a written request to that effect to the Chairman of the Board of Directors no later than on the penultimate working day of September preceding the Annual General Meeting. Should a shareholder not wish to use its nomination right, the right transfers to the next largest shareholder, who would otherwise not have a nomination right.

Following the annual organizational meeting of the Panel held on 26 November 2014 the composition of the Nomination Panel is the following:

- Mr. Kari Järvinen, CEO, nominated by Solidium Oy
- Mr. Joni Hautojärvi, managing director of Norilsk Nickel Harjavalta Oy, nominated by Norilsk Nickel Holdings (Cyprus) Ltd
- Mr. Olli Salo, nominated by Seppo Aho, a shareholder of the Company
- Mr. Pekka Perä, CEO of Talvivaara, as a shareholder of the Company
- Mr. Tapani Järvinen, Chairman of the Board of Directors of the Company and
- Mr. Graham Titcombe, deputy Chairman of the Board of Directors of the Company

Mr. Kari Järvinen has been elected to act as the Chairman of the Panel.

Duties of the Nomination Panel

The Nomination Panel shall:

- prepare and present the proposal to the General Meeting on matters pertaining to the remuneration of the members of the Board of Directors;
- prepare and present the proposal to the General Meeting on the number of the members of the Board of Directors;
- prepare and present the proposal to the General Meeting on the appointment of the members of the Board of Directors;
- take care of the succession planning of the members of the Board of Directors; and
- answer to shareholders questions in the General Meeting.

Decision-making

The Panel shall have a quorum when at least half of its members are present. Decisions of the Panel shall be unanimous. If consensus cannot be reached, members of the Panel shall present their own proposals to the General Meeting individually or jointly with other members of the Panel.

The Board of Directors

Composition of the Board of Directors

According to the Company's Articles of Association, Talvivaara's Board of Directors consists of at least three and not more than twelve members. The Board of Directors is quorate when more than half of the members are present. All the members of the Board of Directors are appointed by the General Meeting of Shareholders. The term of the Directors ends with the conclusion of the Annual General Meeting following the appointment of the Director.

The Annual General Meeting of 2013 resolved to establish a Shareholders' Nomination Panel to prepare proposals for the election and remuneration of the members of the Board of Directors to General Meetings.

The annual remuneration payable for Board and Committee work and the basis for its determination are decided by the General Meeting of Shareholders. Following the establishment of the Shareholders' Nomination Panel, the proposals to the General Meeting on the remuneration of the members of the Board are made by the Panel. There are no contracts on notice periods, remuneration or any other terms of appointment relating to a person's status as a member of the Board.

The Annual General Meeting of Shareholders held on 12 June 2014 in Sotkamo resolved the number of Board members to be seven (7) and re-elected Mr. Edward Haslam, Mr. D. Graham Titcombe, Mr. Tapani Järvinen, Mr. Stuart Murray, Ms. Maija-Liisa Friman and Mr. Pekka Perä as Board members. Ms. Solveig Törnroos-Huhtamäki was appointed as a new member of the Board.

The Board of Directors shall elect the Chairman and the Deputy Chairman amongst the members of the Board of Directors. In 2014 Mr. Tapani Järvinen has acted as the Chairman and Mr. D. Graham Titcombe as the Deputy Chairman of the Board of Directors.

In March 2014, Ms. Kirsi Sormunen announced her resignation from the Board of Directors due to personal reasons. All the members of the Board of Directors elected by the Annual General Meeting held on 12 May 2014 have been serving up to the date of this statement.

All six non-executive members of the Board are deemed to be independent of the Company and of its significant shareholders.

In 2014, the Board of Directors convened 24 official meetings. In addition to the official meetings of the Board of Directors, several status update teleconferences were held and

active dialogue between the management, the Board and the Administrator was maintained.

Meetings of the Board of Directors and its Committees in 2014 (attendance)

Member	Board	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee
Tapani Järvinen	24/24		1/1		3/3
Edward Haslam	22/24			0/0	
Pekka Perä	23/24				2/2 ⁴
Graham Titcombe	24/24	5/5	1/1	0/0	
Stuart Murray	22/24	4/5		0/0 ⁴⁾	3/3
Maija-Liisa Friman	22/24	4/5		0/0 ⁵⁾	2/2 ⁴
Solveig Törnroos-Huhtamäki	16/16 ¹	1/1 ⁴	1/1 ⁴		
Eileen Carr	8/8 ²	4/4 ⁵			
Kirsi Sormunen	2/2 ³	0/0 ³			1/1 ³

- 1) a member of the Board as of 12 June 2014
- 2) a member of the Board until 12 June 2014
- 3) a member of the Board / the Committee until 7 March 2014
- 4) a member of the Committee as of 12 June 2014
- 5) a member of the Committee until 12 June 2014

The main duties of the Board of Directors

The Board of Directors supervises the Company's administration and the appropriate organisation of the Company's operations. The Board also oversees the compliance of the operations with applicable rules and regulations and the Articles of Association of the Company as well as instructions given by General Meetings of Shareholders. The Board of Directors has general authority to decide on and act in any matters not specifically reserved by law or under the Articles of Association to any other governing body of the Company.

The Board of Directors establishes the principles of the Company's strategy, organisation, development, accounting and financial control and risk management as well as approves the budget of the Company. The Board of Directors also supervises and controls the operative management and appoints and dismisses the Chief Executive Officer of the Company. The Board of Directors approves the financial statements, interim reports and interim

management statements of the Company. The Board decides upon matters not belonging to the day-to-day management of the Company led by the Chief Executive Officer and considered having major importance including significant engagements and investments by the Company.

The Chairman of the Board of Directors is responsible for the leadership of the Board and creating the conditions for effective decision-making and work of the Board. The Chairman shall, with help of the Company Secretary, set the agenda for the meetings of the Board and ensure the timelines for and quality of, the information to be circulated to the members of the Board.

The Board of Directors is always obliged to act in the best interest of the Company and in a manner such that any actions or measures taken by the Board of Directors are not likely to allow unjustified benefit to any shareholder of the Company or to any third party. A Director may not participate in the decision-making process where a contractual undertaking between such Director and the Company is being discussed. When votes are cast, the majority opinion will be the decision of the Board of Directors. In case of a tie, the Chairman will have the casting vote. A tie in connection with an election will be decided by drawing lots.

The Board of Directors is provided relevant and timely information of the Company's operations and plans so as to enable the Directors to perform their duties. In 2014, the Board of Directors paid special attention to the cash flows of the Group and following the bankruptcy of Talvivaara Sotkamo Ltd, the cash flow of the Company.

Until the bankruptcy of the operating subsidiary of the Company, Talvivaara Sotkamo Ltd, the Board held several meetings at the Talvivaara mine site. During the site visits the members of the Board had an opportunity to tour the site and discuss any operational issues with the site management and employees.

Board Committees

The Committees established by the Board of Directors comprise Audit Committee, Remuneration Committee, Nomination and Governance Committee and Sustainability Committee. The composition and chairing of the Committees is reviewed and decided annually by the Board. Whilst the Committees have been conferred upon several significant tasks relating to the Company's governance, it should be noted that under the Finnish Companies Act the Committees have no independent decision-making power, but rather concentrate on matters delegated to them on a broader basis for the purpose of issuing recommendations to the Board of Directors and to the General Meeting of Shareholders. The Committees report regularly on their work to the Board. The composition and number of the Board Committees will be reviewed following the forthcoming Annual General Meeting to reflect the new circumstances following the bankruptcy of Talvivaara Sotkamo Ltd and cancellation of the London Stock Exchange listing.

Audit Committee

The Audit Committee monitors Talvivaara's financial reporting, reporting process and financial forecasts. The Committee considers the quarterly accounts and management statements relating thereto. The Committee also oversees the statutory audit and considers the independence, effectiveness and objectivity of the external auditors, including the nature and extent of non-audit services provided. In addition, the auditors themselves have processes in place to ensure that their independence is maintained, including safeguards to ensure that where they do provide non-audit services, their independence is not compromised. Based on its consideration relating to the audit services, the Audit Committee prepares proposals pertaining to the election of the external auditors.

The Audit Committee considers and keeps under review the need for and effectiveness of the Company's internal reporting and internal control policies and procedures for the identification, assessment and reporting of risks. The Committee focuses particularly on the Company's compliance with legal requirements and accounting standards endeavouring to ensure that an effective system of internal and financial controls is maintained.

The members of the Audit Committee shall have the qualifications necessary to perform the responsibilities of the Audit Committee, and at least one member shall have expertise specifically in accounting, bookkeeping or auditing.

Since the Annual General Meeting of 2014, the Audit Committee has been chaired by Ms. Maija-Liisa Friman and its other members have been Ms. Solveig Törnroos-Huhtamäki, Mr. Graham Titcombe and Mr. Stuart Murray. The Chief Financial Officer attended the meetings of the Committee and prepared the agenda of the meetings together with the chairman of the Committee. The Committee convenes at least four times each year.

In 2014, several challenges affected the work of the Committee. The Company applied and received several exemption permits relating to timing of publication and content of its financial reports due to ongoing restructuring processes, critical liquidity situation and the resulting uncertainty in respect of Talvivaara's ability to continue as a going concern, and finally due to bankruptcy of Talvivaara Sotkamo Ltd. The previously announced release dates had to be rescheduled several times and due these postponements the Company released several general descriptions of the results of its operations and financial position and the development.

During 2014, the Audit Committee paid special attention to gradually reducing human resources of the financial department and focused on overseeing that there are sufficient resources in place to secure the appropriate financial reporting and risk management of the Company. The decreasing internal resources were compensated by external resources when necessary. The progress of the ongoing internal control projects were however affected by the unexceptional circumstances of the Company. The business environment of the Company and risks relating thereto have significantly changed following the bankruptcy of Talvivaara Sotkamo Ltd, as the Company has lost the control over or responsibility for the

operations of the Sotkamo mine. During 2014, the Audit Committee met five times. In addition, the dialogue between the management, the members of the Audit Committee and the auditor has been active throughout the year.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Directors and, within its terms of reference, decisions on Talvivaara's remuneration policies, the implementation of incentive schemes of senior management, and on reviewing the performance of Executive Directors and senior management of Talvivaara. The Committee's task is to supervise, follow up and develop the remunerations paid to the management and any other remuneration or reward systems of the Company.

The Annual General Meeting of 2013 resolved to establish a Shareholders' Nomination Panel to prepare proposals for the election and remuneration of the members of the Board of Directors to General Meetings. The duties of the Remuneration Committee were revised accordingly.

As of the Annual General Meeting on 12 June 2014 the Remuneration Committee has been chaired by Mr. Edward Haslam and its other members have been Mr. Graham Titcombe and Mr. Stuart Murray. The Chief Executive Officer attends the meetings by invitation.

In view of the particular circumstances surrounding the Company during 2014 it was not considered necessary to hold a formal meeting of the Remuneration Committee. A retention bonus scheme to strengthen and reward the engagement of the key individuals of the Group during the very challenging and exceptional year was established at the end of 2013.

Nomination and Governance Committee

The task of the Nomination and Governance Committee is, within its powers, to supervise and develop the nomination of new members of the Board of Directors and to oversee, review and, if necessary, develop the Company's policies and practices concerned with corporate governance and disclosure.

The Annual General Meeting of 2013 resolved to establish a Shareholders' Nomination Panel to prepare proposals for the election and remuneration of the members of the Board of Directors to General Meetings. The duties of the Nomination and Governance Committee were revised accordingly.

As of the Annual General Meeting of 2014 the Nomination and Governance Committee has been chaired by Mr. Graham Titcombe and its other members have been Mr. Tapani Järvinen and Ms. Solveig Törnroos-Huhtamäki.

In 2014, the Nomination and Governance Committee met once to review the compositions of the Board Committees following the Annual General Meeting of 2014.

Sustainability Committee

The Sustainability Committee commenced its work in 2011. The Committee has focused on overseeing that the financial targets of the Company's operations are aligned with Talvivaara's operational efficiency, environmental performance and social responsibility and that all operations are run in compliance with applicable regulations and permit conditions set by the authorities. The Committee also ensures that the Group's sustainability policy is effectively implemented in order for the Company to achieve its sustainability goals.

During 2014, the Committee convened three fully scheduled meetings. In 2014, the Committee continued to pay special attention to water and risk management as well as development of safety culture. As of the Annual General Meeting of 2014 the Committee was chaired by Mr. Stuart Murray and the other members have been Mr. Tapani Järvinen, Ms. Maija-Liisa Friman and Mr. Pekka Perä. The Chief Sustainability Officer attended the Committee meetings by invitation. Following the bankruptcy of Talvivaara Sotkamo on 6 November 2014, the Company no longer has control over or responsibility for the operations at the Sotkamo mine and therefore the work of the Committee has been discontinued for the time being.

The Chief Executive Officer

The Chief Executive Officer ("CEO") is responsible for the implementation of the Company's strategy and for the day-to-day management of the Company's affairs in accordance with instructions and directions given by the Board of Directors. The CEO may undertake acts considered unusual or extensive having regard to the scope and nature of the operations of the Company only with the authorisation of the Board. The CEO is also responsible for overseeing that the Company's financial administration is in compliance with applicable laws and has been arranged in a reliable manner.

The CEO reports to the Board of Directors and provides the Board with information relating to the financial status of the Company, relevant business environment and other pertinent matters which are considered essential for the Board of Directors to fulfil its obligations.

The CEO of the Company is Mr. Pekka Perä.

Executive Committee

The role of Talvivaara's Executive Committee is to assist the CEO in the performance of his duties, manage Talvivaara's operations and administrative activities, and to prepare and plan issues in joint interest.

The Executive Committee meets two to four times a month and conducts reviews of the Company's operations. Each member of the Executive Committee has his or her own area of responsibility and the duty to develop the operations in accordance with the targets set by the Board of Directors and to assist the CEO in the execution of the strategy of the Company. Following the bankruptcy of Talvivaara Sotkamo Ltd, the Company no longer has control

over or responsibility for the operations at the Sotkamo mine. 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. Therefore, the focus of the duties of the Executive Committee has changed following the bankruptcy.

The current members of the Executive Committee are:

- Mr. Pekka Perä, CEO
- Mr. Pekka Erkinheimo, Deputy CEO
- Ms. Eeva Ruokonen, Chief Sustainability Officer
- Ms. Maija Kaski, Chief Human Resources Officer
- Mr. Pertti Pekkala, Chief Technology Officer; and
- Mr. Lassi Lammassaari, Chief Corporate Development Officer.

In addition to the Executive Committee, the Company has a Technical Executive Committee. The Technical Executive Committee has focused on the technical issues relating to the operations at the Sotkamo mine. Until the bankruptcy of Talvivaara Sotkamo Ltd the Technical Executive Committee met approximately four times a month. Also the duties of the Technical Executive Committee have changed due to the bankruptcy of Talvivaara Sotkamo Ltd as the Company has neither control over nor responsibility for the technical issues relating to the Sotkamo mine.

The composition of the Technical Executive Committee is the following:

- Mr. Pekka Perä, CEO
- Mr. Lassi Lammassaari, Chief Corporate Development Officer
- Mr. Pertti Pekkala, CTO; and
- Mr. Veli-Matti Hilla, Manager - EHSQ

In March 2014, Chief Operating Officer Darin Cooper left Talvivaara to pursue his career outside the Company. Simultaneously, Chief Technology Officer Pertti Pekkala assumed interim responsibility for the Sotkamo mining operations. In addition, the Company's Technical Executive Committee took an increasingly active role in the management of the operations at the Sotkamo mine. Manager - EHQS Veli-Matti Hilla was appointed as a member of the Technical Executive Committee and Chief Corporate Development Officer Lassi Lammassaari as a member of the Executive Committee.

In October 2014, Ms. Saira Miettinen-Lähde who had been CFO of the Company since 2005 and Deputy CEO since 2012 was announced to leave the Company during the spring of 2015. In preparation for her departure Chief Commercial Officer Pekka Erkinheimo was appointed Deputy CEO. Ms. Saira Miettinen-Lähde continued as head of the Company's finance function until her departure at the end of January 2015. Since February 2015 the finance department has reported to the Deputy CEO.

In December 2014, Ms. Eeva Ruokonen was laid off until further notice due to the changed circumstances following the bankruptcy of Talvivaara Sotkamo Oy.

Corporate Reorganisation Process

Both the Company and its operating subsidiary, Talvivaara Sotkamo Ltd, applied for corporate reorganization on 15 November 2013. The District Court of Espoo, Finland, decided to commence the corporate reorganisation process in respect of the Company on 29 November 2013, and on 17 December 2013 in respect of Talvivaara Sotkamo Ltd. The Annual General Meeting of 2014 resolved to continue the corporate reorganisation application of the Company.

In reorganisation proceedings governed by the Finnish Corporate Reorganisation Act, both the business operations and the debts of a company may be restructured. As a result of such reorganisation, a company can either continue its operations or, if the reorganisation fails, initiate bankruptcy proceedings.

The Administrator of the corporate reorganisation of Company and Talvivaara Sotkamo Ltd filed the draft restructuring programmes of both companies to the District Court of Espoo on 30 September 2014. However, due to a lack of especially short-term financing, Talvivaara Sotkamo Ltd was forced to apply for bankruptcy on 6 November 2014. The bankruptcy proceedings of Talvivaara Sotkamo Ltd have continued under public receivership since 1 December 2014. 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.

In these changed circumstances, the Administrator re-evaluated whether a viable draft restructuring programme could still be prepared for the Company despite the bankruptcy of Talvivaara Sotkamo Ltd, and concluded that there are no reasons to apply for the interruption of the restructuring proceedings. Consequently, the Administrator of the corporate reorganisation of the Company filed the supplemented draft restructuring programme to the District Court of Espoo on 13 March 2015. The draft restructuring programme is conditional and its confirmation as well as its entry into force requires fulfilment of certain special conditions (inter alia securing additional financing and offering a possibility to all holders of unsecured restructuring debts to convert the full amount of their unsecured restructuring debt into shares in the Company).

Despite the reorganisation proceedings, control over the business operations remains with the debtor except for certain decisions outside the ordinary course of business which require a consent of the Administrator. The basic rule of corporate reorganisation is that during the

administration phase before a reorganisation plan is adopted, the debtor's operations are continued in the same manner as before. The Administrator is entitled to participate in meetings of administrative organs of a debtor and to be heard there. During the reorganisation proceedings the Administrator has participated in most of the Board meetings. In addition, the Administrator has actively participated in negotiations concerning the financing.

Insiders

The Company has a policy which covers dealings in securities and applies to statutory as well as Company and project specific insiders. A comprehensive register of statutory insiders consisting of the Directors, members of the Executive Committee, the auditor of the Company and any other persons whose holding of shares shall be public according to the Finnish Securities Markets Act, is maintained by the Company and available on the Company's website and at the headquarters. Talvivaara's register of the company specific insiders includes individuals who are defined by the Company as such and who regularly possess insider information due to their position in the Company.

Permanent insiders (including both statutory and company specific insiders) may not trade in securities issued by the Company during closed periods. The Company follows the Insider Guidelines issued by NASDAQ OMX Helsinki (the "Finnish Insider Guidelines") but due to the Company's previous listing of shares on the Official List of the United Kingdom Listing Authority and as the closed periods defined pursuant to section 1 of the Model Code annexed to the UK Listing Rules (the "UK Model Code") were longer than the minimum closed windows under the Finnish Insider Guidelines, the Company has defined its closed periods in accordance with UK Model Code as follows:

- the period of 60 days immediately preceding preliminary announcement of the Company's annual results or, if shorter, the period from the end of the relevant financial period up to and including the time of announcement; and
- the period of 30 days immediately preceding the announcement of the quarterly results or interim management statements or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement.

Despite the cancellation of the London Stock Exchange listing in July 2014 the Company has so far not changed the way of defining the closed periods.

The Company also maintains a project specific insider register when necessary. Project specific insiders are prohibited from trading in the Company's securities until the termination of the relevant project.

Following the decision to file for Talvivaara Sotkamo Ltd's bankruptcy, trading in the Company share at the Helsinki Stock Exchange has been suspended since 6 November 2014.

Auditor

According to its Articles of Association, Talvivaara has one auditor elected by the Annual General Meeting of Shareholders. The term of the auditor terminates at the close of the Annual General Meeting of Shareholders following the election. The auditor shall be a company of auditors authorized by the Central Chamber of Commerce of Finland. The auditor of the Company is the Authorized Public Accountants PricewaterhouseCoopers. Mr. Juha Wahlroos, APA, has principal responsibility for the conduct of the audit.

The auditors are paid based on approved invoices. In 2014, the compensation for their services amounted to tEUR 109 in audit fees, tEUR 75 for audit related services, and tEUR 17 in non-audit fees. Audit related assignments include fees for assurance and associated services related to the audit. The auditor is responsible for auditing the Company's accounting records for the financial period, the financial statements and the report of the Board of Directors. In addition, Finnish law requires that the auditor also monitors the legality of the Company's administration.

Dialogue with institutional and major shareholders

The Board of Directors recognizes that meetings with analysts and shareholders constitute an important element of the Company's investor relations program. Meetings take place with major investors either individually or on a group basis, as required. These meetings may be initiated either by the Company or analysts and investors, and are managed by the Chairman, the Chief Executive Officer and the Deputy CEO, who brief the rest of the Board of Directors of the Company's relationships with its shareholders. The Senior Independent Director is available to attend meetings with major shareholders when requested by shareholders or considered necessary by the Company.

Due to the Company's corporate reorganisation proceedings and the uncertainties pertaining to the Company's future, the Company had little resources for maintaining its investor relations programme and the interest by analysts and investors towards the Company was also limited throughout 2014. However, dialogue with major shareholders continued and often also involved the Administrator.

Financial reports, releases, and other information about Talvivaara released in 2014 are available on the Company's website at www.talvivaara.com.

The main features of the internal control and risk management systems pertaining to the financial reporting process

Talvivaara's internal control and risk management practices relating to financial reporting seek to ensure the reliability and objectivity of financial reporting, compliance with applicable laws and regulations, and effectiveness and efficiency of operations.

The Company's internal control and risk management processes use the framework introduced by the Committee of Sponsoring Organizations (COSO) as the starting point. The

framework comprises the key components of control environment, risk management, control activities, information and communication, and monitoring.

Whilst Talvivaara's aim has been to continuously improve its internal control and risk management practices, the Company acknowledges that the lack of personnel and financial resources and the uncertainties relating to the continuation of its operations have affected its control environment in 2014. Due to the prevailing situation, it has not been possible to develop, nor test the controls. Rather, the existing processes and controls have been adapted to the changing personnel and operational situation to the extent it has practicably been possible. Also, the corporate reorganisation proceedings have introduced an additional element of control through the involvement of the Administrator, whose consent has been obtained for all substantial transactions that are not considered part of the Company's day-to-day business.

Due to the Company becoming the single reporting entity following the bankruptcy of Talvivaara Sotkamo Ltd and dismantling of the former group structure, the operating environment to which the monitoring and risk management activities of the Company relate have become less complex.

Control environment

Talvivaara's Board of Directors bears the overall responsibility for ensuring that an effective system of internal control and risk management is established. The Audit Committee periodically reviews the status of the relevant processes and reports of its findings to the Board. The Audit Committee also oversees that appropriate relations with the auditor are maintained. Operationally, the responsibility for maintaining and improving the internal control and risk management systems is delegated to the CEO and the Executive Committee.

Risk management

The objective of Talvivaara's risk management is to support the achievement of the Company's strategic and operational targets while protecting the Company against loss, uncertainty and lost opportunities.

Following the bankruptcy of Talvivaara Sotkamo Ltd on 6 November 2014, the strategic and operational focus of the Company has substantially changed. Following the bankruptcy of Talvivaara Sotkamo Ltd the Company has lost the control over and responsibility for the Sotkamo mining operations and the risks relating to the operations of the Company have changed accordingly. Therefore, the existing enterprise risk management policy and other risk management practices of the former Talvivaara Group are no longer applicable as such either from the operational or the organizational point of view and need to be updated to reflect the Company's current structure and business. As the next step the Company shall prepare a new risk management policy based on Talvivaara's structure as a single entity and with focus on the risks relevant to the Company's future business.

Control activities

Talvivaara's management is responsible for setting up and maintaining an adequate internal control structure and procedures for reliable financial reporting. The Chief Executive Officer, the Executive Committee and other members of the senior management of Talvivaara are responsible for ensuring, under the supervision of the Board of Directors of the Company, that the accounting and governance in their respective lines of duty comply with the applicable laws as well as with the guidance given by the Board of Directors.

The foundation for the Company's work on internal controls has been the identification of risks relating to the key processes and definition of the internal controls to minimize the identified risks. The key processes on which the internal controls have been set up are the following: procurement, payments, revenue, human resources and payroll, financial reporting and information technology.

Control matrices for all of the key processes were initially defined in 2009-2010 and have subsequently been updated annually with the exception of 2014, when no formal updates to the processes were made due to the Company's constrained personnel and financial resources. For the time being, the existing controls continue to be applied to the extent applicable in the organizational and operational circumstances prevailing from time to time. Also, an additional layer of control has been introduced as part of the corporate reorganisation proceedings, during which Administrator's consent has been sought to all substantial transactions that are not considered part of the Company's day-to-day business.

Information and communication

Talvivaara aims to keep its personnel as well as the Board of Directors informed of its internal controls and risk management policies. Relevant personnel groups are also separately informed of and trained relating to internal controls and risk management procedures. Furthermore, employee input is actively sought when identifying the key risks and controls.

Internal controls are a recurring agenda item in Audit Committee meetings, where they are discussed with the representatives of the senior management as well as the Company's auditors. The Audit Committee plays an important role in further communicating the status, targets and development of the Company's internal controls to the Board of Directors.

Monitoring

The effectiveness of the internal controls is overseen by the Board of Directors and operationally monitored by the management on various organisational levels. The Company's financial control function is responsible for periodically testing the controls. In 2014 and 2015 to date, the controls have not been tested due to lack of resources and the changing operational and organizational status of the Company.

Talvivaara does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls. The establishment of an internal audit function, either internally or through outsourcing, has been considered by the Audit Committee and the Board of Directors annually and is regularly discussed with the Company's external auditors. The current operational scope of the Company does, in the Board of Directors' view, not warrant establishment of an internal audit function.

APPENDIX: The Biographies of the Directors and the Management

THE BIOGRAPHIES OF THE DIRECTORS AND THE MANAGEMENT**BOARD OF DIRECTORS****Tapani Järvinen**

Born 1946, Lic. Sc. (Tech.) Helsinki University of Technology

Non-Executive Chairman of the Board since November 2012, Non-Executive Director since April 2010

Independent of the Company and significant shareholders

Other key positions of trust: Member of the Board of Directors (since 2007) of Normet Oy, Member of the Board of the Directors of Crisolteq Oy (since 2014).

Primary experience: Member of the Board of directors and Human Capital Committee (2010 to 2015) Outotec Oyj, Member of the Board of Directors and Audit Committee (2009 to 2015) Konecranes Oyj, Member of the Board of Directors (2008 - 2011) and Vice Chairman (2011 to 2014) of the Board of Okmetic Oyj, Member of the Board of Directors (2003 to 2013) and Remuneration and Compensation Committee (2011 to 2013) of Dragon Mining Limited, Australia. President and CEO of Outotec Oyj, (Oct 2006 to 2009), President and CEO of Outokumpu Technology (2003 to 2006), Executive Vice President and Member of the Group Executive Committee of Outokumpu Oyj (2000 to 2005), General Manager & CEO of Compañía Minera Zaldivar, Chile (1994 to 2000), various positions with the Outokumpu Group in Finland and elsewhere from 1985 to 2000 and prior to joining Outokumpu various positions at Kone Corporation from 1971 to 1985.

Pekka Perä

Born 1964, M.Sc. (Mining) Helsinki University of Technology

Executive Director and CEO since November 2012, Executive Chairman of the Board since April 2012 until November 2012, Executive Director and CEO of the company since its incorporation 2003 until April 2012

Other key positions of trust: Privie Oy (since 2011) and Priven Oy (since 2011).

Primary experience: Project Manager of Mining at Arctic Platinum Partnership (2001 to 2003) and as a Project Manager at Pyhäsalmi Mine Oy (1999 to 2001), various positions with the Outokumpu Group in Finland and elsewhere (1991 to 1999).

G. Edward Haslam

Born 1944

Non-Executive Director since 2006, Non-Executive Chairman of the Board since 2006 until April 2012

Independent from the Company and significant shareholders

Other key positions of trust: Non-Executive Director of Aquarius Platinum Ltd, Chairman of the Remuneration committee and member of the Nomination and Audit committees at Aquarius Platinum Ltd, Senior Independent Director Centamin Plc. and Chairman of the Remuneration committee.

Primary experience: CEO of Lonmin Plc until 2004, various positions with Lonmin Plc, Falconbridge Nickel Mines and British Steel Corporation.

D. Graham Titcombe

Born 1942

Non-Executive Director since 2007, Deputy Chairman of the Board (Senior Independent Director)

Independent of the Company and significant shareholders

Primary experience: Senior Independent Director of the Board at Cap-XX Ltd (2005 to 2011), Senior Independent Director of the board at PolyFuel Inc (2005 to 2008), Chairman of the Board of Infast Plc (2002 to 2005), Non-Executive Director of Wagon Plc (1996 to 2003), Number of senior positions at Johnson Matthey Plc, retired as Group Managing Director in 2002, member of the Board of Directors of Johnson Matthey Plc for 12 years.

Stuart Murray

Born 1962, B.Sc. (Chemical Eng.) Imperial College of Science and Technology, University of London

Non-Executive Director since April 2012

Independent of the Company and significant shareholders

Other key positions of trust:

Non-Executive Chairman of Sylvania Platinum Limited (since 2013)

Primary experience: Chief Executive Officer of Aquarius Platinum Limited (2001 to 2012), Chairman of Mimosa Mining Company (Pvt) Limited (2004 to 2012), Chairman of Mimosa Investments Ltd. (2004 to 2012), Director of Aquarius Platinum Corporate Services (SA) (Pty) Limited (2004 to 2012), Executive Chairman of Aquarius Platinum (SA) (Pty) Limited (2004 to

2012), Non – executive director of Signature Metals Limited (ASX listed gold miner) (2008 to 2011), Non – executive director of Simmer and Jack Mines Limited (JSE listed gold miner) (2007 to 2009 and 2010 to 2011), Managing Director of Aquarius Platinum (SA) (Pty) Limited (2001 to 2003), Managing Director of Kroondal Platinum Mines Limited (2001 to 2003), Chief Operating Officer at Impala Refining Services (Pty) Limited (1997 to 2001), various positions at Impala Platinum Limited – Refineries & Head Office, Middelburg Steel and Alloys, Barplats Refineries and Rand Mines (1984 to 2001).

Maija-Liisa Friman

Born 1952, M.Sc. (Chemical Engineering), Helsinki University of Technology

Non-Executive Director since May 2013

Independent of the Company and significant shareholders

Other key positions of trust: Chairman of the Board of Directors of Ekokem Oy (since 2008) and Helsinki Deaconess Institute (since 2012) and Vice Chairman of the Board Directors of Neste Oil Oyj (since 2010), Member of the Board of Directors of Finnair Oyj (since 2012), Member of the Board of Directors of LKAB (since 2008) and Member of the Board of Directors of the Finnish Securities Market Association (since 2012).

Primary experience: President and CEO of Aspocomp Group Oyj (2004–2007), Managing Director of Vattenfall Oy (2000–2004) and Managing Director of Gyproc Oy (1993–2000).

Solveig Törnroos-Huhtamäki

Born 1954, B.Sc. (Economics), Swedish School of Economics in Helsinki, former Authorised Public Accountant in Finland and Sweden

Non-Executive Director since June 2014

Independent of the Company and significant shareholders

Other key positions of trust: Member of the Board of Directors and Chairman of the Audit Committee of Destia Group Oyj (since 2014), Member of the Business unit of Otso Forest Services (since 2014).

Primary experience: Member of the Board and Audit Committee of Destia Oy (2009-2014), and Member of the Board and Chairman of the Risk management steering committee of KPMG Oy Ab (2002-2006), Authorized Public Accountant (1986 – 2010), Audit Partner (1989 to 2009) and Member of Management Board (various senior business and risk management positions 1991 to 2002) of KPMG Oy Ab. Auditor (1979 to 1986) in Price Waterhouse Oy.

EXECUTIVE COMMITTEE**Pekka Perä,**

CEO and Executive Director

Pekka Erkinheimo

Born 1972, Deputy CEO since Oct 2014, LL.M

Mr. Erkinheimo's area of responsibility covers commercial and legal affairs as well as general administration. The finance department has reported to Mr. Erkinheimo as of 1 February 2015.

Primary experience: Mr. Erkinheimo was Chief Commercial Officer 2006 – Oct 2014. Joined Talvivaara in 2006, senior associate at Castren & Snellman Attorneys (1999 to 2006) and has also worked as a tax consultant at Arthur Andersen in Helsinki and Zürich.

Pertti Pekkala

Born 1967, acting Chief Operations Officer since March 2014, Chief Technology Officer since December 2013, M.Sc. (Chemical engineering) and B.Sc. (Process engineering)

Mr. Pekkala has main responsibility for the technical consulting services provided to the Sotkamo mine

Primary Experience: Joined Talvivaara in 2011, prior to joining the Company he held several technical and management positions at Outotec Oy and its predecessor Outokumpu Research Oy (1995 to 2011) in international exports and technology projects. Before being appointed Chief Technology Officer Mr. Pekkala was Chief Production Officer Jan 2013 – Dec 2013, General Manager Research and Development 2011 – 2012.

Eeva Ruokonen

Born 1960, Chief Sustainable Officer since 2010, M.Sc. (Mining), Lic.Tech. (Mineral Processing) and Executive MBA

Ms. Ruokonen's area of responsibility covers sustainability, environment, health, and safety management and business excellence.

Primary experience: Prior to joining Talvivaara she worked for ABB Oy Service as Vice President - HSE (2007 – 2009), Boliden Ab as global Vice President - QHSE (2006 to 2007), Boliden's zinc smelter in Kokkola as General Manager - administration (2005 to 2006) and copper/nickel smelters in Harjavalta as Vice President HSE (1999 to 2005). During 1991 – 1999 she worked for Outokumpu-company at Kemi chromium mine in operational and process development positions.

Maija Kaski

Born 1967, Chief Human Resources Officer since June 2012, Master of Arts (Educ.)

Ms. Kaski's area of responsibility covers HR management and strategic development.

Primary experience: Joined Talvivaara in 2012, prior to joining Talvivaara she held various senior management positions in HR for Nokia Corporation during 2006 – 2012. Ms. Kaski has also worked as HR Director at Elcoteq SE during 2005 – 2006, prior to that she held various HR positions in Elcotec Group during 1995 – 2005.

Lassi Lammassaari

Born 1972, Chief Corporate Development Officer since March 2014, M. Sc. (Environmental Engineering)

Mr. Lammassaari leads the Company's Corporate Development function.

Primary experience: Mr. Lammassaari has held several positions at Talvivaara since 2005; He was Senior Vice President – Projects between May 2012 and March 2014, COO between 2008 and May 2012 and General Manager of Environment and Infrastructure during 2005 – 2008. Prior to joining the Company, he worked for Pöyry Infra Ltd as Project Manager during 1998-2002, Arctic Platinum Partnership as Environmental Manager during 2002-2003 and LVT Ltd as Project Manager during 2003-2004.