

## TALVIVAARA MINING COMPANY PLC

### SUMMARY

May 7, 2009

*Talvivaara Mining Company Plc (the “Company”) has prepared this summary in connection with the application to have the Company’s shares admitted to public trading on NASDAQ OMX Helsinki Ltd (the “Helsinki Stock Exchange”). On May 6, 2009, the Finnish Financial Supervisory Authority has granted, on the basis of Chapter 3, Section 9, Item 8 of the Decree of the Finnish Ministry of Finance on Prospectus Referred to in Chapter 2 of the Finnish Securities Market Act, an exemption from the obligation to publish a prospectus (diary number 17/212/2009). This summary is not a prospectus as referred to in Chapter 2, Section 3 of the Finnish Securities Market Act (495/1989, as amended), and the Finnish Financial Supervisory Authority has not approved this summary.*

*The Company is responsible for this summary. Having taken all reasonable care to ensure that such is the case, the information contained in this summary is, to the best of the knowledge of the Company, in accordance with the facts and contains no omission likely to effects its import when the nature of the summary is taken into account. This summary does not purport to be complete. The Company is responsible for the errors in the summary only in case the summary is misleading, inaccurate or inconsistent in relation to information made public by the Company pursuant to its regular and ongoing disclosure obligation. Where a claim relating to the information contained in this summary is brought before a court within the European Economic Area, the plaintiff investor may have to bear the costs of translating the summary before the legal proceedings are initiated in accordance with the national legislation of the member state where the legal proceedings are initiated.*

#### Overview

The Company and its subsidiaries (together with the Company, the “**Talvivaara Group**”) develop and exploit two polymetallic deposits, Kuusilampi and Kolmisoppi, in Sotkamo, Finland (together, the “**Talvivaara Deposits**”), using technology known as bioheapleaching (the “**Talvivaara Project**”). The Talvivaara Deposits comprise one of the largest known sulphide nickel resources in Europe with 642 million tonnes of ore in measured and indicated categories, sufficient to support anticipated production for more than 60 years. Production at the mine started in October 2008, and the mine’s annual estimated nickel output is approximately 33,000 tonnes. Commercially significant production started in the first calendar quarter of 2009. The rights to the Talvivaara Deposits are owned by Talvivaara Project Ltd, a company 80 percent owned by the Company.

Inasmuch as the crushing capacity of the mine has continued to remain substantially below budgeted levels for the year 2009 to date, the Company believes that it is unlikely that the previously announced nickel production targets for 2009, 15,000-18,000 tonnes of nickel, will be met. The production targets of the Talvivaara Group for 2010 and beyond remain unchanged. In addition, the mine is also expected to produce zinc (approximately 60,000 tonnes per annum), copper (approximately 10,000 tonnes per annum) and cobalt (approximately 1,200 tonnes per annum) as byproducts of the process.

In order to secure sufficient capacity in the long-term and to catch up the already occurred crushing delay by the third quarter of 2010, Talvivaara Group has decided to redesign the entire crushing system of its mining sites and to acquire additional crushing equipment which the Company expects to be available for use in September 2009. The Company has reached an agreement with Sandvik Mining and Construction Oy on corrective actions required for the original crushing and screening line, on the delivery of additional crushing capacity, and on financing of the additional supply. The scope of the additional supply will be such that, together with the existing gear in a redesigned circuit, the Company expects it to provide steady state crushing capacity for the Talvivaara Group of approximately 22 million tonnes per annum. This represents a 45 percent increase over the Talvivaara Group’s presently planned capacity and functions, therefore, as a first step towards the planned overall production expansion.

The Company’s shares have been admitted to trading comparable to public trading on the main market of the London Stock Exchange as from June 1, 2007 (trading symbol TALV). The Company is included in the FTSE 250 Index. On May 7, 2009, the Company announced that the Board of Directors of the Company has decided to apply for the admission of the Company’s shares to public trading on the Helsinki Stock Exchange in such manner that the public trading on the Helsinki Stock Exchange would commence on or about May 11, 2009.

The Talvivaara Group supplies metal intermediaries, such as mixed nickel cobalt sulphide, zinc sulphide and copper sulphide, to companies with metal refining operations. The Talvivaara Group has entered into a 10-year off-take agreement with Norilsk Nickel Harjavalta Oy (“**Norilsk Harjavalta**”) for the entire output of the mine’s nickel and cobalt production at market prices. On February 19, 2009, Talvivaara Group dispatched the first shipment of approximately 100 tonnes of nickel product to Norilsk Harjavalta’s refinery located in Harjavalta, Finland. The Talvivaara Group sold 450 tonnes of zinc sulphide obtained from this first production campaign as a spot sale with a separate agreement. The Talvivaara Group started the second metal sulphide production campaign on April 22, 2009, and it is estimated that it will continue until mid to late May 2009.

The Talvivaara Group develops the Talvivaara Deposits using technology known as bioheapleaching. This technology is already widely used to extract other metals, notably copper and gold, from ore. Bioheapleaching harnesses locally occurring, live bacteria for the extraction of metals from ore. In the first phase of the leaching process, crushed and agglomerated ore is stacked in heaps, which are then irrigated with leach solution and aerated. During the last few years, the Talvivaara Group has demonstrated the viability of using bioheapleaching technology for the extraction of nickel in large on-site pilot trials using the Talvivaara ore. The trials have shown the leaching process to be heat generating and, therefore, suitable for the sub-arctic climatic conditions of Eastern Finland. The bioheapleaching process has been viable also at an industrial scale as was predicted by the results of the pilot trials. Consequently, the bioheapleaching technology used by the Talvivaara Group enables commercial utilisation of the Talvivaara Deposits. The ore handling and the bioheapleaching processes commenced according to the schedule in July 2008.

The Talvivaara orebody is well-suited for open pit mining due to thin overburden, favorable resource geometry and a low waste to ore ratio. The ore is of a relatively low grade (0.23 percent nickel), but well-suited to bioheapleaching due to its high sulphide content and its low pH, which enables rapid leaching with reduced need for chemical catalysis. The resources and reserves of the Talvivaara orebody as at December 4, 2008 (nickel cut-off 0.07 percent) are set out below. All mineral resources and ore reserves are stated for the Talvivaara Deposits as a whole and not with respect to ownership interests in Talvivaara Project Ltd.

	<b>Tonnage (Mt)</b>	<b>(Ni %)</b>	<b>(Mt Ni)</b>	<b>(Co %)</b>	<b>(Mt Co)</b>	<b>(Cu %)</b>	<b>(Mt Cu)</b>	<b>(Zn %)</b>	<b>(Mt Zn)</b>
<b>Mineral Resource</b>									
<b>Measured</b> .....	363.5	0.23	0.84	0.02	0.07	0.13	0.47	0.51	1.85
Kuusilampi .....	301.6	0.23	0.69	0.02	0.06	0.13	0.39	0.51	1.54
Kolmisoppi .....	61.9	0.25	0.15	0.02	0.01	0.14	0.09	0.52	0.32
<b>Indicated</b> .....	278.1	0.22	0.61	0.02	0.06	0.13	0.36	0.49	1.36
Kuusilampi .....	203.5	0.22	0.45	0.02	0.04	0.12	0.24	0.49	1.00
Kolmisoppi .....	74.5	0.22	0.16	0.02	0.01	0.13	0.10	0.49	0.37
<b>Measured + indicated</b> .....	641.6	0.23	1.48	0.02	0.13	0.13	0.83	0.50	3.21
<b>Inferred</b> .....	362.6	0.20	0.73	0.02	0.07	0.12	0.44	0.49	1.78
Kuusilampi .....	321.2	0.20	0.64	0.02	0.06	0.12	0.39	0.49	1.57
Kolmisoppi .....	41.3	0.20	0.08	0.02	0.01	0.12	0.05	0.47	0.19
<b>Total</b> .....	1,004.2	0.22	2.21	0.02	0.20	0.13	1.31	0.50	5.02

(1) Resources are stated inclusive of reserves.

The Talvivaara Group’s head offices are located in Espoo, Finland. As at April 27, 2009, the Talvivaara Group had a total of 272 employees.

## Key Strengths

The management of the Company believes that the Talvivaara Group’s key strengths are:

- Significant sulphide nickel resource;
- Easy and cost effective open-pit mining owing to thin overburden and low waste-to-ore ratio;
- A cost-effective and scaleable bioheapleaching technology;
- A favorable operational environment in Finland;

- Strong relationships with industry partners;
- A secured off-take agreement for nickel and cobalt at market prices; and
- A management team with extensive relevant experience.

### Strategy

The Company aims to become an internationally significant base metals producer with its primary focus on nickel and zinc, capable of achieving profit margins equal to or better than those achieved by comparable base metal mining companies. The key components of the Company's strategy to achieve the above are:

- Securing cost-effective exploitation of the Talvivaara Deposits using the bioheapleaching technology and achieving the production level in line with the planned full capacity;
- Achieving strong financing position by maintaining sufficient cash resources and closely monitoring operational and investment expenses;
- Increasing the Talvivaara mine's production capacity;
- Examining and considering acquisition opportunities;
- Capitalizing on the potential for additional value creation through the application of the bioheapleaching technology to other nickel resources;
- Growing through the exploitation of additional mineral resources in Finland;
- Developing Talvivaara's metals recovery facility to receive and process polymetallic extracts that are produced from other deposits and are difficult to utilize; and
- Developing and building a recovery technology for manganese.

### Financing status

In May 2008, the Company raised EUR 84,9 million from the issuance of a convertible bond loan due 2013, which can be converted into up to 11,493,163 new shares of the Company based on the current conversion price (the "**Convertible Bond**"). The cash received from the issuance of the Convertible Bond will be used to cover working capital needs in 2009.

The Company also drew down the USD 320 million project loan in its entirety during the second half of 2008.

In August 2008, the Company entered into a financing arrangement, in which certain production equipment will be leased by HSH Nordic Finance Talvivaara Ab to Talvivaara Project Ltd upon the full acceptance of the equipment by Talvivaara Project Ltd. The lease term is anticipated to commence during the first half of 2009. HSH Nordic Finance Talvivaara Ab has drawn down a EUR 32 million loan to finance the equipment and has used the loan amount to reimburse the acquisition cost of the equipment to Talvivaara Project Ltd.

Finnvera Plc, a specialized financing company owned by the State of Finland, has approved the grant of a nine-year investment and working capital facility in the maximum amount of EUR 50 million to Talvivaara Project Ltd. The facility will be secured by the second-ranking security interest over the material project assets of Talvivaara Project Ltd and over the shares of Talvivaara Project Ltd owned by the Company, as well as by the parent company guarantee issued by the Company. The first EUR 20 million of the EUR 50 million investment and working capital facility granted by Finnvera Plc was drawn down by the Talvivaara Group in two installments on April 17 and April 23, 2009. The loan is intended to cover Talvivaara Group's financing needs during the ramp-up period in 2009. The repayments of the loan are scheduled to start in December 2013.

In October 2008, Talvivaara Infrastructure Oy, a part of the Talvivaara Group, entered into a EUR 45 million term loan facility agreement to finance the construction of a 25 km railhead from Murtomäki to the Talvivaara

mine. As at the date of this summary, Talvivaara Infrastructure Oy has drawn down EUR 25.7 million of the loan.

The Talvivaara Group had cash reserves of EUR 82.7 million as at December 31, 2008.

### Capital Expenditure

The capital expenditure of the Talvivaara Group amounted to a total of EUR 429.1 million during 2008. Such capital expenditure related primarily to the construction of the mine and the Talvivaara-Murtomäki railroad.

The capital expenditure of the Talvivaara Group amounted to a total of EUR 134.1 million during 2007, and related primarily to the construction of the mine and acquisition of land within the mining district.

The capital expenditure of the Talvivaara Group amounted to a total of EUR 6.7 million during 2006.

The ongoing capital expenditure of the Talvivaara Group relates to the completion of the already operational mine and the construction of the Talvivaara-Murtomäki railroad. The above-mentioned capital expenditure will be financed with external financing, which has been secured between 2007 and 2009 with committed financing instruments.

In addition to the above-mentioned capital expenditure, the Talvivaara Group has resolved to invest in crushing equipment, which increase the mine's crushing capacity from its current level. The purpose of the capital expenditure is to secure the level of the planned metal production and to facilitate the expansion of the production capacity. The new crushing equipment is expected to be delivered and installed by September 2009, and it will be externally financed by the Talvivaara Group with lease financing granted by the equipment supplier.

### Working Capital

The management of the Company is of the opinion that the working capital available to the Company is sufficient for the 12 months following the date of this summary.

### Summary of Financial Information

The table below provides a summary of the audited financial information of the Talvivaara Group as at and for the periods indicated. The information below is based upon the audited financial statements of the Talvivaara Group prepared in accordance with IFRS as of and for the years ended December 31, 2006, 2007 and 2008.

	For the year ended December 31,		
	2008	2007	2006 <sup>(1)</sup>
		(audited)	
		(euro)	
<b>INCOME STATEMENT DATA</b>			
Turnover .....	-	-	-
Other operating income .....	29,809,709	13,563,766	218,016
Changes in inventories of finished goods and work in progress ...	24,006,023	-	-
Materials and services .....	(20,407,264)	(2,212,618)	(855,991)
Employee benefit expenses .....	(8,909,663)	(3,986,882)	(1,393,822)
Depreciation, amortization, depletion and impairment charges ....	(5,756,289)	(761,404)	(13,003)
Other operating expenses .....	(23,038,642)	(4,270,940)	(32,564,009)
Operating profit (loss) .....	(4,296,126)	2,331,922	(34,608,809)
Finance cost (net) .....	(3,736,560)	(7,240,385)	(1,512,307)
Loss before income tax .....	(8,032,686)	(4,908,463)	(36,121,116)
Income tax (expense)/income .....	13,864,869	(5,019,933)	(14,800)
Profit (loss) for the year .....	5,832,183	(9,928,396)	(36,135,916)
Attributable to:			
Equity holders of the Company .....	7,042,651	(9,383,804)	(36,123,454)
Minority interest .....	(1,210,468)	(544,592)	(12,462)

<sup>1</sup> The information regarding the financial year 2006 was been presented as included in the Company's financial statements for the financial year ended December 31, 2007. The information regarding the financial year 2006 deviate from the information available in the prospectus of the Company prepared in connection with the listing of the Company's shares on the London Stock Exchange.

For the year ended December 31,			
	2008	2007	2006 <sup>(1)</sup>
		(audited)	
		(euro)	
<b>BALANCE SHEET DATA</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....	555,458,488	129,718,177	3,959,629
Biological assets .....	8,151,976	9,048,538	963,576
Intangible assets .....	7,774,274	6,202,032	4,771,793
Derivative financial instruments .....	116,004,051	9,830,966	-
Other receivables .....	9,635,067	29,651,794	42,030
Total non-current assets .....	<u>694,023,856</u>	<u>184,451,507</u>	<u>9,737,028</u>
<b>Current assets</b>			
Inventories .....	31,691,267	-	-
Other receivables .....	24,720,816	11,352,710	651,854
Available-for-sale financial assets .....	-	26,965,327	22,537,285
Derivative financial instruments .....	40,805,085	779,323	-
Other financial assets at fair value through profit or loss .....	-	-	5,039,726
Cash and cash equivalent .....	<u>82,712,894</u>	<u>126,500,712</u>	<u>1,784,055</u>
Total current assets .....	<u>179,930,062</u>	<u>165,598,072</u>	<u>30,012,920</u>
Total assets .....	<u>873,953,918</u>	<u>350,049,579</u>	<u>39,749,948</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital .....	80,000	15,624	12,715
Share premium .....	8,085,842	8,085,842	2,755,433
Other reserves .....	334,019,317	321,777,699	1,336,065
Hedge reserve .....	72,331,512	-	-
Retained earnings .....	(26,101,314)	(33,422,978)	(4,991,395)
Minority interest in equity .....	<u>35,470,287</u>	<u>18,590,725</u>	<u>87,538</u>
Total equity .....	<u>423,885,644</u>	<u>315,046,912</u>	<u>(799,644)</u>
<b>Non-current liabilities</b>			
Borrowings .....	367,955,043	1,405,000	1,148,600
Other payables .....	-	-	41,302
Derivative financial instruments .....	1,985,292	-	-
Deferred tax liabilities .....	23,069,639	5,326,885	193,247
Provisions .....	<u>944,174</u>	<u>32,401</u>	<u>31,187</u>
Total non-current liabilities .....	<u>393,954,148</u>	<u>6,764,286</u>	<u>1,414,336</u>
<b>Current liabilities</b>			
Borrowings .....	224,384	24,600	36,879,112
Trade payables .....	45,283,508	25,982,941	1,037,033
Other payables .....	8,293,848	2,230,840	1,219,111
Derivative financial instruments .....	2,278,697	-	-
Provisions .....	<u>33,689</u>	<u>-</u>	<u>-</u>
Total current liabilities .....	<u>56,114,126</u>	<u>28,238,381</u>	<u>39,135,256</u>
Total liabilities .....	<u>450,068,274</u>	<u>35,002,667</u>	<u>40,549,592</u>
Total equity and liabilities .....	<u>873,953,918</u>	<u>350,049,579</u>	<u>39,749,948</u>

<sup>1</sup> The information regarding the financial year 2006 was been presented as included in the Company's financial statements for the financial year ended December 31, 2007. The information regarding the financial year 2006 deviate from the information available in the prospectus of the Company prepared in connection with the listing of the Company's shares on the London Stock Exchange.

	For the year ended December 31,		
	2008	2007 (audited) (euro)	2006 <sup>(1)</sup>
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
<b>Cash flows from operating activities</b>			
Profit (loss) for the year .....	5 832 183	(9 928 396)	(36 135 916)
Adjustments for			
Tax .....	(13 864 869)	5 019 933	14 800
Depreciation and amortization .....	5 756 289	761 404	13 003
Other non-cash income and expenses .....	4 780 348	12 031 672	31 805 000
Interest income .....	(9 219 704)	(4 265 806)	(1 883)
Fair value gains on financial assets at fair value through profit or loss .....	(24,796,562)	(9 830 966)	(39 726)
Interest expense .....	<u>12 956 264</u>	<u>11 506 191</u>	<u>1 514 190</u>
	(18 556 051)	5 294 032	(2 830 532)
Change in working capital			
Decrease(+)/increase(-) in other receivables .....	4 552 206	(32 049 753)	(396 158)
Decrease (+)/increase (-) in inventories .....	(30 661 349)	-	-
Decrease(-)/increase(+) in trade and other payables .....	<u>23 773 390</u>	<u>25 667 182</u>	<u>948 281</u>
Change in working capital .....	<u>(2 335 753)</u>	<u>(6 382 571)</u>	<u>552 124</u>
	(20 891 804)	(1 088 539)	(2 278 408)
Interest and other finance cost paid .....	(7 468 121)	(30 696 605)	(9 704)
Interest income .....	<u>9 581 237</u>	<u>4 162 026</u>	<u>1 883</u>
Net cash used in operating activities .....	(18 778 688)	(27 623 118)	(2 286 229)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment .....	(427 187 205)	(126 547 258)	(3 931 647)
Purchases of biological assets .....	(25 755)	(5 688 860)	(963 576)
Purchases of intangible assets .....	(1 872 969)	(1 903 190)	(1 791 187)
Proceeds from sale of biological assets .....	706 871	527 712	-
Proceeds from government grant related to intangible assets ....	203 826	458 824	-
Purchases of available for sale financial assets .....	-	(24 000 000)	(36 468 000)
Proceeds from sale of available for sale financial assets .....	26 355 923	20 009 281	14 953 126
Purchases of derivative financial instruments .....	(1 370 918)	(951 873)	-
Purchases of financial assets at fair value through profit or loss .....	-	(104 000 000)	(5 000 000)
Proceeds from sale of financial assets at fair value through profit or loss .....	<u>1 439 598</u>	<u>109 000 000</u>	<u>-</u>
Net cash used in investing activities .....	(401 750 629)	(133 095 364)	(33 201 284)
<b>Cash flows from financing activities</b>			
Proceeds from share issue net of transaction costs .....	-	285 154 139	825 020
Proceeds from interest-bearing liabilities .....	396 733 499	20 281 000	36 283 714
Payment of interest-bearing liabilities .....	(20 000 000)	(20 000 000)	-
Capital investment by minority shareholders .....	<u>8 000</u>	<u>-</u>	<u>100 000</u>
Net cash generated in financing activities .....	376 741 499	285 435 139	37 208 734
Net (decrease)/increase in cash and bank overdrafts .....	(43 787 818)	124 716 657	1 721 221
Cash and bank overdrafts at beginning of the year .....	<u>126 500 712</u>	<u>1 784 055</u>	<u>62 834</u>
Cash and bank overdrafts at end of the year .....	<u>82 712 894</u>	<u>126 500 712</u>	<u>1 784 055</u>

<sup>1</sup> The information regarding the financial year 2006 was been presented as included in the Company's financial statements for the financial year ended December 31, 2007. The information regarding the financial year 2006 deviate from the information available in the prospectus of the Company prepared in connection with the listing of the Company's shares on the London Stock Exchange.

	As at December 31,		
	2008	2007	2006 <sup>(1)</sup>
		(unaudited) (percent)	
<b>KEY RATIOS</b>			
Debt to capitalization ratio <sup>(2)</sup> .....	53.7	10.6	102.2
Net debt to capitalization ratio <sup>(3)</sup> .....	43.8	(35.7)	28.2

(1) The information regarding the financial year 2006 was been presented as included in the Company's financial statements for the financial year ended December 31, 2007. The information regarding the financial year 2006 deviate from the information available in the prospectus of the Company prepared in connection with the listing of the Company's shares on the London Stock Exchange.

(2) Debt to capitalization ratio, % = 
$$\frac{\text{current borrowings} + \text{non-current borrowings}}{(\text{total liabilities} + \text{total equity}) - (\text{minority interest})} \times 100$$

(3) Net debt to capitalization ratio, % = 
$$\frac{(\text{current borrowings} + \text{non-current borrowings}) - (\text{any available-for-sale financial assets} + \text{other financial assets at fair value through profit and loss} + \text{cash and cash equivalents})}{(\text{total liabilities} + \text{total equity}) - (\text{minority interest})} \times 100$$

## Recent Developments

The base metals markets have continued to be challenging during the first months of 2009. The spot prices of nickel and zinc have recently been approximately USD 11,000-12,000 per tonne and USD 1,300-1,500 per tonne, respectively, which is 20-30 percent above the prices seen in the beginning of the year 2009. The demand for base metals has not yet markedly improved, and the management of the Company believes that no significant improvement in market prices can be expected in the short-term.

The Talvivaara Group's crushing problems have affected production levels in the early part of the year but the management of the Company believes that the upcoming installation of additional crushing capacity should mean that, whilst output during the first half of the year 2009 will be substantially below the budgeted level, production levels will significantly improve during the latter half of the year 2009. The exact timing and length of the production stoppage required for the installation of the new crushing gear is not yet known. However, overall, the Company believes that it is unlikely that the previously stated production targets for the full year 2009 will be achieved. Crushing volumes lost this year are anticipated to be caught up by the third quarter of 2010, while metals production potentially lost this year is anticipated to be caught up in 2011, at the latest.

Due to the technical challenges experienced in crushing, the Talvivaara Group has continued to review both capital and operational expenditure with the goal of minimizing costs during 2009. Operational expenditure of the Talvivaara Group is largely dependent on the eventual production volume, but savings are in any event expected to be achieved through lower than budgeted consumables prices. Freight costs will also be deferred, inasmuch as Norilsk Harjavalta has informed the Company of a delay in the completion of the facilities being built for the Talvivaara product. Due to this delay, it has been agreed that the Talvivaara Group will only ship further amounts of nickel sulphide to Norilsk Harjavalta from August 2009 onwards. All amounts produced prior to that time will, however, be invoiced by the Talvivaara Group upon production and paid by Norilsk Harjavalta in accordance with the terms and conditions of the off-take agreement.

The Talvivaara Group has already committed to the additional crushing capacity, and the Talvivaara Group continues to investigate the possibilities to also commit to an overall capacity increase of 40-45 percent over the presently planned level of 33,000 tonnes of nickel per annum. Negotiations are ongoing relating to the supply and financing of the necessary modifications to the metals plant and of the required earth works, which are required by the increase in overall capacity of the Talvivaara Group. Subject to financing arrangements being available, the Company is prepared to pursue the capacity increase during the current year.

Except as disclosed in this summary and pursuant to the ongoing and regular disclosure obligations of the Company, no other significant changes in the financial or trading position of the Talvivaara Group have taken place since December 31, 2008.

## **Short-term outlook**

The management of the Company believes that the visibility on the base metals markets will remain poor for the time being, with price and demand development unpredictable and affected by the global economic downturn. Although the management of the Company believes that present price level of nickel is unlikely to be sustainable based on the industry costs of production globally, the management of the Company does not expect any substantial increase in the price during the first half of 2009, as demand, primarily driven by the stainless steel industry, has not yet shown notable signs of improvement.

The management of the Company believes that the present levels of the nickel and zinc prices and the euro/US dollar exchange rate are sufficient to support Talvivaara's profitability during steady-state operation. However, in order to secure sufficient liquidity during the ongoing ramp-up period, the Company has deferred all capital expenditure which is not necessary for the planned production in 2009 and 2010.

## **Dividend Policy**

The Board of Directors of the Company does not anticipate the Company paying dividends in the near future. The Board of Directors of the Company will reconsider the Company's dividend policy as the Company operations develop further. The Board of Directors envisage that, at such time, the Company's dividend policy will be determined and will depend on the following: the results of the Company's operations, its financial condition, need for working capital, future prospects, profits available for distribution, and other factors deemed to be relevant at the time. There can be no assurance that any dividend will actually be paid, nor can there be any assurance as to the amount that will be paid in any given financial year.

## **Risk Factors**

The Talvivaara Group's operations involve several risks. The risks and uncertainties described below may not be the only ones facing Talvivaara Group. Additional risks and uncertainties not presently known to Talvivaara Group or that Talvivaara Group currently deems immaterial may also impair Talvivaara Group's business operations. The business, financial position or results of the operations of Talvivaara Group could be materially and adversely affected by any of these risks. The trading price of the Company's shares could decline due to any of these risks and investors could lose part or all of their investment.

Risks relating to the Group's business include:

- Risks common to the mining industry;
- Risks relating to the development of the Talvivaara Deposits;
- Risks relating to estimates of the size of reserves and resources;
- Infrastructure risks;
- Risks relating to volatility of commodity prices;
- Currency exchange risks;
- Risks relating to management and control systems;
- Risks relating to dependence on one asset;
- Risks relating to dependence on Norilsk Harjavalta;
- Risks relating to intellectual property rights;
- Risks relating to historical losses and uncertainties about the future profitability of Talvivaara Group;
- Risks relating to hedging;



- Risks relating to dependence on key personnel;
- Risks relating to effect of laws, governmental regulations and related costs; and
- Risks relating to environmental hazards and the Talvivaara Group's mining concessions.

Risks related to the Talvivaara Group's structure and the Company's shares:

- Risks relating to a major shareholder, share price volatility, payment of dividends and future sales of the shares.

The risks related to the Talvivaara Group's operations are discussed in more detail in the prospectus prepared in connection with the listing of the Company's shares on the London Stock Exchange and in the annual report of the Company for the financial year ended December 31, 2008.

### **Total Equity and Indebtedness**

The Talvivaara Group's total equity as at December 31, 2008 amounted to approximately EUR 423.9 million and its net financial indebtedness as at December 31, 2008 amounted to approximately EUR 285.5 million.

### **Shares and Shareholders**

As at the date of this summary, the Company had 222,896,718 shares issued and outstanding. The Company's shares are in the book-entry securities system maintained by Euroclear Finland Ltd, and the ISIN code of the Company's shares is FI0009014716.

The Convertible Bond issued by the Company in May 2008 can be converted into up to 11,493,163 new shares of the Company based on the current conversion price. On February 28, 2007, the Annual General Meeting of Shareholders of the Company resolved on the issuance of stock options under the Company's stock option program 2007. The stock options of the Company were offered to the key personnel of the Company and its subsidiaries. As at the date of this summary, taking into account the increase of the number of the Company's shares (share split 1:70) carried out prior to the listing of the Company's shares on the London Stock Exchange, a total of 6,999,300 new shares of the Company can be issued upon the exercise of the stock options. The stock option program of the Company is described in more detail in the notes to the Company's financial statements for the financial year ended December 31, 2008.

Pursuant to the shareholders' register of the Company as of April 30, 2009, the following shareholders of the Company hold more than 5 percent of the shares of the Company and voting rights carried by the shares of the Company:

<b>Name</b>	<b>Number of shares</b>	<b>Percent</b>
Pekka Perä <sup>(1)</sup> .....	57,043,960	25.6
Varma Mutual Pension Insurance Company .....	19,106,093	8.6
Norilsk Nickel Holdings (Cyprus) Ltd .....	12,173,770	5.5

(1) Includes also the holdings of Pekka Perä's spouse and minor children in the Company. In addition, Pekka Perä holds 174,500 stock options of the Company, which entitle to subscribe for 174,500 new shares of the Company.

### **Corporate Governance and Applicable Securities Markets Regulation**

The Company intends to comply with the Finnish Securities Market Association's Finnish Corporate Governance Code 2008 from the date of listing of the Company's shares on the Helsinki Stock Exchange. The Company will continue to comply with the UK Combined Code on Corporate Governance to the extent appropriate taking into account the size and the development stage of the Talvivaara Group, although the Company, being a company incorporated outside of the United Kingdom, is not formally required to comply, in accordance with the "comply or explain" principle, with such code.

As a Finnish company listed on the London Stock Exchange, the Company is subject to both the Finnish Securities Market Act's regulations on regular and ongoing disclosure obligations and the Listing Rules and the

Disclosure and Transparency Rules of the UK Financial Services Authority. As a result of the listing of the Company's shares on the Helsinki Stock Exchange, the Company will also be subject to the rules of the Helsinki Stock Exchange.

As at the date of this summary, the Company is subject to the Finnish Securities Market Act's provisions on public tender offers relating to, among others, the ownership levels that trigger a mandatory tender offer obligation and certain other matters. Following the listing of the Company's shares on the Helsinki Stock Exchange, the Company will become subject to the Finnish Securities Market Act's regulations on public tender offers in their entirety. Following the listing of the Company's shares on the Helsinki Stock Exchange, the City Code on Takeovers and Mergers will no longer apply to the Company.

### **Board of Directors and Executive Committee**

Board of Directors .....	G. Edward Haslam Pekka Perä Saila Miettinen-Lähde Graham Titcombe Eileen Carr Eero Niiva Antti Aaltonen	Chairman of the Board Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Executive Committee .....	Pekka Perä Marja Riekkola-Vanhanen Jukka Pitkälä Saila Miettinen-Lähde Pekka Erkinheimo Leif Rosenback Tapio Hyödynmaa Tapio Ikonen Lassi Lammassaari Kari Vyytinen	Chief Executive Officer Chief Technology Officer Chief Geologist Chief Financial Officer Chief Commercial Officer Chief Metallurgist General Manager Projects Chief Administrative Officer Chief Operations Officer General Manager Business Development

### **Relationship with the Major Shareholder**

Pekka Perä, the Chief Executive Officer of the Company, directly or indirectly, holds 25.6 percent of the issued and outstanding shares of the Company. The relationship between Mr. Perä and the Company is regulated by a relationship agreement, to ensure that the Company and Talvivaara Project Ltd will be capable of carrying on their business independently of Mr. Perä, and that any transactions and the relationship with Mr. Perä will be on an arm's length basis and on normal commercial terms.

### **Lock-up**

In connection with the listing of the Company's shares on the London Stock Exchange, the directors of the Company, members of the Executive Committee of the Company and certain shareholders of the Company, including Eton Park Fund L.P., Eton Park Master Fund, Ltd., Metso Minerals Oy and Varma Mutual Pension Insurance Company, gave a lock-up undertaking, as described in more detail in the Company's prospectus prepared in connection with such listing, pursuant to which they shall not, without the prior consent of J.P. Morgan Securities Ltd, JPMorgan Cazenove Limited and Nordea Bank Finland Plc, as described in more detail in such prospectus, offer, dispose of, or agree to dispose of, directly or indirectly, their shares in the Company or securities entitling into shares in the Company prior to June 1, 2009, except in certain limited circumstances. In respect of the directors and members of the Executive Committee of the Company, 50 percent of their holdings in the Company were released from the lock-up undertaking on June 1, 2008. As at the date of this summary, pursuant to the information available to the Company, the lock-up undertaking applies to a maximum of approximately 68,000,000 shares in the Company held by the directors and members of the Executive Committee of the Company and the above-mentioned shareholders of the Company, which corresponds to approximately 30.5 percent of the issued and outstanding shares of the Company.

**Documents on Display**

The prospectus prepared in connection with the listing of the Company's shares on the London Stock Exchange and the financial information and other releases published by the Company pursuant to its ongoing and regular disclosure are available at the Company's website at [www.talvivaara.com](http://www.talvivaara.com).