**Stock Exchange Release**
**Talvivaara Mining Company Plc**
**25 April 2012**

## Talvivaara Mining Company Interim Report for January-March 2012

### Production impacted by environmental process modifications and unscheduled improvement measures in metals recovery

### Highlights

- Nickel production of 3,374t, adversely impacted by process modifications at the metals recovery plant
- Net sales of EUR 39.0m
- Operating loss of EUR (11.4)m
- Significantly strengthened financial position; EUR 83m raised from equity placing and EUR 110m from bond issue[(1)]
- Uranium permitting progressed with a European Commission confirmation under the Euratom Treaty and the Finnish Government permit under the Nuclear Energy Act
- Harri Natunen appointed CEO from 26 April 2012
- Full-year production guidance maintained at 25,000-30,000t nickel, but production expected to be at the lower end of the range as previously indicated

[(1)] The EUR 110m senior unsecured bond was settled in April and is therefore not included in Q1 2012 financial figures.

### Key figures

| EUR million | **Q1 2012** | Q4 2011 | **Q1 2011** | FY 2011 |
|---|---|---|---|---|
| Net sales | **39.0** | 66.5 | **66.5** | 231.2 |
| Operating profit (loss) | **(11.4)** | 14.9 | **11.6** | 30.9 |
| % of net sales | **(29.3)%** | 22.5% | **17.5%** | 13.4% |
| Profit (loss) for the period | **(14.9)** | 3.7 | **2.0** | (5.2) |
| Earnings per share, EUR | **(0.06)** | 0.01 | **0.00** | (0.04) |
| Equity-to-assets ratio | **31.8%** | 27.9% | **32.5%** | 27.9% |
| Net interest bearing debt | **422.2** | 455.7 | **325.8** | 455.7 |
| Debt-to-equity ratio | **107.9%** | 141.3% | **82.8%** | 141.3% |
| Capital expenditure | **14.7** | 21.6 | **10.4** | 79.1 |
| Cash and cash equivalents at the end of the period | **85.9** | 40.0 | **144.7** | 40.0 |
| Number of employees at the end of the period | **498** | 461 | **413** | 461 |

All reported figures in this release are unaudited.

**CEO Pekka Perä comments:** *"The first quarter of 2012 was a difficult period for Talvivaara with disappointing production and financial performance. In January, we installed and commissioned a new water recycling system, which is anticipated to reduce our raw water intake by approximately 65-75% when in full utilisation. Whilst this takes us yet another step closer to a closed circuit and marks a proactive step in executing our sustainability strategy, the installation process caused downtime at the metals recovery plant and thereby impacted first quarter production volumes.*

*In March, all of us at Talvivaara were faced with the terrible news that one of our employees had lost his life in a very unfortunate accident. Whilst the circumstances surrounding the fatality are still being thoroughly investigated, we have taken all the possible measures and precautions to make the workplace both technically and operationally as safe as possible. After the incident, we stopped the metals recovery plant in order to make* *preventative occupational safety-related modifications and improvements, and we have paid even closer attention to occupational safety guidelines and monitoring. All our thoughts and sympathy at Talvivaara are with the family and friends of our late colleague.*

*Despite the disappointing first quarter performance, I am quite pleased with the underlying positive developments in our operations. In particular, recent analysis of ore samples taken from heap section 3 indicates nickel recoveries of up to 85% in less than two years of leaching, which exceeds our expectations. Last year's problems in primary heap reclaiming are also being overcome through process changes we have already implemented, which we believe will help us to offset the recent issues, as well as achieve the 2012 guidance and ramp up towards full capacity.*

*From a financial perspective, our first quarter results reflect the unsatisfactory production volumes and a generally unfavourable nickel price environment. The nickel price rallied to above USD 21,000 per tonne at the start of 2012 but subsequently retreated to USD 17,000-18,000 per tonne in February and March primarily due to prevailing economic conditions. Whilst we cannot be pleased with the results, they are characteristic to our ongoing ramp-up phase, and we expect material improvement as production volumes increase going forward. Importantly, we also took significant steps to increase our financial flexibility through the EUR 83 million equity placing and EUR 110m bond issue during the quarter.*

*This is my last set of results as the CEO of Talvivaara, and as I look back, I am extremely thankful to everyone at Talvivaara for their hard work and commitment throughout the planning, construction and ramp-up phases of the Sotkamo mine. We have had our share of challenges and issues, some of which still remain. Operationally, we have continued to face commissioning issues, but at the same time, we have established a solid track record in overcoming them with a clear plan for increasing production to full capacity over the next few years.*

*As I look forward, our vision for Talvivaara as a growing, profitable and sustainable mining company is as clear as ever. As of tomorrow, Harri Natunen will take on the CEO role to steer the Company towards full production. As Executive Chairman, I look forward to helping the Company grow and, knowing Harri, I have full confidence in him and the team to overcome our remaining challenges and take Talvivaara forward to stable, profitable full-scale production and beyond."*

**Incoming CEO Harri Natunen comments:** *"Over the past month, I have been preparing for my role as the CEO of Talvivaara and observing the Company's operations in full detail. Whilst not without its challenges, I have full confidence in our ability to overcome the remaining issues and take the Sotkamo mine to full production.*

*From an operational perspective, all of our production processes have already been proven to achieve design capacity, but we have yet to achieve full scale operational stability on a consistent basis. To do that, we will continue to pay attention to management systems and organisational design as well as a culture of continuous improvement. Having already witnessed the high ambition and energy of the organisation, I have no doubt in my mind that we will reach our goal and 50,000 tonnes of nickel per annum nameplate capacity – it is only a matter of time.*

*As for environmental and social issues, these are a clear priority for us and we will continue our ongoing hard work to minimize our environmental impact. We have recently made significant additional investment commitments to catalytic burning and reverse osmosis technologies which will enable us to continue reducing emissions into air and water. Through these and other efforts we are well on our way to becoming an industry leader in sustainable mining and we also seek to support the outcome of these technical efforts with efficient and transparent communication with our neighbours and other stakeholders.*

*I very much look forward to using my full experience to help the capable and motivated team at Talvivaara to take the Company forward. Whilst we still have some issues to solve, we also have a clear roadmap to overcoming them and to regaining the confidence of our stakeholders. Finally, I would like to congratulate Pekka and the team for the incredible project they have developed and the solid foundation on which further success can be built."*

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**Webcast and conference call on 25 April 2012 at 12:00 BST/14:00 EET**

A combined webcast and conference call on the January-March 2012 Interim Result will be held on 25 April 2012 at 12:00 BST/14:00 EET. The call will be held in English.

The webcast can be accessed through the following link:
http://qsb.webcast.fi/t/talvivaara/talvivaara_2012_0425_q1/

A conference call facility will be available for a Q&A with senior management following the presentation.

Participant - Finland: +358 (0)9 2313 9201
Participant - UK: +44 (0)20 7162 0025
Participant - US: +1 334 323 6201

**Conference ID: 914118**

The webcast will also be available for viewing on the Talvivaara website shortly after the event.

**Financial review**

*Net sales and financial result*

Talvivaara's net sales for nickel and cobalt deliveries to Norilsk Nickel and for zinc deliveries to Nyrstar during the quarter ended 31 March 2012 amounted to EUR 39.0 million (Q1 2011: EUR 66.5 million). The net sales decreased by 41.3% compared to Q4 2011 mainly due to lower than expected metals production. The product deliveries amounted to 3,522 tonnes of nickel, 8,333 tonnes of zinc and 96 tonnes of cobalt.

The Group's other operating income amounted to EUR 1.4 million (Q1 2011: EUR 0.3 million) and resulted mainly from indemnities on losses.

Materials and services amounted to EUR (34.9) million in Q1 2012 (Q1 2011: EUR (36.3) million) and other operating expenses were EUR (18.9) million (Q1 2011: EUR (13.7) million). The largest cost items were production chemicals, particularly hydrogen sulphide, external services and maintenance.

Employee benefit expenses including the value of employee expenses related to the employee share option scheme of 2007 were EUR (7.8) million (Q1 2011: EUR (6.8) million). The increase was attributable to the increased number of personnel.

Operating loss for Q1 2012 was EUR (11.4) million (Q1 2011: profit of EUR 11.6 million), and the operating margin was (29.3)%. Regardless of the decrease in production, operating costs remained at broadly the same level as in Q4 2011 particularly due to maintenance-related cost items across production stages.

Finance income for the period was EUR 1.7 million (Q1 2011: EUR 1.1 million) and consisted mainly of exchange rate gains. Finance costs of EUR (9.6) million (Q1 2011: EUR (9.4) million) were mainly due to interest and related financing expenses on borrowings.

Loss for the period amounted to EUR (14.9) million (Q1 2011: profit of EUR 2.0 million), reflecting the delivery volumes and incurred operating costs. Earnings per share were EUR (0.06) (Q1 2011: EUR (0.00).

Total comprehensive income for the period was EUR (14.9) million (Q1 2011: EUR (0.6) million). In Q1 2011, total comprehensive income included a reduction in hedge reserves resulting from the occurrence of the hedged sales.

*Balance sheet*

Capital expenditure in Q1 2012 totalled EUR 14.7 million (Q1 2011: EUR 10.4 million). The expenditure related primarily to earthworks in secondary leaching, gypsum pond and uranium extraction circuit. On the consolidated statement of financial position as at 31 March 2012, property, plant and equipment totalled EUR 765.7 million (31 December 2011: EUR 762.0 million).

In the Group's assets, inventories amounted to EUR 268.3 million on 31 March 2012 (31 December 2011: EUR 240.4 million). The increase in inventories reflects the ramp-up of production and the consequent increase in the amount of ore stacked on heaps, valued at cost.

Trade receivables amounted to EUR 47.8 million on 31 March 2012 (31 December 2011: EUR 64.0 million). The decrease in trade receivables reflects the decrease in nickel and zinc deliveries compared to Q4 2011.

On 31 March 2012, cash and cash equivalents totalled EUR 85.9 million (31 December 2011: EUR 40.0 million).

In equity and liabilities, total equity amounted to EUR 391.3 million on 31 March 2012 (31 December 2011: EUR 322.6 million). Talvivaara raised EUR 81.5 million, net of transaction costs, through an issue of 24,589,050 new shares in Q1 2012. In addition, perpetual capital loan interest cost of EUR 2.8 million was capitalized in equity. A total of 111,747 new shares were subscribed and paid for in Q1 2012 under the company's stock option rights 2007A and the entire subscription price amounting to EUR 0.3 million was recognized in equity.

Borrowings increased from EUR 495.7 million on 31 December 2011 to EUR 508.2 million at the end of March 2012. The changes in borrowings during the quarter included a repayment of commercial paper notes amounting to EUR 7 million and the drawdown of EUR 20 million under the revolving credit facility.

Total advance payments as at 31 March 2012 amounted to EUR 247.4 million (31 December 2011: EUR 247.3 million). Talvivaara received a total of EUR 1.8 million in advance payments during Q1 2012 based on the uranium off-take agreement with Cameco Corporation, whilst the advance payment from Nyrstar was amortised by EUR 1.7 million as a result of zinc deliveries.

Total equity and liabilities as at 31 March 2012 amounted to EUR 1,231.0 million (31 December 2011: EUR 1,156.7 million).

*Financing*

In March 2012, Talvivaara issued a EUR 110 million senior unsecured bond, guaranteed by Talvivaara Sotkamo Ltd. The 5-year bond had an issue price of 100%, pays a coupon of 9.75% and is callable after 3 years. The transaction was settled and the notes listed on NASDAQ OMX Helsinki in April, hence the financial impact of the bond is not included in the Q1 2012 figures.

In February 2012, Talvivaara completed an issue of 24,589,050 new shares representing approximately 10 per cent of the number of the existing shares of the Company. Through the equity placing, Talvivaara raised EUR 82.6 million before commissions and expenses. An Extraordinary General Meeting of Talvivaara resolved to approve the share issue in March and the new shares were subsequently registered in the Finnish Trade Register.

*Currency option programme*

Talvivaara has entered into a currency option programme comprising USD options for three months from April 2012 through June 2012. The monthly obligation is USD 5.0 million and protection is USD 5.0 million. The collar ranges from 1.1350 to 1.5000.

**Production review**

Alongside stabilised metals production, Talvivaara's operational focus during the first quarter was on sustainability and environmental aspects of the Company's operations as well as on occupational safety. These focus areas required production stoppages and temporary process alterations that adversely impacted the production output, which amounted to 3,374t (Q1 2011: 4,215t) of nickel and 7,890t (Q1 2011: 6,363t) of zinc.

In metals recovery, overall optimization of the process continued to make progress. Issues in hydrogen sulphide production, that had caused extended downtime in metals production during the second half of 2011, have been addressed through improved temperature control by amended operating procedures and a focus on ensuring the availability of spare parts inventory. The reliability of Talvivaara's hydrogen sulphide generators, and consequently the entire metals recovery process, has significantly increased as a result. However, a production stoppage was required in January for the installation of a new water recycling system reducing raw water intake by approximately 65-75% when fully utilised. As part of the undertaken process change, the Company has also temporarily maintained excess water in circulation thereby somewhat diluting metal grades in solution. Furthermore, during the latter part of March, Talvivaara made occupational safety-related preventative improvements at the plant, which required an unscheduled stoppage and also negatively impacted production.

The mining department continued to match the ore demand by crushing and waste rock demand by earthworks, in particular the construction of secondary heap foundations. Emphasis continues to be on ore mining. The department produced 3.0Mt of ore (Q1 2011: 2.2Mt) and 1.5Mt of waste (Q1 2011: 5.2Mt).

In materials handling, the performance and reliability of the crushing circuit continued to improve with periods of record output. However, the overall availability of the circuit did not yet reach the targeted level and required continued focus on planning and execution of maintenance procedures. Primary heap reclaiming, which severely restricted the overall crushing and stacking of ore in 2011, also improved through a new operating procedure that was implemented in early 2012. The new reclaiming process is expected to remove the remaining capacity utilisation limitations in materials handling, and enable the entire process to operate at the required level. Crushing and stacking of ore in Q1 2012 amounted to 3.0Mt (Q1 2011: 2.2Mt).

In bioheapleaching, the new primary heap section 2 was completed and the reclaiming of primary heap section 3 commenced. Following the continuous process development in bioheapleaching, primary heap section 3 has been the most successful heap section to date. Recent analysis of ore samples taken from heap section 3 indicates nickel recoveries of up to 85% in less than two years of leaching, which exceeds the Company's expectations. Furthermore, secondary leaching has progressed well, confirming that metal content remaining after primary leaching is effectively recovered through secondary leaching.

During the quarter, nickel grades in primary heap sections were stable at slightly below 2 g/l, and in the secondary heap stable at approximately 1 g/l. Accordingly, the average nickel grade pumped to metals recovery was somewhat below 2 g/l. Metal grades in solution reflected the dilution impact of a process change-related temporary increase in the amount of water in circulation, as well as the impact of cold weather. Grades started to develop positively again in March, reflecting improving water balance, increasing solution temperature and the completion of the new primary heap section 2.

*Production key figures*

| | | **Q1 2012** | Q4 2011 | **Q1 2011** | FY 2011 |
|---|---|---|---|---|---|
| **Mining** | | | | | |
| Ore production | Mt | **3.0** | 3.2 | **2.2** | 11.1 |
| Waste production | Mt | **1.5** | 2.0 | **5.2** | 17.0 |
| **Materials handling** | | | | | |
| Stacked ore | Mt | **3.0** | 3.2 | **2.2** | 11.1 |
| **Bioheapleaching** | | | | | |
| Ore under leaching | Mt | **38.6** | 35.6 | **26.5** | 35.6 |
| **Metals recovery** | | | | | |
| Nickel metal content | Tonnes | **3,374** | 4,769 | **4,215** | 16,087 |
| Zinc metal content | Tonnes | **7,890** | 10,524 | **6,363** | 31,815 |

**Sustainable development, safety and permitting**

*Safety*

In March, one of Talvivaara's employees regrettably lost his life in the vicinity of the metals recovery plant. Increased hydrogen sulphide concentrations had been detected in the area, and work had been suspended in accordance with occupational safety guidelines. Authorities are investigating the accident and have informed the Company that when found, the victim was not wearing the compulsory gas detection and protective gear. The fatality has been disturbing to everyone at Talvivaara, and crisis counselling has been made available for personnel. A safe working environment and safe working practices remain top priorities for Talvivaara, and the Company initiated an unscheduled stoppage in late March with a focus on preventative occupational safety-related improvements. Certain process clarifications were also requested by the relevant authority, the Finnish Safety and Chemical Agency (Tukes), and these were subsequently provided by the Company to the satisfaction of the authority *(see Events after the review period)*.

At the end of the first quarter, the injury frequency among the Talvivaara personnel was 11.8 lost time injuries/million working hours on a rolling 12 month basis (31 March 2011: 13.7 lost time injuries/million working hours).

*Environment*

Talvivaara continued to comply with environmental permit limits for water emissions during the first quarter, apart from an isolated incident causing no permanent environmental effects. Sulphate and sodium emissions have continued to decrease as a result of process improvements and increased water circulation. Talvivaara also commissioned an independent third party to model the water quality development of nearby lakes over the next few years, which was completed during the quarter. Based on the model, water quality will continue to improve and no permanent damage has been caused to nearby lakes. However, Talvivaara is committed to further improving process water quality through more efficient process water treatment and increased recycling.

Hydrogen sulphide (odour) emissions and dust emissions to air have also remained within the permitted limits, apart from distinct point sources at the screening building and metals recovery plant. During 2012, dust emissions will be addressed through a new dust removal system at the screening building and hydrogen sulphide emissions through catalytic burning of hydrogen sulphide gases.

In order to improve timely and transparent communication on environmental matters with the neighbouring communities and other interested stakeholders, Talvivaara launched a specific website for this purpose in January. The Finnish language website, *www.paikanpaalla.fi*, reviews environmental data and events in blog format and aims to provide region-specific information in an easily understandable and concise form.

*Permitting*

In January, Talvivaara received a positive opinion on its uranium recovery process from the European Commission under the Euratom Treaty. In its opinion, the European Commission considered that uranium recovery at the Talvivaara mine complies with the goals set by the Euratom Treaty and may improve the supply security of nuclear fuel in the European Union. In March, Talvivaara also received a licence from the Finnish Government to extract uranium as a by-product from its existing operations pursuant to the Nuclear Energy Act. The permit is valid throughout the life of the mine, however, no longer than until the end of 2054.

Following completion of the Environmental Impact Assessment ("EIA") programme, the EIA process for the potential expansion of the Talvivaara mine was initiated during the first quarter. The EIA covers options to expand production capacity up to 100,000t of nickel per annum, and also the option to refine nickel sulphide into LME-quality nickel metal.

Talvivaara's existing environmental permit is currently being renewed under a standard process. The renewed permit is anticipated to be received during 2012.

**Business development**

*Uranium production*

Talvivaara is preparing for the recovery of uranium as a by-product of the Company's existing operations. Uranium occurs naturally in small concentrations in the Talvivaara area and leaches into the process solution along with Talvivaara's main products. Annual uranium production is estimated at 350tU (ca. 770,000 pounds), corresponding to approximately 410t (900,000 pounds) of yellow cake ($UO_4$), and Talvivaara's entire uranium production will be sold under a long-term agreement to Cameco Corporation.

Following receipt of the construction permit in August 2011, Talvivaara commenced construction of the uranium recovery facility, which will be completed during the current year. The permitting process for uranium production is ongoing and the start of uranium production is further subject to, among others, environmental permit approval and chemical authorisation. The decision on the environmental permit is expected in 2012.

*Production expansion – Operation Overlord*

Conceptual studies relating to production expansion beyond 50,000tpa of nickel continued during the quarter, with a particular emphasis on permitting. The scoping studies are based on the target of doubling the presently planned production to approximately 100,000tpa of nickel. Whilst studies relating to various processing options continue, it appears relatively likely that a substantial part of the expanded production would be LME-quality nickel metal, i.e. Talvivaara would integrate its production one step further downstream.

During the first quarter, the Environmental Impact Assessment ("EIA") programme for the expansion was completed and EIA hearings commenced. Permitting is anticipated to proceed to the submission of an environmental permit application in late 2012.

No investment decisions relating to the production expansion have yet been taken. Provided the investment is pursued, it is envisioned to be carried out in a modular fashion to allow spreading out of the expenditure over an estimated 5-6 year period starting around 2014. The modular approach also allows commissioning of the equipment and processes sequentially in the order of the process stages, which is expected to reduce the risk of serious start-up issues.

*Energy strategy*

Talvivaara's energy strategy is focused on building an environmentally sound portfolio of low-cost capacity allowing the Company to be energy self-sufficient in the longer term. Talvivaara's electricity need is currently approximately 45MW, and is expected to increase significantly if the Company proceeds with the planned capacity expansion and further refining of nickel into LME-quality metal.

During the first quarter, Talvivaara increased its capacity share in the Fennovoima nuclear project in Finland from approximately 10MW to approximately 60MW. The Company is also studying, amongst others, on-site windpower production, bioenergy and utilization of energy generated in the production process.

**Risk management and principal risks**

In line with current corporate governance guidelines on risk management, Talvivaara carries out an ongoing process endorsed by the Board of Directors to identify risks, measure their impact against certain assumptions and implement the necessary proactive steps to manage these risks.

Talvivaara's operations are affected by various risks common to the mining industry, such as risks relating to the development of Talvivaara's mineral deposits, estimates of reserves and resources, infrastructure risks, and volatility of commodity prices. There are also risks related to counterparties, currency exchange ratios, management and control systems, historical losses and uncertainties about the future profitability of Talvivaara, dependence on key personnel, effect of laws, governmental regulations and related costs, environmental hazards, and risks related to Talvivaara's mining concessions and permits.

In the short term, Talvivaara's key operational risks continue to relate to the ongoing ramp-up of operations. While the Company has demonstrated that all of its production processes work and can be operated on industrial scale, the rate of ramp-up is still subject to risk factors including the reliability and sustainable capacity of production equipment, and eventual speed of leaching and metals recovery in bioheapleaching. In addition, there may be production and ramp-up related risks that are currently unknown or beyond the Company's control.

The market price of nickel has historically been volatile and in the Company's view this is likely to persist, driven by shifts in the supply-demand balance, macroeconomic indicators and variations in currency exchange ratios. Nickel sales currently represent close to 90% of the Company's revenues and variations in the nickel price therefore have a direct and significant effect on Talvivaara's financial result and economic viability. Talvivaara is, since February 2010, unhedged against variations in metal prices. Full or substantially full exposure to nickel prices is in line with Talvivaara's strategy and supported by the Company's view that it can operate the Talvivaara mine profitably during the lows of commodity price cycles.

Talvivaara's revenues are almost entirely in US dollars, whilst the majority of the Company's costs are incurred in Euro. Potential strengthening of the Euro against the US dollar could thus have a material adverse effect on the business and financial condition of the Company. Talvivaara hedges its exposure to the US dollar on a case by case basis with the aim of limiting the adverse effects of US dollar weakness as considered justified from time to time.

Liquidity and refinancing risks may arise as a result of the Company's inability to produce sufficient volumes of its saleable products, particularly nickel, unexpected increase in production costs, and sudden or substantial changes in the prices of commodities or currency exchange rates. Talvivaara seeks to reduce liquidity risk by close monitoring of liquidity in order to detect any threat of adverse changes in advance so as to allow for sufficient time to secure access to adequate credit or other funding on reasonable terms. Talvivaara also seeks to maintain a balanced maturity profile of its long-term debt in order to mitigate refinancing risks.

**Personnel and management**

The number of personnel employed by the Group on 31 March 2012 was 498 (Q1 2011: 413).

Wages and salaries paid during the three months to 31 March 2012 totalled EUR 6.6 million (Q1 2011: EUR 5.9 million).

As part of the Group's long term incentive plan, the employees of Talvivaara have established a Group personnel fund to manage the earnings bonuses paid by Talvivaara. In accordance with its bylaws, the fund will invest a substantial proportion of its assets in Talvivaara Mining Company shares. The fund is managed by personnel representatives elected by the employees.

Harri Natunen, 56, was appointed Talvivaara's CEO effective as of 26 April 2012. Mr. Natunen has had an over thirty-year successful career in mining and metallurgical operations internationally, serving Outokumpu from 1981 first in Finnish projects and subsequently on assignments in Norway and South America. In Chile, his experience ranged from building management systems to supervising the ramp-up of processes in early stage operations, such as the Zaldivar copper bioheapleaching and hydrometallurgical project. Upon his return to Finland, Mr. Natunen held management responsibility of large operations in full production, such as Outokumpu's zinc division and ferrochrome operation including the Kemi mine. He also led the successful modernization of the Outokumpu Kokkola zinc plant, focusing on streamlining the organization and improving cost control, and almost doubling production. Mr. Natunen's latest position prior to joining Talvivaara was as Director, Zinc Production and Business Development at Boliden AB in Sweden 2008-2012, where he held responsibility over the Kokkola, Finland, and Odda, Norway, zinc operations.

**Shares and shareholders**

The number of shares issued and outstanding and registered on the Euroclear Shareholder Register as of 31 March 2012 was 270,591,300. Including the effect of the EUR 85 million convertible bond of 14 May 2008, the EUR 225 million convertible bond of 16 December 2010, the Option Scheme of 2007 and share subscriptions registered on 13 March 2012, the authorised full number of shares of the Company amounted to 315,839,103.

The share subscription period for stock options 2007A was between 1 April 2010 and 31 March 2012. By 31 March 2012 a total of 1,830,087 Talvivaara Mining Company's new shares had been subscribed for under the stock option rights 2007A.  A total of 53,727 stock option rights 2007A remained unexercised following the end of the subscription period.

The share subscription period for stock options 2007B is between 1 April 2011 and 31 March 2013. No new shares of Talvivaara were subscribed for under the stock option rights 2007B in Q1 2012 and a total of 2,284,337 stock option rights 2007B remain unexercised. A total of 2,333,000 option rights 2007C were issued to 250 key employees and the subscription period for stock options 2007C is between 1 April 2012 and 31 March 2014. A total of 2,333,000 stock options 2007C remain unexercised.

In February 2012, Talvivaara completed an issue of 24,589,050 new shares representing approximately 10 per cent of the number of the existing shares of the Company. An Extraordinary General Meeting of Talvivaara Mining Company Plc. resolved on 12 March 2012 to approve the proposal by the Board of Directors on the share issue in deviation from the shareholders' pre-emptive subscription rights. The new shares were registered with the Finnish Trade Register on 13 March 2012.

In addition, the Board of Directors has resolved, on the basis of the authorisation granted by the Extraordinary General Meeting held on 12 March 2012, to issue special rights entitling to subscribe up to 184,428 new shares, in order to carry out an adjustment to the conversion price, as a result of the equity placing, in accordance with the terms and conditions of the convertible bonds due 2013. Accordingly the maximum number of ordinary shares that may be issued upon conversion is 11,677,591 shares. Due to an adjustment to the conversion price of the convertible bonds due 2015, as a result of the placing, the maximum number of ordinary shares that may be issued upon conversion is 27,180,708 shares.

As at 31 March 2012, the shareholders who held more than 5% of the shares and votes of Talvivaara were Pekka Perä (21.0%), Varma Mutual Pension Insurance Company (8.8%), Solidium Oy (8.5%) and Ilmarinen Mutual Pension Insurance Company (6.2%).

**Events after the review period**

*Clarifications requested by the Finnish Safety and Chemicals Agency Tukes*

Following the fatal incident involving an employee of Talvivaara, the Finnish Safety and Chemicals Agency Tukes requested Talvivaara to provide a clarification on occupational safety procedures at the Talvivaara mine. At the time of the request, Talvivaara was carrying out a maintenance stoppage with special focus on occupational safety-related areas. Talvivaara delivered the requested clarifications between 3 April and 5 April 2012. On 5 April 2012, Tukes confirmed the provided clarifications to be satisfactory, and Talvivaara re-started the metals recovery plant subsequent to completion of the maintenance work.

*Uranium permitting update*

On 3 April 2012, Talvivaara was informed by the Northern Finland Regional State Administrative Agency that the Company's environmental permit for uranium extraction and the general update of Talvivaara mine's environmental permit are to be processed together. Consequently, the Company expects a minor delay in the uranium permitting process. The permitting authorities have informed Talvivaara that a decision on the environmental permit for uranium extraction will be made during 2012. Talvivaara aims to start uranium recovery in 2012, as soon as all the necessary permits have been obtained.

*Issuance and listing on Nasdaq OMX Helsinki of senior unsecured bond due 2017*

On 4 April 2012, Talvivaara Mining Company Plc issued a EUR 110 million senior unsecured bond, guaranteed by Talvivaara Sotkamo Ltd. The 5-year bond had an issue price of 100%, pays a coupon of 9.75% and is callable after 3 years. The notes were issued in principal amounts of EUR 1,000 and were listed on NASDAQ OMX Helsinki on 13 April 2012.

*Announced investments in environmental technology*

On 24 April 2012, Talvivaara announced investments in environmental technology amounting to more than EUR 13 million. The new technologies will improve the quality of effluent waters, reduce odour emissions into the environment and limit dust emissions. The investments consist of reverse osmosis technology to improve the quality of effluent waters and a catalytic burning unit to treat hydrogen sulphide (odour) gases, as well as a water recycling system and drilled wells reducing water intake from nearby lakes. Dust emissions will be reduced by a new dust removal system at the screening hall. The investments are part of Talvivaara’s environmental improvement strategy announced in January 2012.

As a result of the measures taken in 2011-2012, Talvivaara has already significantly reduced the sulphate and manganese content in effluent waters. The new water treatment investments will further considerably reduce the levels of sodium, sulphate and manganese in effluent waters by the end of 2012. The lower permit limits proposed by the Company for 2015 will hence be achievable already in early 2013.

**Short-term outlook**

*Operational outlook*

Talvivaara maintains its full-year 2012 production guidance at 25,000-30,000 tonnes of nickel. However, following the first quarter production volumes, the Company has less flexibility within the guidance range and expects full-year production to be closer to the lower end of the range. Near-term production volumes will depend on realised capacity utilisation rates of the metals recovery plant following the late March – early April stoppage and development of metal grades in pregnant leach solution.

In line with earlier guidance, total operating costs in 2012 are expected to amount to approximately EUR 250 million including leasing. Capital expenditure in 2012 is expected to amount to EUR 40-50 million excluding construction of the uranium extraction circuit, and approximately EUR 90 million including the uranium extraction circuit.

*Market outlook*

Nickel and base metals prices more broadly moved higher in early 2012 as concerns over the global growth outlook and European sovereign debt crisis somewhat abated. Whilst other base metals prices have remained relatively stable, the nickel price has declined from USD 21,000-22,000/t in early February to USD 17,000-18,000/t in early April as market participants have been assessing the prospect of new nickel production capacity entering the market and the economic development and commodity utilisation rate of China.

Whilst several new large-scale nickel projects are being developed, Talvivaara expects the nickel market to remain broadly balanced from a demand-supply perspective. Several new laterite nickel projects have continued to face commissioning issues and appear financially uncompetitive at the current nickel price level. Chinese NPI production is also expected to balance the market, as the utilisation rate of this capacity tends to quickly react to variations in the nickel price. NPI capacity may also be impacted by the announced Indonesian ban on nickel ore exports.

Barring a severe global recession, Talvivaara continues to see the longer-term nickel price support level at around USD 20,000/t, supported by marginal costs of production and the price level required to incentivise new nickel projects.

25 April 2012

Talvivaara Mining Company Plc.
Board of Directors

## CONSOLIDATED INCOME STATEMENT

| (all amounts in EUR '000) | Unaudited three months to 31 Mar 12 | Audited three months to 31 Mar 11 |
|---|---|---|
| **Net sales** | **39,027** | **66,467** |
| Other operating income | 1,357 | 336 |
| Changes in inventories of finished goods and work in progress | 22,478 | 12,781 |
| Materials and services | (34,921) | (36,310) |
| Personnel expenses | (7,819) | (6,795) |
| Depreciation, amortization, depletion and impairment charges | (12,664) | (11,198) |
| Other operating expenses | (18,889) | (13,664) |
| **Operating profit (loss)** | **(11,431)** | **11,617** |
| Finance income | 1,717 | 1,092 |
| Finance cost | (9,646) | (9,387) |
| Finance income (cost) (net) | (7,929) | (8,295) |
| **Profit (loss) before income tax** | **(19,360)** | **3,322** |
| Income tax expense | 4,451 | (1,372) |
| **Profit (loss) for the period** | **(14,909)** | **1,950** |
| **Attributable to:** | | |
| Owners of the parent | (13,561) | 171 |
| Non-controlling interest | (1,348) | 1,779 |
| | **(14,909)** | **1,950** |
| **Earnings per share for profit (loss) attributable to the owners of the parent (expressed in EUR per share)** | | |
| Basic and diluted | (0.06) | (0.00) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (all amounts in EUR '000) | Unaudited three months to 31 Mar 12 | Audited three months to 31 Mar 11 |
|---|---|---|
| **Profit (loss) for the period** | **(14,909)** | **1,950** |
| **Other comprehensive income, items net of tax** | | |
| Cash flow hedges | - | (2,544) |
| **Other comprehensive income, net of tax** | **-** | **(2,544)** |
| **Total comprehensive income** | **(14,909)** | **(594)** |
| **Attributable to:** | | |
| Owners of the parent | (13,561) | (1,864) |
| Non-controlling interest | (1,348) | 1,270 |
| | **(14,909)** | **(594)** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (all amounts in EUR '000) | **Unaudited As at 31 Mar 12** | **Audited As at 31 Dec 11** |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 765,652 | 761,985 |
| Biological assets | 7,334 | 7,688 |
| Intangible assets | 7,307 | 7,371 |
| Deferred tax assets | 31,892 | 26,398 |
| Other receivables | 2,910 | 2,902 |
| Available-for-sale financial assets | 4,201 | 630 |
| | 819,296 | 806,974 |
| **Current assets** | | |
| Inventories | 268,261 | 240,436 |
| Trade receivables | 47,839 | 64,027 |
| Other receivables | 9,662 | 5,249 |
| Derivative financial instruments | 1 | 10 |
| Cash and cash equivalent | 85,949 | 40,019 |
| | 411,712 | 349,741 |
| **Total assets** | **1,231,008** | **1,156,715** |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to owners of the parent** | | |
| Share capital | 80 | 80 |
| Share issue | - | 278 |
| Share premium | 8,086 | 8,086 |
| Other reserves | 535,127 | 449,532 |
| Retained earnings | (166,467) | (151,129) |
| | 376,826 | 306,847 |
| **Non-controlling interest in equity** | 14,494 | 15,733 |
| **Total equity** | 391,320 | 322,580 |
| **Non-current liabilities** | | |
| Borrowings | 419,368 | 467,161 |
| Advance payments | 235,734 | 235,569 |
| Provisions | 5,174 | 6,036 |
| | 660,276 | 708,766 |
| **Current liabilities** | | |
| Borrowings | 88,816 | 28,515 |
| Advance payments | 11,684 | 11,684 |
| Trade payables | 32,913 | 33,677 |
| Other payables | 45,998 | 51,478 |
| Derivative financial instruments | 1 | 15 |
| | 179,412 | 125,369 |
| **Total liabilities** | 839,688 | 834,135 |
| **Total equity and liabilities** | **1,231,008** | **1,156,715** |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(all amounts in EUR '000)

| | Share capital | Share issue | Share premium | Hedge reserve | Invested unrestricted equity | Other reserves | Retained earnings | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **1 Jan 2011** | **80** | **91** | **8,086** | **7,494** | **401,612** | **31,399** | **(80,067)** | **368,695** | **16,895** | **385,590** |
| Profit (loss) for the period | - | - | - | - | - | - | 171 | 171 | 1,779 | 1,950 |
| Other comprehensive income | | | | | | | | | | |
| - Cash flow hedges | - | - | - | (2,035) | - | - | - | (2,035) | (509) | (2,544) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(2,035)** | **-** | **-** | **171** | **(1,864)** | **1,270** | **(594)** |
| **Transactions with owners** | | | | | | | | | | |
| Stock options | - | (91) | - | - | 125 | - | - | 34 | - | 34 |
| Perpetual capital loan | - | - | - | - | - | - | (1,801) | (1,801) | (450) | (2,251) |
| Incentive arrangement for Executive Management | - | - | - | - | - | 23 | - | 23 | - | 23 |
| Senior unsecured convertible bonds due 2015, equity component | - | - | - | - | - | 9,018 | - | 9,018 | - | 9,018 |
| Employee share option scheme | | | | | | | | | | |
| - value of employee services | - | - | - | - | - | 1,868 | - | 1,868 | - | 1,868 |
| Total contribution by and distribution to owners | - | (91) | - | - | 125 | 10,909 | (1,801) | 9,142 | (450) | 8,692 |
| **Total transactions with owners** | - | (91) | - | - | 125 | 10,909 | (1,801) | 9,142 | (450) | 8,692 |
| **31 Mar 11** | **80** | **-** | **8,086** | **5,459** | **401,737** | **42,308** | **(81,697)** | **375,973** | **17,715** | **393,688** |
| **31 Dec 11** | **80** | **278** | **8,086** | **-** | **404,070** | **45,462** | **(151,129)** | **306,847** | **15,733** | **322,580** |
| **01 Jan 12** | **80** | **278** | **8,086** | **-** | **404,070** | **45,462** | **(151,129)** | **306,847** | **15,733** | **322,580** |
| Profit (loss) for the period | - | - | - | - | - | - | (13,561) | (13,561) | (1,348) | (14,909) |
| Other comprehensive income | | | | | | | | | | |
| - Cash flow hedges | - | - | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **(13,561)** | **(13,561)** | **(1,348)** | **(14,909)** |
| **Transactions with owners** | | | | | | | | | | |
| Stock options | - | (278) | - | - | 579 | - | - | 301 | - | 301 |
| Perpetual capital loan | - | - | - | - | - | 2,353 | (1,777) | 576 | 109 | 685 |
| Share issue | - | - | - | - | 81,534 | - | - | 81,534 | - | 81,534 |
| Incentive arrangement for Executive Management | - | - | - | - | - | 23 | - | 23 | - | 23 |
| Employee share option scheme | | | | | | | | | | |
| - value of employee services | - | - | - | - | - | 1,106 | - | 1,106 | - | 1,106 |
| Total contribution by and distribution to owners | - | (278) | - | - | 82,113 | 3,482 | (1,777) | 83,540 | 109 | 83,649 |
| **Total transactions with owners** | - | (278) | - | - | 82,113 | 3,482 | (1,777) | 83,540 | 109 | 83,649 |
| **31 Mar 12** | **80** | **-** | **8,086** | **-** | **486,183** | **48,944** | **(166,467)** | **376,826** | **14,494** | **391,320** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (all amounts in EUR '000) | Unaudited three months to 31 Mar 12 | Audited three months to 31 Mar 11 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit (loss) for the period | (14,909) | 1,950 |
| Adjustments for | | |
| Tax | (4,451) | 1,372 |
| Depreciation and amortization | 12,664 | 11,198 |
| Other non-cash income and expenses | (5,785) | (5,980) |
| Interest income | (1,717) | (1,092) |
| Fair value gains on financial assets at fair value through profit or loss | (5) | (145) |
| Interest expense | 9,646 | 9,387 |
| | (4,557) | 16,690 |
| Change in working capital | | |
| Decrease(+)/increase(-) in other receivables | 14,707 | 1,343 |
| Decrease (+)/increase (-) in inventories | (27,825) | (15,522) |
| Decrease(-)/increase(+) in trade and other payables | (12,558) | (14,393) |
| Change in working capital | (25,676) | (28,572) |
| | (30,233) | (11,882) |
| Interest and other finance cost paid | (841) | (1,810) |
| Interest and other finance income | 225 | 269 |
| **Net cash generated (used) in operating activities** | (30,849) | (13,423) |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | (14,571) | (10,371) |
| Purchases of intangible assets | (93) | (23) |
| Proceeds from sale of property, plant and equipment | 18 | - |
| Proceeds from sale of biological assets | - | 184 |
| Purchases of available-for-sale financial assets | (3,571) | (38) |
| **Net cash generated (used) in investing activities** | (18,217) | (10,248) |
| **Cash flows from financing activities** | | |
| Proceeds from share issue net of transactions costs | 81,177 | - |
| Realised stock options | 301 | 34 |
| Proceeds from interest-bearing liabilities | 20,000 | - |
| Perpetual capital loan | - | (3,042) |
| Proceeds from advance payments | 1,787 | 7,000 |
| Payment of interest-bearing liabilities | (8,269) | (1,226) |
| **Net cash generated (used) in financing activities** | 94,996 | 2,766 |
| **Net increase (decrease) in cash and cash equivalents** | 45,930 | (20,905) |
| Cash and cash equivalents at beginning of the period | 40,019 | 165,555 |
| **Cash and cash equivalents at end of the period** | 85,949 | 144,650 |

# NOTES

## 1. Basis of preparation

This year-end report has been prepared in compliance with IAS 34.

The interim financial information set out herein has been prepared on the same basis and using the same accounting policies as were applied in drawing up the Group's statutory financial statements for the year ended 31 December 2011.

## 2. Property, plant and equipment

| (all amounts in EUR '000) | Machinery and equipment | Construction in progress | Land and buildings | Other tangible assets | Total |
|---|---|---|---|---|---|
| Gross carrying amount at 1 Jan 12 | 361,245 | 41,344 | 273,921 | 224,796 | 901,306 |
| Additions | 1,774 | 14,416 | - | - | 16,190 |
| Disposals | (34) | - | - | - | (34) |
| Transfers | 356 | (757) | 365 | 36 | - |
| Gross carrying amount at 31 Mar 12 | 363,341 | 55,003 | 274,286 | 224,832 | 917,462 |
| | | | | | |
| Accumulated depreciation and impairment losses at 1 Jan 12 | 66,791 | - | 32,644 | 39,886 | 139,321 |
| Disposals | (17) | - | - | - | (17) |
| Depreciation for the period | 7,398 | - | 3,041 | 2,067 | 12,506 |
| | | | | | |
| Accumulated depreciation and impairment losses at 31 Mar 12 | 74,172 | - | 35,685 | 41,953 | 151,810 |
| | | | | | |
| Carrying amount at 1 Jan 12 | 294,454 | 41,344 | 241,277 | 184,910 | 761,985 |
| **Carrying amount at 31 Mar 12** | **289,169** | **55,003** | **238,601** | **182,879** | **765,652** |

## 3. Trade receivables

(all amounts in EUR '000)

| | 31 Mar 12 | 31 Dec 11 |
|---|---|---|
| Nickel-Cobalt sulphide | 42,244 | 55,258 |
| Zinc sulphide | 5,595 | 8,769 |
| **Total trade receivables** | **47,839** | **64,027** |

## 4. Inventories

(all amounts in EUR '000)

| | 31 Mar 12 | 31 Dec 11 |
|---|---|---|
| Raw materials and consumables | 19,362 | 14,016 |
| Work in progress | 236,118 | 213,629 |
| Finished products | 12,781 | 12,791 |
| **Total inventories** | **268,261** | **240,436** |

## 5. Borrowings

(all amounts in EUR '000)

| **Non-current** | **31 Mar 12** | **31 Dec 11** |
|---|---|---|
| Capital loans | 1,405 | 1,405 |
| Investment and Working Capital loan | 57,903 | 57,863 |
| Revolving Credit Facility | - | 49,110 |
| Senior Unsecured Convertible Bonds due 2015 | 219,399 | 217,138 |
| Senior Unsecured Convertible Bonds due 2013 | 81,520 | 80,796 |
| Finance lease liabilities | 37,004 | 37,444 |
| Other | 22,137 | 23,405 |
| | **419,368** | **467,161** |
| **Current** | | |
| Investment and Working Capital loan | 1,430 | 1,430 |
| Revolving Credit Facility | 69,194 | - |
| Commercial papers | 1,500 | 8,481 |
| Finance lease liabilities | 16,692 | 18,604 |
| | **88,816** | **28,515** |
| **Total borrowings** | **508,184** | **495,676** |

## 6. Advance payments

(all amounts in EUR '000)

| **Non-current** | **31 Mar 12** | **31 Dec 11** |
|---|---|---|
| Deferred zinc sales revenue | 219,565 | 221,187 |
| Deferred uranium sales revenue | 16,169 | 14,382 |
| | **235,734** | **235,569** |
| **Current** | | |
| Deferred zinc sales revenue | 11,684 | 11,684 |
| | **11,684** | **11,684** |
| **Total advance payments** | **247,418** | **247,253** |

## 7. Changes in the number of shares issued

| | **Number of shares** |
|---|---|
| **31 Dec 11** | **245,781,803** |
| Stock options 2007A | 220,447 |
| Share issue | 24,589,050 |
| **31 Mar 12** | **270,591,300** |

## 8. Contingencies and commitments

(all amounts in EUR '000)

**The future aggregate minimum lease payments under non cancellable operating leases**

| | **31 Mar 12** | **31 Dec 11** |
|---|---|---|
| Not later than 1 year | 1,943 | 1,919 |
| Later than 1 year and not later than 5 years | 780 | 929 |
| Later than 5 years | 15 | 37 |
| | 2,738 | 2,885 |

## Capital commitments

At 31 March 2012, the Group had capital commitments amounting to EUR 32.4 million (31 December 2011: EUR 14.5 million) principally relating to the completion of the Talvivaara mine, improving the reliability and expansion of production capacity. These commitments are for the acquisition of new property, plant and equipment.

### Key financial figures of the Group

| | | Three months to 31 Mar 12 | Three months to 31 Mar 11 |
|---|---|---|---|
| Net sales | EUR '000 | 39,027 | 66,467 |
| Operating profit (loss) | EUR '000 | (11,431) | 11,617 |
| Operating profit (loss) percentage | | (29.3 %) | 17.5 % |
| Profit (loss) before tax | EUR '000 | (19,360) | 3,322 |
| Profit (loss) for the period | EUR '000 | (14,909) | 1,950 |
| Return on equity | | -4.2 % | 0.5 % |
| Equity-to-assets ratio | | 31.8 % | 32.5 % |
| Net interest-bearing debt | EUR '000 | 422,235 | 325,822 |
| Debt-to-equity ratio | | 107.9 % | 82.8 % |
| Return on investment | | (0.6 %) | 1.3 % |
| Capital expenditure | EUR '000 | 14,664 | 10,394 |
| Property, plant and equipment | EUR '000 | 765,652 | 727,539 |
| Derivative financial instruments | EUR '000 | - | (1,092) |
| Borrowings | EUR '000 | 508,184 | 470,472 |
| Cash and cash equivalents at the end of the period | EUR '000 | 85,949 | 144,650 |

**Share-related key figures**

| | | Three months to 31 Mar 12 | Three months to 31 Mar 11 |
|---|---|---|---|
| Earnings per share | EUR | (0.06) | (0.00) |
| Equity per share | EUR | 1.51 | 1.53 |
| Development of share price at London Stock Exchange | | | |
| Average trading price[1] | EUR | 3.53 | 6.69 |
| | GBP | 2.94 | 5.71 |
| Lowest trading price[1] | EUR | 2.82 | 5.99 |
| | GBP | 2.35 | 5.12 |
| Highest trading price[1] | EUR | 4.30 | 7.28 |
| | GBP | 3.59 | 6.22 |
| Trading price at the end of the period[2] | EUR | 2.89 | 6.58 |
| | GBP | 2.41 | 5.82 |
| Change during the period | | 20.4 % | -2.4 % |
| Price-earnings ratio | | neg. | neg. |
| Market capitalization at the end of the period[3] | EUR '000 | 781,369 | 1,614,566 |
| | GBP '000 | 651,584 | 1,426,792 |
| Development in trading volume | | | |
| Trading volume | 1000 shares | 37,271 | 11,420 |
| In relation to weighted average number of shares | | 14.9 % | 4.7 % |
| Development of share price at OMX Helsinki | | | |
| Average trading price | EUR | 3.51 | 6.77 |
| Lowest trading price | EUR | 2.64 | 5.91 |
| Highest trading price | EUR | 4.35 | 7.34 |
| Trading price at the end of the period | EUR | 2.91 | 6.60 |
| Change during the period | | 16.7 % | -6.6 % |
| Price-earnings ratio | | neg. | neg. |
| Market capitalization at the end of the period | EUR '000 | 786,880 | 1,619,403 |
| Development in trading volume | | | |
| Trading volume | 1000 shares | 68,673 | 38,020 |
| In relation to weighted average number of shares | | 27.5 % | 15.5 % |
| Adjusted average number of shares | | 249,665,643 | 245,344,901 |
| Fully diluted average number of shares | | 249,665,643 | 245,344,901 |
| Number of shares at the end of the period | | 270,591,300 | 245,364,096 |

1) Trading price is calculated on the average of EUR/GBP exchange rates published by the European Central Bank during the period.

2) Trading price is calculated on the EUR/GBP exchange rate published by the European Central Bank at the end of the period.

3) Market capitalization is calculated on the EUR/GBP exchange rate published by the European Central Bank at the end of the period.

**Employee-related key figures**

| | | Three months to 31 Mar 12 | Three months to 31 Mar 11 |
|---|---|---|---|
| Wages and salaries | EUR '000 | 6,581 | 5,857 |
| Average number of employees | | 483 | 407 |
| Number of employees at the end of the period | | 498 | 413 |

**Other figures**

| | Three months to 31 Mar 12 | Three months to 31 Mar 11 |
|---|---|---|
| Share options outstanding at the end of the period | 4,665,064 | 5,937,822 |
| Number of shares to be issued against the outstanding share options | 4,665,064 | 5,937,822 |
| Rights to vote of shares to be issued against the outstanding share options | 1.7 % | 2.4 % |

**Talvivaara Mining Company Plc**
**Key financial figures of the Group**

| | |
|---|---|
| Return on equity | Profit (loss) for the period / (Total equity at the beginning of period + Total equity at the end of period)/2 |
| Equity-to-assets ratio | Total equity / Total assets |
| Net interest-bearing debt | Interest-bearing debt - Cash and cash equivalent |
| Debt-to-equity ratio | Net interest-bearing debt / Total equity |
| Return on investment | Profit (loss) for the period + Finance cost / (Total equity at the beginning of period + Total equity at the end of period)/2 + (Borrowings at the beginning of period + Borrowings at the end of period)/2 |

**Share-related key figures**

| | |
|---|---|
| Earnings per share | Profit (loss) attributable to equity holders of the Company / Adjusted average number of shares |
| Equity per share | Equity attributable to equity holders of the Company / Adjusted average number of shares |
| Price-earnings ratio | Trading price at the end of the period / Earnings per share |
| Market capitalization at the end of the period | Number of shares at end of the period * trading price at end of period |