STOCK EXCHANGE RELEASE
26 February 2008

Talvivaara Mining Company annual accounts review for year ended 31 December 2007

Mine construction proceeding according to plan

Highlights of 2007

- Bankable Feasibility Study for the Talvivaara mine was completed on 23 March
- Environmental permit and starting order were obtained on 29 March
- Project finance facility of USD 320 million was signed on 7 May
- Initial Public Offering (IPO) on the London Stock Exchange Main Market with gross proceeds of EUR 302 million was successfully closed on 1 June, ensuring that together with the committed project finance facility the project was fully financed
- Talvivaara joined the FTSE 250 index with effect from 24 September
- A 26% increase in measured and indicated mineral resource at the Kuusilampi and Kolmisoppi deposits to 336 million tonnes was announced on 4 December
- Construction work at the Talvivaara mine is proceeding according to timetable and on schedule for production to begin in Q4 2008
- No material capital or operational cost overruns

Talvivaara's key figures

		2007	2006
Operating profit (loss)	EUR '000	2,332	-34,609
Capital expenditure	EUR '000	134,139	6,686
Research & development expenditure	EUR '000	734	1,361
Earnings per share	EUR	-0.06	-0.41
Cash and cash equivalents at the end of the year[1]	EUR '000	153,466	29,361
Equity-to-assets ratio		90%	-2.0 %
Equity per share	EUR	1.76	-0.01
Market capitalization at the end of the year[2]	EUR '000	911,829	-
Number of employees at the end of the year		64	25

All reported figures in this release are unaudited.
[1] Includes Available-for-sale financial assets and for 2006 financial assets at fair value through profit or loss.
[2] Market capitalization is calculated on the EUR/GBP exchange rate 0.73335 published by the European Central Bank on 31 December 2007.

CEO Pekka Perä:

"2007 was a remarkable year for Talvivaara. We achieved all of the key goals we set for the period, including successful financing of the project through the IPO and committed project finance, timely commencement of construction after the environmental permit was granted at the end of March, and progress in construction according to plan and on budget throughout the rest of the year. In a project the size of Talvivaara, we knew we would be faced with unexpected challenges, but the experience and skills of the team enabled the

Company to take corrective measures when needed and stay on course. All our people over-achieved on numerous occasions during the year. Their individual and joint efforts are what make me especially proud.

Following our IPO the Talvivaara share price stood up despite the turmoil in the markets and the volatility in commodity prices. I trust that our investors appreciated our hard work and delivery on promises.

In 2008 we will continue to work hard, together with our dedicated contractors and suppliers, to achieve our primary goal of bringing the mine into production before the year end. With our first production now in sight I am looking forward to getting on with the business of mining nickel, where I see continuing strong global demand."

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Talvivaara Mining Company will hold a conference call for investors and analysts following the release of its Annual Results at 2:00pm GMT 4:00pm Finnish time. Conference call details are as follows:

UK Dial-in: 0870 043 6305
International dial-in: +44 (0) 1452 556 620
Conference call ID: 37018028

A pivotal year in Talvivaara Mining Company's development

In 2007, Talvivaara evolved from a privately held project Company finalising its Bankable Feasibility Study for the Talvivaara nickel mine to a FTSE 250 Company well on its way to starting production, as planned, during the last quarter of 2008. Along the way, the Company achieved several major milestones, including the environmental permit for the mine in March 2007, and the securing of financing for the construction of the mine through a committed project finance facility of USD 320 million and a successful IPO raising EUR 302 million in June 2007.

The latter half of the year saw remarkable progress with the construction of the mine and the metals processing facilities, leading to the project reaching year end having been on time and on budget throughout the period. Finally, the geological work done at the Kuusilampi deposit resulted in a significant increase in mineral resources being reported in December 2007.

The financial development of the Company largely reflected the above named financing transactions and project related spending. At EUR 134 million, capital expenditure for the period was in line with the development plan and financed entirely from equity. The initial drawdown of the project term loan is anticipated during the spring of 2008. With production anticipated to commence in late 2008, the Company had no revenues in 2007.

Volatile market environment

In the base metal markets, 2007 will be remembered for extreme volatility in nickel prices, with the London Metals Exchange (LME) nickel cash quotations ranging from the historical high of more than USD 54,000/tonne in the spring down to around USD 25,000/tonne in August. After the substantial fall in prices during the summer months, nickel prices were more stable during the rest of the year, closing at around USD 26,000/tonne at the end of December.

The other metals of relevance to Talvivaara – zinc, cobalt and copper – also experienced substantial volatility through the year, with zinc, which is the most significant of Talvivaara's by-products, on a mostly downward trend after a price peak above USD 4,000/tonne in the spring. At year end, the zinc price was around USD 2,400/tonne. Copper started the year at USD 6,200/tonne and closed at slightly above USD 6,600/tonne, exhibiting the least price volatility of these metals during the period. Cobalt prices, on the other hand, rose from USD 23/lb in January to USD 39/lb at the end of December, with a very strong upward trend seen especially during the last four months of the year.

The future outlook for nickel and zinc remains solid, and the present price levels of nickel and zinc of around USD 29,000/tonne and USD 2,400/tonne, respectively, are some two and a half times as high as the assumptions used in Talvivaara's financial planning.

Financial review

Owing to its status as a project Company with production anticipated to start in late 2008, Talvivaara had no revenues during the year ended 31 December 2007 (2006: EUR 0). Overall, the financial development of the Company reflected the fundraising of EUR 285 million (net) through the IPO, capital expenditure of EUR 134 million in line with the development plan, and operating costs that, compared to 2006, grew in line with the growth of the Company.

The Company's other operating income, amounting in total to EUR 13.6 million (2006: EUR 0.2 million), consisted mainly of unrealised gains in biological assets (living trees) and fair value gains in nickel forward sales contracts. The operating profit amounted to EUR 2.3 million (2006: EUR (34.6) million), and loss for the period to EUR (9.9) million (2006: EUR (36.1) million), reflecting to a large extent finance costs related to the EUR 33 million convertible loan issued in 2006. In comparison to 2006, it should be noted that the loss of EUR (36.1) million recognised in the previous period resulted primarily from the revaluation of Outokumpu Mining Oy's option for a 20% shareholding in Talvivaara Project Ltd. rather than costs related to the Company's operations. Outokumpu Mining Oy exercised this option on 14 May 2007.

On the balance sheet as at 31 December 2007, the Company's current assets amounted to EUR 165.6 million (2006: EUR 30.0 million), with the year end figure reflecting largely the IPO proceeds less subsequent capital expenditure on the mine project. The Company's total equity was EUR 315.0 million (2006: EUR (0.8) million) and total assets EUR 350.0 million (2006: EUR 39.7 million).

Talvivaara's total borrowings amounted to EUR 1.4 million (2006: EUR 38.0 million). The change from the previous period resulted from the conversion of the EUR 5.3 million convertible capital loan issued in 2005, and the conversion and partial redemption of the EUR 33 million convertible loan of 2006 in connection with the IPO. The committed project term loan of USD 320 million has not yet been drawn down.

Significant progress with the mine project

Talvivaara completed the Bankable Feasibility Study for the Talvivaara mine in March 2007. The technical solutions described in the study were largely based on successful pilot trials of bioheapleaching and metals recovery, which, respectively, demonstrated high yields from the ore and from the leach solutions. In all, the results of the study confirmed both the technical and economic feasibility of the project using relatively conservative assumptions for key parameters such as metal recoveries and metal prices.

Construction of the mine started in April 2007, as soon as the environmental permit had been obtained. At the time, most of the area was uninhabited forested land. By July 2007, access roads to the industrial site had been constructed, substantial areas for the bioheapleaching pads had been cleared and levelled, and the plant site was taking shape with foundations for buildings under construction.

By October, critical earthworks which could not be carried out during the winter months, such as the construction of heap foundations, had progressed as planned. All major equipment had been ordered and the removal of the overburden had started slightly ahead of schedule.

The major goals for 2008 are the start of mining in April, the start of bioheapleaching in July, and first metal sulphides production in October. The key pre-requisites for meeting these goals are the timely delivery of critical equipment and their successful installation particularly during the months of June and July.

Due to the tight timetable, the mechanical, electrical and automation installation and assembly of most major equipment will be carried out in parallel during the summer months, contributing to a challenging project management and staffing environment. At the time of this release, the Company had not been notified of any material delays in equipment deliveries, and all key supply processes are continuing to be monitored regularly by Talvivaara personnel.

Equipment ordered from leading suppliers

Most of the equipment orders were placed during the first half of 2007 with deliveries scheduled typically 12 to 18 months later. All significant supply contracts for major equipment were awarded to internationally known companies such as Sandvik (crushing circuit), Outotec (reactors), Mahler (oxygen and hydrogen plants); FAM (stacking and reclaiming systems), Metso Minerals (agglomeration drums), Larox (filters), Hitachi (dump trucks and excavators), Siemens (electrical systems) and Metso Automation (automation).

Land acquisitions

Talvivaara has acquired land in the mining area since late 2006 in order to secure full legal title to the areas it required to commence its activities under the starting order granted together with the environmental permit in March 2007. Most of the acquisitions were made during the first half of 2007, and in total Talvivaara has acquired approximately 53 square kilometres of land representing some 90% of the expanded mining concession area.

Infrastructure

Through a parliamentary resolution in June 2007, the State of Finland made a decision to support Talvivaara's infrastructure development by a total of EUR 53.2 million in subsidies, consisting of EUR 40.0 million (0% VAT) for a railroad connection, EUR 7.2 million for road improvements, and EUR 5.0 million for other mine related infrastructure expenditure. Funds for these expenditures were reserved in the State budget for 2008-2011.

Design of the 26 km rail connection from Murtomäki, located west of the mine area, to Talvivaara started in 2007 and the contract for its construction has been awarded to VR-Track Ltd. The railroad is expected to be operational in August 2009.

In accordance with the Finnish State budget decision, Talvivaara shall, through its wholly owned subsidiary Talvivaara Infrastructure Ltd., initially fund the construction of the connection. Provided the rail connection is used as the primary transportation route of the mine, the Finnish State will subsequently reimburse the costs over the two-year period of 2010-2011. Upon full payment by the Finnish State the title to the railroad will transfer to the Finnish Rail Administration.

Plans and designs for road works on the regional road number 870 bypassing the mine area on its eastern side and the local road number 8714 crossing the mine area in the east-to-west direction were made by Destia Oy. The improvement works and partial re-direction of the roads are being carried out during 2008 and 2009 in cooperation with the Finnish Road Administration.

A 43 km power line connection was constructed from the Vuolijoki substation, located west of Talvivaara, to the mine area, connecting the mine directly to the national grid. The power line was commissioned in January 2008.

Process water will be initially obtained through a purpose-built pipeline from Lake Kolmisoppi in the northern part of the mining concession area. Construction of the pipeline started in 2007 and it is anticipated to be operational by early summer 2008.

Significant increase in mineral resource

In December 2007, Talvivaara announced a 26% (76 million tonnes) increase in Measured and Indicated Mineral Resources and a 23% increase (77 million tonnes) in Measured, Indicated and Inferred Resources in the Kuusilampi and Kolmisoppi deposits. The 26% addition took the Measured and Indicated Resources to a total of 336 million tonnes and the total Mineral Resource up to 414 million tonnes. The increased resources contain 1.1 million tonnes (earlier 0.88 million tonnes) of nickel metal and 2.2 million tonnes of zinc metal (earlier 1.6 million tonnes), reaffirming Talvivaara's prospective position as one of the top nickel mines globally and an internationally significant zinc producer.

The resource increase was located within the existing known resource body and excludes any additional resources Talvivaara may identify in adjacent areas. It resulted from a drilling campaign focused on ore boundary definition at the Kuusilampi orebody in anticipation of the planned production start-up in 2008.

Following the conclusions of this drilling campaign, Talvivaara commenced a study to determine the feasibility of an increase in production capacity from the currently planned levels. The study is anticipated to continue through 2008 and focus on economic, technical and environmental permitting aspects.

Research and development

Talvivaara continued active development of the bioheapleaching technology at a pilot scale as well as in numerous smaller scale studies. The on-site pilot heap, which has been running since the fall of 2005, continued to perform well in 2007, demonstrating good performance also in the secondary leaching phase in which most of the saleable copper and cobalt is recovered. Recoveries of nickel and zinc reached levels well above 90%, which presents substantial upside compared to the Company's financial forecasts, which have been based on the assumption of 85% final recovery.

In addition to the pilot study, particular focal points for research during the period included chemical and biological iron removal from the leach solution; recovery of additional metals, particularly manganese, from the leach solution and utilisation of gypsum residue.

Active research and development cooperation continued with Tampere, Helsinki and Lappeenranta Universities of Technology, University of Oulu and the Geological Survey of Finland. The microbiology of the Talvivaara mine site and the demonstration plant throughout the whole leaching period has also been thoroughly investigated as part of the European Union funded Bioshale project at the University of Wales and at Warwick University. Research funding has been obtained from the Finnish Funding Agency for Technology and Innovation (Tekes).

Permit issues

An environmental permit for the operation of the Talvivaara mine, together with a starting order, were granted by the Northern Finland Environmental Permit Authority on 29 March 2007. Individual appeals against the permit and the starting order were submitted to the Vaasa Court of Appeal by ten persons. The Court of Appeal issued its ruling on the basis of the appeals on 15 February 2008, whereby it maintained the original permit and the starting order in force, and rejected all demands for the revocation of the permit and the starting order. The Court of Appeal made a few amendments and specifications to the terms of the permit, all of which in the opinion of the management are immaterial in terms of changes to the projected costs for or the conduct of, the mining and metals recovery operations at the site. The ruling may be appealed to the Supreme Administrative Court by 17 March 2008. The ruling of the Supreme Administrative Court will be final and non-appealable.

On 24 March 2005, Talvivaara submitted an application to the Ministry of Employment and Economy regarding an extension of the area covered by the existing mining license. The extension was applied for in order to secure access to the surrounding land and water areas as well as the right to construct the required industrial infrastructure in the project area. On 3 October 2006, the Ministry approved the application and issued a land surveying order to the local surveying office regarding the extension of the concession area in accordance with the application of Talvivaara. Two appeals were filed with the Supreme Administrative Court regarding the decision of the Ministry on the extension. The Supreme Administrative Court issued its final and non-appealable ruling on the matter on 15 October 2007 and rejected both appeals in their entirety. The land surveying and redemption session for the mining concession proceedings was concluded on 11 December 2007, awarding in aggregate EUR 924,358.07 in compensation to the remaining land owners within the mining concession area and owners of land adjacent to the mining concession area. By 11 February 2008, both Talvivaara and a number of land owners had filed an appeal against the awarded compensations with the Land Court of Rovaniemi. By 28 January 2008, only one appeal was filed with the Ministry of Employment and Economy against the land surveying and redemption process. The management does not expect either of the pending court cases to have any material bearing on the projected cost level, the conduct of the mining and metals recovery operations or further development of the project.

Environment, health and safety

In 2007 Talvivaara continued to observe its environmental management policy based on responsibility, transparency, and continuous improvement and assessment. Despite the ongoing construction activities, the impact of Talvivaara's operations on the surrounding environment was minor. The main environmental tasks of the year included reporting on the natural environment, monitoring of the environment in accordance with the terms of the environmental permit, and planning and construction of environmental protection structures for the mining activities.

Safety is of key importance to Talvivaara and its contractors on the mining site. Safety practices at the site are based on the instructions and guidelines approved by the management and are in accordance with the Finnish industrial safety legislation. In 2007, contractors' safety practices were controlled by weekly safety rounds, and the local industrial safety authorities paid regular visits to the construction site. Safety training is provided for personnel working for sub-contractors as well as for Talvivaara's own employees.

The safety measures were effective, with only six relatively minor lost time accidents during the period. Considering that several hundred employees from numerous different contractors were working on a site of some 60 square kilometres, this record can be considered remarkably good.

Risk management

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 currency exchange ratios, management and control systems, intellectual property rights, historical losses and uncertainties about the future profitability of the Talvivaara Group, dependence on key personnel, effect of laws, governmental regulations and related costs, environmental hazards and risks related to Talvivaara's mining concessions.

Personnel

Talvivaara was successful in its recruiting during the year, nearly tripling its number of personnel from 25 to 64 by the end of 2007. Most of the personnel recruited during the period were management and administrative employees, leaving the challenge of recruiting around 200 workers for the initial production phase to 2008.

Preparations for worker recruitment started in 2007 through three tailored training programmes designed and operated in cooperation with the Kainuu province labour administration. These courses are attended by a total of 65 students who are trained as production drillers, crusher operators and process workers. All students who successfully complete the training in 2008 will be employed by Talvivaara. Further training programmes are planned for 2008.

The core principles of Talvivaara's human resources policy are diversity of age and a broad variation of work experience among personnel.

Shares and shareholders

In connection with the Company's IPO on the London Stock Exchange, a total of 84,252,638 shares were issued. This number included 10,921,939 shares subscribed by Outokumpu at a discount of 20% to the offer price of 250 pence, and 5,457,219 shares issued to Varma Mutual Pension Insurance Company and the Finnish Industry Investment upon setting off their bridge loans of 2007 to the Company of EUR 15 million and EUR 5 million, respectively. In addition, a total of 48,811,050 conversion shares were issued to the holders of the EUR 33 million convertible bond issued in 2006, and the holders of the EUR 5.3 million convertible capital loan issued in 2005. The average number of shares issued and outstanding in 2007 was 168,213,011, and the number of shares at year end was 222,896,718.

As at 31 December 2007, the shareholders who held more than 5% of the shares and votes of Talvivaara were Pekka Perä (27.1%), Varma Mutual Pension Insurance Company (8.6%), Norilsk Nickel Holdings Ltd. (5.5%) and Eton Park Capital Management LP (5.0%).

The IPO issue price on 30 May 2007 was GBP 2.50, after which the average trading price through to 31 December was GBP 2.65 (EUR 3.84). The lowest and highest trading prices during the period were GBP

2.05 (EUR 2.96) and GBP 3.13 (EUR 4.53), respectively[1]. The trading price at year end was GBP 3.00 (EUR 4.09)[2]. The trading volume from the listing until the year end was 26,783,000 shares, which in relation to the weighted average number of shares during the year represented 15.9%.

Share options

By resolution passed at the general meeting of the shareholders on 28th February 2007, the Company resolved to issue 99,990 stock options gratuitously to the key personnel of the Company and its subsidiaries entitling, after the split of the Company's shares 1:70, to subscribe for a maximum of 6,999,300 new shares in the Company (2007 Option Scheme). Pursuant to the terms and conditions of the 2007 Option Scheme, the Board of Directors shall decide upon the distribution of the stock options.

During 2007, the Board of Directors, based on the recommendation of the Remuneration Committee, allocated 32,643 2007A Options, giving an entitlement to subscribe to a total of 2,285,000 new shares in the Company, to the personnel of Talvivaara and its subsidiaries (excluding options granted to the Directors and members of the Executive Committee). The voting rights of the shares to be issued against the outstanding share options amount to 1.0% of the total share capital.

Events after the review period

A 43 km power line connection from the Vuolijoki substation, located west of Talvivaara, to the mine area, was commissioned on 18 January 2008.

On 15 February 2008, the Appellate Court of Vaasa issued their ruling on the environmental permit and the starting order for the Talvivaara mine. Under the ruling, all the demands for revoking the permit and the starting order were rejected, the compensations awarded and redemption decisions made by the permitting agency were left unchanged. Certain specifications were made to four permit terms, but these amendments are not expected to have material implications to the cost basis of the mine. Following the ruling, there is a 30 day appeal period for potential appeals to the Supreme Administrative Court.

Short-term outlook

The short-term outlook for the Company is positive, with the construction project at the Talvivaara mine progressing according to plan, and the mine anticipated to commence production during the last quarter of 2008. The market outlook for the Company's main products, nickel and zinc, remain solid with present and forward prices and demand forecasts all at healthy levels. As the Company's cost base is primarily in euros and the committed project finance facility is US dollar denominated, the recent weakness of the US dollar has caused the Company to secure a minimum level of euros obtainable in connection with the draw down of the loan through currency options. With this protective measure having been taken, the Company feels confident that the funding available is sufficient to complete the construction of the Talvivaara mine.

Board of Directors proposal for profit distribution

The Board of Directors is proposing to the Annual General Meeting to be held on 14 March 2008 that no dividend be declared in respect for the year 2007.

Annual General Meeting 2008

The Annual General Meeting of Talvivaara Mining Company will be held on Friday, 14 March 2008 starting at 10:00 a.m. in Sotkamo, at Lahnasjärventie 73, 88120 Tuhkakylä, Finland.

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[1] Trading price in euro has been calculated on the average of EUR/GBP exchange rates published by the European Central Bank between 30 May and 31 December 2007.

[2] Trading price in euro is calculated on the EUR/GBP exchange rate 0.73335 published by the European Central Bank on 31 December 2007.

CONSOLIDATED BALANCE SHEET

(all amounts in EUR)	**2007**	**2006**
ASSETS		
Non-current assets		
Property, plant and equipment	129,718,177	3,959,629
Biological assets	9,048,538	963,576
Intangible assets	6,202,032	4,771,793
Derivative financial instruments	9,830,966	-
Other receivables	29,651,794	42,030
	184,451,507	9,737,028
Current assets		
Other receivables	11,352,710	651,854
Available-for-sale financial assets	26,965,327	22,537,285
Derivative financial instruments	779,323	-
Financial assets at fair value trough profit or loss	-	5,039,726
Cash and cash equivalent	126,500,712	1,784,055
	165,598,072	30,012,920
Total assets	**350,049,579**	**39,749,948**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,624	12,715
Share premium	8,085,842	2,755,433
Other reserves	321,777,699	1,336,065
Retained earnings	(33,422,978)	(4,991,395)
	296,456,187	(887,182)
Minority interest in equity	18,590,725	87,538
Total equity	315,046,912	(799,644)
Non-current liabilities		
Borrowings	1,405,000	1,148,600
Other payables	-	41,302
Deferred tax liabilities	5,326,885	193,247
Provisions	32,401	31,187
	6,764,286	1,414,336
Current liabilities		
Borrowings	24,600	36,879,112
Trade payables	25,982,941	1,037,033
Other payables	2,230,840	1,219,111
	28,238,381	39,135,256
Total liabilities	35,002,667	40,549,592
Total equity and liabilities	**350,049,579**	**39,749,948**

CONSOLIDATED INCOME STATEMENT

(all amounts in EUR)	2007	2006
Other operating income	13,563,766	218,016
Materials and services	(2,212,618)	(855,991)
Employee benefit expenses	(3,986,882)	(1,393,822)
Depreciation, amortization, depletion and impairment charges	(761,404)	(13,003)
Other operating expenses	(4,270,940)	(32,564,009)
Operating profit (loss)	**2,331,922**	**(34,608,809)**
Finance income	4,265,806	1,883
Finance cost	(11,506,191)	(1,514,190)
Finance cost (net)	(7,240,385)	(1,512,307)
Loss before income tax	**(4,908,463)**	**(36,121,116)**
Income tax expense	(5,019,933)	(14,800)
Loss for the year	**(9,928,396)**	**(36,135,916)**
Attributable to:		
Equity holders of the Company	(9,383,804)	(36,123,454)
Minority interest	(544,592)	(12,462)
	(9,928,396)	**(36,135,916)**
Earnings per share for loss attributable to the equity holders of the Company (expressed in € per share)		
Basic and diluted	(0.06)	(0.41)

TALVIVAARA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(all amounts in EUR)	Attributable to equity holders of the parent							
	Share capital	Share premium	Invested non-restricted equity	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2006	**12,715**	**2,755,433**	**-**	**57,686**	**(672,941)**	**2,152,893**	**-**	**2,152,893**
Fair value gains net of tax on available-for-sale financial assets	-	-	-	126,442	-	126,442	-	126,442
Net income/(expense) recognized directly in	-	-	-	126,442	-	126,442	-	126,442
Loss for the year	-	-	-	-	(36,123,454)	(36,123,454)	(12,462)	(36,135,916)
Total recognised income and expense for 2006	-	-	-	126,442	(36,123,454)	(35,997,012)	(12,462)	(36,009,474)
Issue of share capital (Authorized)	-	-	825,020	-	-	825,020	-	825,020
Options issued to acquire assets	-	-	-	-	31,805,000	31,805,000	-	31,805,000
Convertible capital loan	-	-	-	326,917	-	326,917	-	326,917
Minority interest arising from business combinations	-	-	-	-	-	-	100,000	100,000
Balance at 31 December 2006	**12,715**	**2,755,433**	**825,020**	**511,045**	**(4,991,395)**	**(887,182)**	**87,538**	**(799,644)**
Balance at 1 January 2007	**12,715**	**2,755,433**	**825,020**	**511,045**	**(4,991,395)**	**(887,182)**	**87,538**	**(799,644)**
Fair value gains net of tax on available-for-sale financial assets	-	-	-	323,619	-	323,619	-	323,619
External costs, net of tax, directly attributable to the issue of new shares	-	-	(16,901,873)	-	-	(16,901,873)	-	(16,901,873)
Net income/(expense) recognized directly in equity	-	-	(16,901,873)	323,619	-	(16,578,254)	-	(16,578,254)
Loss for the year	-	-	-	-	(9,383,804)	(9,383,804)	(544,592)	(9,928,396)
Total recognised income and expense for 2007	-	-	(16,901,873)	323,619	(9,383,804)	(25,962,058)	(544,592)	(26,506,650)
Transactions related with the sale of Talvivaara Project shares	-	-	-	-	(19,047,779)	(19,047,779)	(953,820)	(20,001,599)
Issue of new shares	-	-	302,056,012	-	-	302,056,012	-	-
Employee share option scheme - value of employee services	-	-	-	271,383	-	271,383	-	271,383
Convertible capital loan - conversion into shares	2,909	5,330,409	-	-	-	5,333,318	-	5,333,318
Convertible bond - conversion into shares	-	-	34,692,493	-	-	34,692,493	-	34,692,493
Minority interest arising from subsidiary	-	-	-	-	-	-	20,001,599	20,001,599
Balance at 31 December 2007	**15,624**	**8,085,842**	**320,671,652**	**1,106,047**	**(33,422,978)**	**296,456,187**	**18,590,725**	**315,046,912**

CONSOLIDATED CASH FLOW STATEMENT

(all amounts in EUR)	2007	2006
Cash flows from operating activities		
Loss for the year	(9,928,396)	(36,135,916)
Adjustments for		
Tax	5,019,933	14,800
Depreciation and amortization	761,404	13,003
Other non-cash income and expenses	12,031,672	31,805,000
Interest income	(4,265,806)	(1,883)
Fair value gains on financial assets at fair value trough profit or loss	(9,830,966)	(39,726)
Interest expense	11,506,191	1,514,190
	5,294,032	(2,830,532)
Change in working capital		
Decrease(+)/increase(-) in other receivables	(32,049,753)	(396,158)
Decrease(-)/increase(+) in trade and other payables	25,667,182	948,281
Change in working capital	(6,382,571)	552,124
	(1,088,539)	(2,278,408)
Interest and other finance cost paid	(30,696,605)	(9,704)
Interest income	4,162,026	1,883
Income taxes paid	-	-
Net cash used in operating activities	(27,623,118)	(2,286,229)
Cash flows from investing activities		
Purchases of property, plant and equipment	(126,547,258)	(3,931,647)
Purchases of biological assets	(5,688,860)	(963,576)
Purchases of intangible assets	(1,903,190)	(1,791,187)
Proceeds from sale of biological assets	527,712	-
Proceeds from government grant related to intangible assets	458,824	-
Purchases of available for sale financial assets	(24,000,000)	(36,468,000)
Proceeds from sale of available for sale financial assets	20,009,281	14,953,126
Purchases of derivative financial instruments	(951,873)	-
Purchases of other financial assets at fair value trough profit or loss	(104,000,000)	(5,000,000)
Proceeds from sale of other financial assets at fair value trough profit or loss	109,000,000	-
Net cash used in investing activities	(133,095,364)	(33,201,284)
Cash flows from financing activities		
Proceeds from share issue net of transaction costs	285,154,139	825,020
Proceeds from interest-bearing liabilities	20,281,000	36,283,714
Payment of interest-bearing liabilities	(20,000,000)	-
Capital investment by minority shareholders	-	100,000
Net cash generated in financing activities	285,435,139	37,208,734
Net (decrease)/increase in cash and bank overdrafts	124,716,657	1,721,221
Cash and bank overdrafts at beginning of the year	1,784,055	62,834
Cash and bank overdrafts at end of the year	126,500,712	1,784,055