

Following the bankruptcy of Talvivaara Mining Company Plc's ("Talvivaara" or the "Company") operating subsidiary Talvivaara Sotkamo Ltd ("Talvivaara Sotkamo") on 6 November 2014, trading of Talvivaara's shares on the Helsinki Stock Exchange was suspended. The suspension of trading continues on the date of publishing the Company's Corporate Governance Statement on 22 March 2016.

Talvivaara has been in corporate reorganisation throughout the year 2015. During the corporate reorganisation proceedings, all major decisions and decisions outside the ordinary course of business have required consent of the administrator of the corporate reorganisation proceedings.

Talvivaara's Financial Statements for the financial year ended 31 December 2015 have not been prepared on a going concern basis. The chosen reporting basis results from the existence of material uncertainties that cast significant doubt upon the Company's ability to realise its assets and discharge its liabilities in the normal course of business and from the lack of visibility on the Company's operational environment twelve months beyond the date of reporting. Talvivaara's ability to revise its reporting basis and to regain its status as a going concern is dependent on the successful completion of the Company's corporate reorganisation proceedings, which in turn requires that the Company is able to complete an arrangement that secures the necessary cash flow for the Company to discharge all of its liabilities and the continuance of the Company's viable business. In the view of the Company, the transactions contemplated by the Letter of Intent signed by and between Talvivaara, Terrafame Group Oy, Terrafame Oy and Winttal Oy, a subsidiary of Terrafame Group Oy, on 27 January 2016 would, when completed, constitute such an arrangement. For more information, please refer to sections "Reporting basis" and "Events after review period" of the Company's Financial Statements for the financial year ended 31 December 2015.

Corporate Governance Statement 2015

General

This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code 2010. The statement has been issued as a separate report and this statement and the Board of Directors' review for the year ended 31 December 2015 are available on the Company's web pages at www.talvivaara.com.

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

Regulatory framework

In 2015, Talvivaara complied with the Finnish Corporate Governance Code 2010 ("the Corporate Governance Code") for listed companies and the Insider Guidelines issued by NASDAQ OMX Helsinki Ltd. The updated Finnish Corporate Governance Code (2015) became effective as of 1 January 2016. Both the Corporate Governance Code applied to this Statement and the updated the Code are available on the Securities Market Association's website at www.cgfinland.fi.

Administrative, management and supervisory bodies**General**

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

General Meetings of Shareholders

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

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

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

The Annual General Meeting was held on 25 June 2015 in Espoo, Finland. All the resolutions proposed, as set out in the notice of the meeting, were duly passed with the exception of the proposals of the Shareholders' Nomination Panel regarding the number of Board members and the composition of the Board which were amended to include Mr. Kari Järvinen as a new member of the Board of Directors. A total of 106 shareholders of the Company representing approximately 23 per cent of the shares in the Company attended the meeting in person or by proxy.

Shareholders' Nomination Panel

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

The Composition of the Nomination Panel

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

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

The current composition of the Nomination Panel is the following:

- Mr. Kari Järvinen, CEO, nominated by Solidium Oy
- Mr. Olli Salo, nominated by Seppo Aho, a shareholder of the Company
- Mr. Kari Niskanen, a shareholder of the Company
- Mr. Pekka Perä, CEO of Talvivaara, as a shareholder of the Company
- Mr. Tapani Järvinen, Chairman of the Board of Directors of the Company and
- Ms. Solveig Törnroos-Huhtamäki, member of the Board of Directors of the Company and Chairman of the Audit Committee

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

Duties of the Nomination Panel

The Nomination Panel shall:

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

Decision-making

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

The Board of Directors

Composition of the Board of Directors

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

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

The Annual General Meeting of Shareholders held on 25 June 2015 in Espoo resolved the number of Board members to be five (5) and re-elected Mr. Tapani Järvinen, Mr. Stuart Murray, Ms. Solveig Törnroos-Huhtamäki and Mr. Pekka Perä as Board members. Mr. Kari Järvinen was appointed as a new member of the Board.

The Board of Directors shall elect the Chairman and the Deputy Chairman amongst the members of the Board of Directors. In 2015 Mr. Tapani Järvinen has acted as the Chairman

of the Board. As of 25 June 2015 Mr. Stuart Murray has acted as the Deputy Chairman of the Board of Directors.

All the members of the Board of Directors elected by the Annual General Meeting held on 25 June 2015 have been serving up to the date of this statement. All four non-executive members of the Board are deemed to be independent of the Company and Mr. Tapani Järvinen, Mr. Stuart Murray and Ms. Solveig Törnroos-Huhtamäki are deemed to be independent of the Company's significant shareholders.

In 2015, the Board of Directors convened twelve official meetings. In addition to the official meetings of the Board of Directors active dialogue between the management, the Board and the Administrator was maintained.

Meetings of the Board of Directors and the Audit Committee in 2015 (attendance)

Member	Board	Audit Committee
Tapani Järvinen	12/12	3/3 ⁴
Edward Haslam	5/7 ²	
Pekka Perä	12/12	
Graham Titcombe	7/7 ²	3/4 ³
Stuart Murray	11/12	6/7
Maija-Liisa Friman	7/7 ²	4/4 ³
Solveig Törnroos-Huhtamäki	12/12	7/7
Kari Järvinen	5/5 ¹	

1) a member of the Board as of 25 June 2015

2) a member of the Board until 25 June 2015

3) a member of the Committee until 25 June 2015

4) a member of the Committee as of 25 June 2015

The former Remuneration, Nomination and Governance and Sustainability Committee had no official meetings in 2015.

The main duties of the Board of Directors

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

The Board of Directors establishes the principles of the Company's strategy, organisation, development, accounting and financial control and risk management as well as approves the budget of the Company. The Board of Directors also supervises and controls the operative management and appoints and dismisses the Chief Executive Officer of the Company. The Board of Directors approves the financial statements and interim reports of the Company. The Board decides upon matters not belonging to the day-to-day management of the Company led by the Chief Executive Officer and considered having major importance including significant engagements and investments by the Company.

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

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

During the whole year the Board of Directors paid special attention to the cash flow development of the Company and the measures taken in order for the Company to complete the corporate reorganization proceedings. At the beginning of 2016 the Board of Directors conducted a self-evaluation of its operations and working methods.

Board Committees

In its organizational meeting held on 25 June 2015 the Board of Directors resolved that due to the nature and scope of the Company's operations and the small number of Board members the efficient performance of Board duties does not require the Remuneration Committee, Nomination and Governance Committee or the Sustainability Committee to be established for the time being. Therefore, as of 25 June 2015 the only Board committee

continuing its work has been the Audit Committee. The duties previously delegated to the other committees are attended to by the entire Board of Directors to the extent applicable in the current situation of the Company.

Audit Committee

The composition and chairing of the Audit Committee is reviewed and decided annually by the Board. Whilst the Audit Committee has been conferred upon several significant tasks relating to the Company's finances and governance under the Finnish Companies Act the board committees have no independent decision-making power, but rather concentrate on matters delegated to them on a broader basis for the purpose of issuing recommendations to the Board of Directors and to the General Meeting of Shareholders. The Audit Committee reports regularly on its work to the Board.

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

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

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

Since the Annual General Meeting of 2015, the Audit Committee has been chaired by Ms. Solveig Törnroos-Huhtamäki and its other members have been Mr. Tapani Järvinen and Mr. Stuart Murray.

In 2015 the work of the Committee has been affected by several exceptional circumstances. Talvivaara's financial statements for the financial year ended 31 December 2014 approved by the Board of Directors on 29 April 2015 were prepared on a basis other than going concern. The chosen reporting basis resulted from the existence of material uncertainty that casts significant doubt upon the Company's ability to realise its assets and discharge its liabilities in the normal course of business and from the lack of visibility on the Company's operational environment twelve months beyond the date of reporting.

During 2015 the Audit Committee paid special attention to gradually reducing human resources of the financial department and focused on overseeing that there are sufficient

resources in place to secure the appropriate financial reporting and risk management of the Company. The business environment of the Company and risks relating thereto have significantly changed following the bankruptcy of Talvivaara Sotkamo Ltd, as the Company has lost the control over or responsibility for the operations of the Sotkamo mine and as the business of the Company is currently significantly less complex.

During 2015, the Audit Committee met seven times. In addition, the dialogue between the management, the members of the Audit Committee and the auditor has been active throughout the year.

The Chief Executive Officer

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

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

The CEO of the Company is Mr. Pekka Perä.

Executive Committee

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

Following the bankruptcy of Talvivaara Sotkamo Ltd, the Company no longer has control over or responsibility for the operations at the Sotkamo mine. Currently the Company finances its operations by providing administrative and technical services and by leasing certain critical machinery and equipment to Terrafame Ltd which currently operates the Sotkamo mine. Thus the duties of the Executive Committee have changed following the bankruptcy of Talvivaara Sotkamo Ltd and the focus of the Executive Committee work has been on seeking solution for completing the corporate reorganization proceedings and on setting up a new foundation for the Company’s future business endeavors.

The current members of the Executive Committee are:

- Mr. Pekka Perä, CEO
- Mr. Pekka Erkinheimo, Deputy CEO
- Mr. Pertti Pekkala, Chief Technology Officer; and
- Mr. Lassi Lammasaari, Chief Corporate Development Officer.

Ms. Saira Miettinen-Lähde who had been the CFO of the Company and the Deputy CEO left the Company at the end of January 2015. Since February 2015 the finance department has reported to the new Deputy CEO Mr. Pekka Erkinheimo.

The Chief Human Resources Officer Maija Kaski resigned from her position on 17 June 2015 to pursue her career outside the Company. The Chief Sustainability Officer Eeva Ruokonen resigned from her position on 17 August 2015.

Corporate Reorganisation Process

The Company and Talvivaara Sotkamo applied for corporate reorganisation on 15 November 2013 by filing related applications with the District Court of Espoo, Finland. The District Court of Espoo took the decision to commence a corporate reorganisation process in respect of the Company on 29 November 2013 and in respect of Talvivaara Sotkamo on 17 December 2013. The District Court of Espoo appointed Mr. Pekka Jaatinen, Attorney-at-Law, from Castrèn & Snellman Attorneys to act as the Administrator in respect of the corporate reorganisation of both the Company and Talvivaara Sotkamo. In reorganisation proceedings governed by the Finnish Restructuring of Enterprises Act (47/1993, as amended), both the business operations and the debts of a company may be reorganised and restructured. As a result of such reorganisation, a company can either continue its operations or, if the reorganisation fails, initiate bankruptcy proceedings.

On 13 March 2015, the Administrator of the corporate reorganisation of the Company filed the final draft restructuring programme to the District Court of Espoo. The approval of the draft restructuring programme required inter alia express support from the necessary number of creditors. The creditors' voting procedure was completed on 6 May 2015 and the Administrator submitted the voting report on the outcome of the creditors' voting procedure to the District Court of Espoo on 25 May 2015. The Administrator's draft restructuring programme was supported by approximately 97.5 percent of the creditors of unsecured debt participating in the voting. In total, creditors whose receivables represent over 53 percent of all known debts recognized for the purposes of the voting procedure voted in favour of the draft restructuring programme. The requisite support from the creditors set forth in the Restructuring of Enterprises Act for the approval of the draft restructuring programme was thereby obtained.

The Annual General Meeting held on 25 June 2015 authorised the Board of Directors to resolve on the share issue of up to 4,500,000,000 new shares in aggregate in deviation from the pre-emptive subscription rights of the shareholders through one or several share issues to conduct the conversion of the unsecured restructuring debts. The decision made was one

of the special conditions set for the confirmation and entry into force of the draft restructuring programme.

The confirmation and entry into force of the draft restructuring programme is still subject to a number of conditions relating to inter alia the business and financing arrangements of the Company.

Despite the reorganisation proceedings, control over the business operations remains with the company except for certain decisions outside the ordinary course of business which require a consent of the Administrator. The basic rule of corporate reorganisation is that during the administration phase and before a reorganisation plan is adopted, the company's operations are continued in the same manner as before. The Administrator is entitled to participate in meetings of administrative organs of a company and to be heard there. During the reorganisation proceedings the Administrator has participated in most of the Board meetings.

Insiders

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

Permanent insiders (including both statutory and company specific insiders) may not trade in securities issued by the Company during closed periods. The Company follows the Insider Guidelines issued by NASDAQ OMX Helsinki (the "Finnish Insider Guidelines") but due to the Company's previous listing of shares on the Official List of the United Kingdom Listing Authority the Company has defined its closed periods as follows:

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

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

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

External auditor

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

The auditors are paid based on approved invoices. In 2015, the compensation for their services amounted to tEUR 19 in audit fees and tEUR 12 in non-audit fees. The auditor is responsible for auditing the Company's accounting records for the financial period, the financial statements and the review of the Board of Directors. In addition, Finnish law requires that the auditor also monitors the legality of the Company's administration.

The Company prepared the financial statements for the financial years ended 31 December 2014 and 31 December 2015, respectively, applying non-going concern principle. As a result, the Company among others provided the full amount of the guarantee liability given relating to Talvivaara Sotkamo Oy's obligations under the Zinc Streaming Agreement amounting to 203.4 million euro as a provision on the balance sheet in its financial statements for 2014. The Company decided to leave the full amount of the provision on the balance sheet also in its financial statements for 2015. The auditor of the Company has not been able to verify the existence or non-existence of the liability originating from the guarantee. Consequently, the auditor was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, the auditor did not express opinions on the Company's financial statements and the reports of the Board of Directors for the financial period ended on 31 December 2014 and 31 December 2015, respectively.

Dialogue with institutional and major shareholders

Due to the Company's corporate reorganisation proceedings and the uncertainties pertaining to the Company's future, the Company had little resources for maintaining its investor relations programme and the interest by analysts and investors towards the Company was also limited throughout 2015. However, dialogue with major shareholders continued and often also involved the Administrator.

Financial reports, releases, and other information about Talvivaara released in 2015 are available on the Company's website at www.talvivaara.com.

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

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

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

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

Control environment

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

Risk management

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

Following the bankruptcy of Talvivaara Sotkamo Ltd on 6 November 2014, the strategic and operational focus of the Company has substantially changed and the Company has lost the control over and responsibility for the Sotkamo mining operations. The risks relating to the operations of the Company have changed accordingly. Therefore, the enterprise risk management policy and other risk management practices of the former Talvivaara Group are no longer applicable as such either from the operational or the organizational point of view. An adequate risk management policy with focus on the risks relevant to the Company's future business shall be prepared should the Company complete the reorganisation proceedings and a new business strategy of the Company be established.

Control activities

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

For the time being, the previously applied controls continue to be applied to the extent applicable in the organizational and operational circumstances prevailing from time to time. Also, an additional layer of control has been introduced as part of the corporate reorganisation proceedings, during which Administrator's consent has been sought to all substantial transactions that are not considered part of the Company's day-to-day business.

For the time being special attention has been paid to the weekly cash flow forecasting and follow-up of the actual cash balance.

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

The effectiveness of the internal controls is overseen by the Board of Directors and operationally monitored by the management.

Talvivaara does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls. The current operational scope of the Company does, in the Board of Directors' view, not warrant establishment of an internal audit function.

APPENDIX: The Biographies of the members of the Board of Directors and the Executive Committee

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

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

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

Independent of the Company and significant shareholders

Other key positions of trust: Member of the Board of Directors of Normet Oy (since 2007), Member of the Board of Directors of Mustavaaran Kaivos Oy (since 2011), Member of the Board of the Directors (since 2014) and Chairman of the Board of directors of Crisolteq Oy (since 2016).

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

Pekka Perä

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

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

Other key positions of trust: Chairman of the Board of Directors of Privie Oy (since 2011) and Priven Oy (since 2011).

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

Stuart Murray

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

Non-Executive Director since April 2012, Deputy Chairman of the Board since June 2015

Independent of the Company and significant shareholders

Other key positions of trust:

Non-Executive Chairman of Sylvania Platinum Limited (since 2013), Executive Director of Luiri Gold Ltd (since 2015).

Primary experience: Chief Executive Officer of Aquarius Platinum Limited (2001 to 2012), Chairman of Mimosa Mining Company (Pvt) Limited (2004 to 2012), Chairman of Mimosa Investments Ltd. (2004 to 2012), Director of Aquarius Platinum Corporate Services (SA) (Pty) Limited (2004 to 2012), Executive Chairman of Aquarius Platinum (SA) (Pty) Limited (2004 to 2012), Non – executive director of Signature Metals Limited (ASX listed gold miner) (2008 to 2011), Non – executive director of Simmer and Jack Mines Limited (JSE listed gold miner) (2007 to 2009 and 2010 to 2011), Managing Director of Aquarius Platinum (SA) (Pty) Limited (2001 to 2003), Managing Director of Kroondal Platinum Mines Limited (2001 to 2003), Chief Operating Officer at Impala Refining Services (Pty) Limited (1997 to 2001), various positions at Impala Platinum Limited – Refineries & Head Office, Middelburg Steel and Alloys, Barplats Refineries and Rand Mines (1984 to 2001).

Solveig Törnroos-Huhtamäki

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

Non-Executive Director since June 2014, Chairman of the Audit Committee since June 2015

Independent of the Company and significant shareholders

Other key positions of trust: Member of the Board of Finnish Hospital Clowns Association (since 2015), Member of the Business unit of Otso Forest Services and Chairman of the Audit Committee (since 2014).

Primary experience: Member of the Board of Directors and Chairman of the Audit Committee of Destia Group Oyj (2014 – 3/2016), Member of the Board and Audit Committee of Destia Oy (2009-2014), and Member of the Board and Chairman of the Risk management steering committee of KPMG Oy Ab (2002-2006), Authorized Public Accountant (1986 – 2010), Audit Partner (1989 to 2009) and Member of Management Board (various senior business and risk management positions 1991 to 2002) of KPMG Oy Ab. Auditor (1979 to 1986) in Price Waterhouse Oy.

Kari Järvinen

Born 1962, MSc (IEM), MBA, INSEAD France
Non-Executive Director since June 2015

Independent of the Company

Other key positions of trust: Chairman of the Shareholders' Nomination Panel of Stora Enso Oyj (since 2015), Elisa Oyj (since 2015), Metso Oyj (since 2015), Valmet Oyj (since 2015), Outotec Oyj (since 2012) and Outokumpu Oyj (since 2009), Member of the Shareholders' Nomination Panel of Metso Oyj (since 2009), SSAB AB (since 2014), Valmet Oyj (since 2014), Kemira Oyj (since 2009), Telia Sonera AB (since 2009) and Tieto Oyj (since 2009).

Primary experience: Managing Director of Solidium Oy (2009-), Managing Director of Mandatum & Co Oy (2003-2007), Director in Mandatum Bank Oy and Mandatum & Co Oy (1995-2003), Consultant in McKinsey & Company (1992-1995), Development Manager in Sanoma Group (1987-1991)

EXECUTIVE COMMITTEE***Pekka Perä***

CEO and Executive Director

Pekka Erkinheimo

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

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

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

Pertti Pekkala

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

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

Primary Experience: Joined Talvivaara in 2011, prior to joining the Company he held several technical and management positions at Outotec Oyj and its predecessor Outokumpu Research

Oy (1995 to 2011) in international exports and technology projects. Before being appointed Chief Technology Officer Mr. Pekkala was Chief Production Officer Jan 2013 – Dec 2013, General Manager Research and Development 2011 – 2012.

Lassi Lammassaari

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

Mr. Lammassaari leads the Company's corporate development projects.

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