

ARTICLES OF ASSOCIATION OF TALVIVAARA MINING COMPANY PLC**1§ Name and Domicile of the Company**

The name of the Company is Talvivaaran Kaivososakeyhtiö Oyj and its domicile is Sotkamo. The parallel trade name of the Company in English is Talvivaara Mining Company Plc.

2 § Line of business of the Company

The line of business of the Company is to engage in ore exploration, exploitation, excavation and other mining activities as well as in the sale and purchase of mining rights. The Company may also attend to the organisation, financing and purchases of the group of companies and to other joint tasks of the same kind, and it may own real estate, shares and participations and carry on securities trading and other investment business. The Company operates either directly or through subsidiaries.

3 § Minimum and maximum share capital of the Company

The minimum share capital of the Company is EUR 80,000 and the maximum share capital is EUR 1,000,000.00. The share capital can be increased or decreased within the minimum and maximum share capital without amending the Articles of Association.

4 § Shares belonging to the book-entry system

The company's shares are entered in the book-entry system after the registration date set by the Company.

5 § Board of Directors

- 5.1 The Company has a Board of Directors, which consists of from three to twelve (3-12) ordinary members. The Board of Directors is quorate when more than half of the Directors appointed by the General Meeting are present. If the number of Directors appointed by the General Meeting decreases for whatever reason, the remaining Directors shall convene a General Meeting to appoint an additional Director or Directors. Should the number of Directors decrease so that the Board of Directors do not anymore constitute a quorum, the remaining Director or Directors shall apply for authorization from the County Government to convene a General Meeting to appoint an additional Director or Directors. Any additional Director appointed shall hold office (subject to these Articles) only until the dissolution of the Annual Shareholders' Meeting next following such appointment unless he is re-appointed during such meeting.
- 5.2 Subject to these Articles, Directors shall be appointed by a simple majority of votes cast at the General Meeting. The Board of Directors shall elect the Chairman amongst the Directors.
- 5.3 The term of the Directors shall end with the conclusion of the Annual General Meeting following the appointment of the Director.
- 5.4. A Director who retires at an Annual Shareholders' Meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

- 5.5 Without prejudice to the provisions in these Articles for retirement the office of a Director shall be vacated if:
- (i) he resigns by notice in writing delivered to the Company's registered office or tendered at a Board meeting;
 - (ii) he only held office as a Director for a fixed term and such term expires;
 - (iii) he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to these Articles or the Act or becomes prohibited by law from being a Director;
 - (iv) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement under any legislation relating to insolvency;
 - (v) an order is made by any court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any legislation relating to mental health and the Board resolves that his office be vacated;

6 § Restriction on the Borrowing Powers of the Board of Directors

- 6.1 Subject as hereinafter provided, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and, subject to the provisions of the Act and every other statutory or subordinate legislation (wherever enacted) for the time being in force concerning companies and affecting the Company ("Statutes"), to issue debentures, debenture stock, and other debt securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 6.2 The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Group (which expression in this Article means the Company and its subsidiary undertakings for the time being) and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of a simple majority of votes cast (an "Ordinary Resolution") at the General Meeting, exceed the sum of capital and reserves recorded on the latest adopted balance sheet of the Company multiplied by two, or in the event that the amount so calculated is less than €600 million, a sum of €600 million.
- 6.3 For the purpose of the foregoing limit "monies borrowed" shall be deemed to include the following except in so far as otherwise taken into account (together in each case with any fixed or minimum premium payable on final redemption or repayment):
- (a) the principal amount for the time being owing (other than to a member of the Group) in respect of any loan capital, whether secured or unsecured, issued by a member of the Group in whole or in part for cash or otherwise;
 - (b) the principal amount raised by any member of the Group by acceptances or under any acceptance credit opened on its behalf by any bank or accepting house other than acceptances relating to the purchase of goods in the ordinary course of trading and outstanding for not more than 120 days;
 - (c) the nominal amount of any issued share capital, and the principal amount of any monies borrowed or other indebtedness, the redemption or repayment of which is guaranteed or secured or is

the subject of an indemnity given by any member of the Group and the beneficial interest in the redemption or repayment of which is not owned within the Group; and

(d) the nominal amount of any issued share capital (not being equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) of any subsidiary undertaking of the Company owned otherwise than by other members of the Group,

but "monies borrowed" shall not include and shall be deemed not to include:

(i) amounts borrowed for the purpose of repaying the whole or any part (with or without premium) of any monies borrowed by any member of the Group then outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and

(ii) the proportion of the excess outside borrowing of a partly owned subsidiary undertaking which corresponds to the proportion of its equity share capital which is not directly or indirectly attributable to the Company and so that, for this purpose, the expression "excess outside borrowing" shall mean so much of the monies borrowed by such partly owned subsidiary undertaking otherwise than from members of the Group as exceeds the monies borrowed (if any) from and owing to it by other members of the Group.

When the aggregate amount of monies borrowed required to be taken into account for the purposes of this Article on any particular day is being ascertained, any of such monies denominated or repayable (or repayable at the option of any person other than the Company or any subsidiary undertaking) in a currency other than Euros shall be translated, for the purposes of calculating the Euro equivalent, at the rate(s) of exchange prevailing on that day in Helsinki, or on the last business day six months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange prevailing shall be taken as the spot rate in Helsinki quoted at or about 11.00am on the day in question by a Helsinki clearing bank, approved by the Directors, as being the rate for the purchase by the Company of the currency and the amount in question for Euro).

- 6.4 A certificate or report by the Auditors as to the amount of the limit in Article 6.2 or the aggregate amount of monies borrowed falling to be taken into account under Article 6.3 or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times or during any period shall be conclusive evidence of such amount or fact for the purposes of this Article.
- 6.5 No lender or other person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or inquire whether the said limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the said limit has been or would thereby be exceeded.
- 6.6 In this Article "subsidiary undertaking" means a subsidiary undertaking of the Company which is required by the Statutes to be included in consolidated group accounts and "Group" shall mean the Company and its subsidiary undertakings from time to time.

7 § **Managing Director**

The Company shall have a Managing Director who is appointed by the board.

8 § Committees

The company has the following committees for which the Board of Directors will establish the number of members, the detailed tasks and rules of procedure.

(a) The company shall have an audit committee consisting of at least two (2) members from amongst the company's directors and the Chairman of the Board of Directors, with the task to supervise and develop the internal audit of the company and to advise and make recommendations to the Board of Directors and the shareholders' meeting on issues related thereto.

(b) The company shall have a nomination committee consisting of at least two (2) members from amongst the company's directors. The task of the nomination committee is, in cooperation with the Board of Directors, to supervise and develop the nomination of new members of the Board of Directors and to advise and make proposals to the Board of Directors and the shareholders' meeting on issues related to the composition and nomination of the Board of Directors.

(c) The company shall have a remuneration committee consisting of at least two (2) members from amongst the company's directors and the chairman of the Board of Directors. The committee's task is to supervise, follow up and develop the remunerations paid to the members of the Board of Directors and to supervise, follow up and develop any other remuneration or reward system of the company. The remuneration committee shall make the needed proposals to the Board of Directors and the shareholders' meeting regarding any remuneration or reward system.

9 § Signing for the Company

Those authorized to sign for the company are the Board of Directors, the Chairman of the Board together with a member of the Board, two members of the Board together, and the Managing Director alone and together with the Chairman or a member of the Board. The authorization covers also those persons who the Board of Directors has separately authorized to sign for the company. The Board of Directors can authorise one of its members or a third person to sign for the Company.

10 § Auditors of the Company

The auditor of the Company is an auditing corporation approved by the Finnish Central Chamber of Commerce.

The term of office of the auditor continues until further notice.

11 § Accounting Period

The accounting period of the Company begins on 1 January and ends on 31 December.

12 § Convening the Shareholders' Meeting

- 12.1 The shareholders are convened to the Annual or Extraordinary Shareholders' Meeting by a notice sent at the earliest three (3) months and at the latest twenty-one (21) days before the meeting, however, at the minimum nine (9) days before the record date of the Shareholders' meeting. The notice convening the meeting must be delivered by a newspaper announcement, which is published in at least one (1) newspaper published in the area of Kainuu, in one (1) newspaper published in the area of Helsinki, and in one (1) national newspaper published in the United Kingdom such newspapers to be chosen by the Board of Directors. If the announcements are published in different newspapers on different days, notice of the meeting shall be deemed to have been given on the latest such publication date.

12.2 To be allowed to take part in a shareholders' meeting a shareholder must register with the company at the latest by the date mentioned in the notice convening the meeting and which date may not be earlier than ten (10) days before the shareholders' meeting. After the shares have been entered in the book-entry system the additional provisions in the Companies Act regarding the right to take part in the shareholders' meeting have to be followed.

12.3 The shareholders' meeting shall be held either in the corporate seat of the company or in Helsinki or Espoo.

13 § Annual Shareholders' Meeting

The Annual Shareholders' Meeting shall be held annually on the date determined by the Board of Directors within six months from the date on which the accounting period of the Company ended. At the meeting the following

shall be presented

- the annual accounts consisting of the profit and loss account, the balance sheet and the annual report,
- the auditing report,

shall be decided upon

- the adoption of the profit and loss account and the balance sheet,
- the measures to be taken due to the profit or loss shown on the adopted balance sheet,
- discharge of liability to the members of the Board of Directors and the Managing Director
- the remuneration of the members of the Board of Directors and the auditors,
- the number of members of the Board of Directors

elections shall be made

- the members of the Board of Directors,
- an auditor, if necessary

shall be dealt with

- any other matters notified separately in the notice of meeting.

14 § Deviation from the Pre-emptive Rights of the Shareholders

A decision to deviate from the shareholders' pre-emptive rights is valid only if three quarters of the shares represented and votes cast at the shareholders' meeting has supported the decision.

15 § Disclosure Notices

In addition to what has been stipulated elsewhere on disclosure of shareholdings, a holder of any interest in the company's shares, securities carrying rights entitling to shares and holders of depository receipts or interests (jointly the "security holder") has the obligation to notify the company in writing of the nature of his interest and/or level of his ownership when so requested by the Board of Directors within a time limit specified in such request, which shall not be less than one (1) week.

When calculating the portion of holdings, the portion of holdings of a security holder shall include the portion of holdings in an organization or foundation controlled by the security holder, the portion of

holdings of the security holder, or an organization controlled by the security holder, of a pension foundation or pension fund as well as other portions of holdings which the security holder alone or under a contract with a third party or otherwise controls.