

**PROPOSAL BY THE REMUNERATION COMMITTEE FOR
REMUNERATION TO THE BOARD OF DIRECTORS**

The Remuneration Committee proposes that the annual fee payable to the members of the Board of Directors for the term until the close of the Annual General Meeting in 2012 be increased with respect to the chairmanships and be as follows: Chairman of the Board of Directors EUR 160,000 (EUR 153,000 in 2010), Deputy Chairman (Senior Independent Director) EUR 69,000 (EUR 64,000 in 2010), Chairman of the Audit Committee EUR 69,000 (EUR 64,000 in 2010), Chairman of the Nomination Committee EUR 53,000 (EUR 48,000 in 2010), Chairman of the Remuneration Committee EUR 53,000 (EUR 48,000 in 2010), Chairman of the Sustainability Committee¹ EUR 53,000, other Non-executive Directors and Executive Directors EUR 48,000 (EUR 48,000 in 2010). The remuneration of the Executive Directors is included in their base salary, and it is not paid out separately. To the extent a member of the Board has several positions, such member is entitled only to one (the highest) annual fee payable among such positions while the other fee(s) is/are forfeited.

The Remuneration Committee considers the above mentioned increases justified as the size and complexity of the Company's operations as well as the amount of work and time needed in relation to planning, preparing and controlling the implementation of Group strategy have increased. The fees of the members of the Board of Directors of Talvivaara have not been revised since 2008.

Espoo, 23 March 2011

The Board of Directors, Remuneration Committee

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¹The Board of Directors has established the Sustainability Committee and it shall start its work in 2011.