

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY AND REGISTRATION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** It contains the Resolutions to be voted on at an Annual General Meeting of Talvivaara Mining Company Plc (the “Company”) to be held on 12 June 2014. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or otherwise transferred all of your Shares, please send this document, together with the accompanying Form of Proxy and Registration Form, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or transfer or have sold or otherwise transferred part of your holding of Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below. For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Resolutions, see “Risk Factors”.

---

## **TALVIVAARA MINING COMPANY PLC**

*(Incorporated and registered in the Republic of Finland with business identity code 1847894-2)*

**Customary AGM agenda items,  
Corporate reorganisation application,  
Cancellation of listing of Shares on the Official List,  
Amendment of the Articles of Association,  
Share issue to the Company without consideration,  
Authorisation to resolve on the conveyance of the treasury Shares,  
Authorisation to resolve on the repurchase of the treasury Shares  
and  
Circular and Notice of the Annual General Meeting**

---

**The Notice of the AGM to be held at 11:00 a.m. (Finnish time) on 12 June 2014 in Sotkamo at Hotel Holiday Club Katinkulta, at Katinkullantie 15, FI-88610 Vuokatti, Finland is set out at the end of this document. See “Letter from the Chairman of Talvivaara Mining Company Plc” for more detailed information on actions that should be taken by CDI Shareholders in order to attend and vote at the Annual General Meeting.**

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore.

The distribution of this document in jurisdictions other than Finland and the United Kingdom may be restricted by law and, therefore, persons into whose possession this document and/or the accompanying Form of Proxy and/or Registration Form comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption therefrom. The Company has not registered and does not intend to register any of the Shares under the Securities Act. No Shares will be offered or sold to the public in the United States.

This document has been issued by and is the sole responsibility of the Company.

Except as otherwise indicated, capitalised terms have the meaning ascribed to them in “Definitions”.

This document is dated 14 May 2014.

## TABLE OF CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS .....	1
DIRECTORS AND ADVISERS.....	2
DEFINITIONS.....	3
LETTER FROM THE CHAIRMAN OF TALVIVAARA MINING COMPANY PLC .....	5
RISK FACTORS.....	16
NOTICE OF THE ANNUAL GENERAL MEETING .....	17
REGISTRATION FORM.....	22
FORM OF PROXY .....	24
APPENDIX 1: AMENDED ARTICLES OF ASSOCIATION.....	27

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document and the Form of Proxy and Registration Form.....	14 May 2014
Latest time and date for receipt of Forms of Proxy and Registration Forms .....	4:00 p.m. (UK time) on 2 June 2014
Annual General Meeting .....	11:00 a.m. (Finnish time) on 12 June 2014
Cancellation of listing of the Shares on the Official List .....	10:00 a.m. (Finnish time) on or about 14 July 2014

## **DIRECTORS AND ADVISERS**

### **Directors**

Tapani Järvinen (*Chairman of the Board*)  
Pekka Perä (*Chief Executive Officer and Executive Director*)  
Graham Titcombe (*Non-Executive Director*)  
Edward Haslam (*Non-Executive Director*)  
Eileen Carr (*Non-Executive Director*)  
Stuart Murray (*Non-Executive Director*)  
Maija-Liisa Friman (*Non-Executive Director*)

### **Registered Office**

Ahventie 4 B 47  
FI-02170 Espoo  
Finland

### **Legal Advisers to the Company**

	White & Case LLP
Eteläranta 14	5 Old Broad Street
FI-00130 Helsinki	London EC2N 1DV
Finland	United Kingdom

### **Registrars**

Computershare Investor Services (Jersey) Limited  
Queensway House  
Hilgrove Street  
St. Helier  
Jersey, JE1 1ES

### **Financial PR**

Instinctif Partners  
65 Gresham Street  
London, EC2V 7NQ  
United Kingdom

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Administrator” .....	Mr. Pekka Jaatinen, Attorney-at-Law, from Castrèn & Snellman Attorneys Ltd acting as the administrator in respect of the corporate reorganisation of the Company and Talvivaara Sotkamo.
“Agreement” .....	A loan and streaming holiday agreement entered into by and among the Company, Talvivaara Sotkamo and Nyrstar on 1 April 2014.
“Annual General Meeting” or “AGM” .....	The annual general meeting of the Company convened for 12 June 2014 by the notice set out at the end of this document (and any adjournment thereof).
“Articles Amendment Resolution” .....	The resolution to amend the Articles of Association as set out in Section 17 of the Notice of the AGM. An English translation of the proposed new Articles of Association has been set out in Appendix 1 to this document.
“Articles of Association” .....	The articles of association of the Company.
“Board” or “Directors” .....	The board of directors of the Company.
“CDI” .....	CREST depositary interest.
“CDI Shareholders” .....	The holders of any of CDIs of the Company from time to time.
“CEO” .....	Chief Executive Officer.
“Company” .....	Talvivaara Mining Company Plc.
“Convertible Bonds” .....	The convertible bonds issued by the Company on 16 December 2011 and due on 16 December 2015 that can be converted into Shares.
“Corporate Reorganisation Resolution” .....	The resolution to continue the corporate reorganisation application in respect of the Company as set out in Section 15 of the Notice of the AGM.
“CREST” .....	The computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as from time to time amended.
“Customary AGM Resolutions” .....	The resolutions on the matters that must be considered at the Annual General Meeting pursuant to the Finnish Companies Act as set out in Sections 7 to 14 of the Notice of the AGM.
“Delisting Resolution” .....	The resolution to authorise the Board to cancel the listing of the Shares on the Official List and remove such Shares from trading on the Main Market as set out in Section 16 of the Notice of the AGM.
“Euroclear Finland” .....	Euroclear Finland Ltd.
“Finnish Companies Act” .....	The Finnish Companies Act (624/2006, as amended).

“Form of Proxy” .....	The form of proxy set out at the end of this document pursuant to which a CDI Shareholder may appoint Nordea Bank Finland Plc, a Finnish account operator, as its attorney to participate in the AGM (or any adjournment thereof).
“Helsinki Stock Exchange” .....	NASDAQ OMX Helsinki Ltd.
“Listing Rules” .....	The listing rules made by the UK Listing Authority under Part VI of Financial Services and Markets Act 2000.
“London Stock Exchange” .....	London Stock Exchange plc.
“Main Market” .....	The London Stock Exchange’s main market for listed securities.
“Notice of the AGM” .....	The notice of the Annual General Meeting, which is set out at the end of this document.
“Nyrstar” .....	Nyrstar Sales and Marketing AG.
“Official List” .....	The official list maintained by the UK Financial Services Authority in accordance with Section 74(1) of the UK Financial Services Act 2000, as amended.
“Options” .....	The options to subscribe for Shares issued by the Company.
“Registrars” .....	Computershare Investor Services (Jersey) Limited.
“Registration Form” .....	The registration form that is set out at the end of this document, which must be completed and signed if a CDI Shareholder wishes to participate in the AGM.
“Reorganisation Act” .....	The Finnish Corporate Reorganisation Act (47/1993, as amended).
“Resolutions” .....	The Corporate Reorganisation Resolution, the Delisting Resolution, the Articles Amendment Resolution, the Share Issue Resolution, the Share Conveyance Resolution, the Share Repurchase Resolution and the Customary AGM Resolutions.
“Securities Act” .....	The U.S. Securities Act of 1933, as amended.
“Share Conveyance Resolution” .....	The resolution to authorise the Board to decide on the conveyance of treasury Shares as set out in Section 19 of the Notice of the AGM.
“Share Issue Resolution” .....	The resolution to decide on a share issue to the Company without consideration as set out in Section 18 of the Notice of the AGM.
“Share Repurchase Resolution” .....	The resolution to authorise the Board to decide on the repurchase of the treasury Shares as set out in Section 20 of the Notice of the AGM.
“Shareholders” .....	The holders of any Shares, including CDI Shareholders, from time to time.
“Shares” .....	The ordinary shares, without par value, in the Company.
“Talvivaara” .....	The Company and its subsidiaries.
“Talvivaara Sotkamo” .....	Talvivaara Sotkamo Ltd.

**LETTER FROM THE CHAIRMAN OF TALVIVAARA MINING COMPANY PLC**

**TALVIVAARA MINING COMPANY PLC**

*(Incorporated and registered in the Republic of Finland with business identity code 1847894-2)*

*Directors:*

Tapani Järvinen *(Chairman of the Board)*  
Pekka Perä *(Chief Executive Officer and Executive Director)*  
Graham Titcombe *(Non-Executive Director)*  
Edward Haslam *(Non-Executive Director)*  
Eileen Carr *(Non-Executive Director)*  
Stuart Murray *(Non-Executive Director)*  
Maija-Liisa Friman *(Non-Executive Director)*

*Registered Office:*

Ahventie 4 B 47  
FI-02170 Espoo  
Finland

14 May 2014

*To Shareholders and, for information only, to the holders of Options and Convertible Bonds*

Dear Shareholder,

**Customary AGM agenda items,**

**Corporate reorganisation application,**

**Cancellation of listing of Shares on the Official List,**

**Amendment of the Articles of Association,**

**Share issue to the Company without consideration,**

**Authorisation to resolve on the conveyance of the treasury Shares,**

**Authorisation to resolve on the repurchase of the treasury Shares**

**and**

**Notice of the Annual General Meeting**

**1. Introduction**

On 10 October 2013, the Company announced that, as the market price of nickel had declined by more than 20 per cent since the first quarter of 2013 and as Talvivaara's production had continued to be impacted by the prolonged effects of excess water on older ore heaps, Talvivaara's liquidity position had weakened more than anticipated. In addition, on 7 November 2013, Talvivaara announced in its interim report for the nine months ended 30 September 2013 that it was in advanced discussions with certain stakeholders concerning a financing solution that would address Talvivaara's current liquidity needs. On 15 November 2013, the Company announced that it had become evident as a result of such discussions that additional liquidity would not be available for Talvivaara as part of a voluntary restructuring. Therefore, the Company and its operating subsidiary Talvivaara Sotkamo applied for a 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 has appointed Mr. Pekka Jaatinen, Attorney-at-Law, from Castrèn & Snellman Attorneys Ltd to act as the Administrator in respect of the corporate reorganisation of the Company and Talvivaara Sotkamo. The positive turn in the nickel market since the early part of 2014 has improved Talvivaara's situation and, together with the loan and streaming holiday agreement that was entered into with Nyrstar in early April 2014, in the short term enables the continuation of the Company's and Talvivaara Sotkamo's corporate reorganisation, facilitates a faster re-commencement of the ore production and enables Talvivaara to continue to explore the options of identifying potential investor(s) to participate in a long-term, overall financial solution for Talvivaara.

The Company has today convened the AGM to be held on 12 June 2014. In addition to customary AGM agenda items that must be considered at the Annual General Meeting pursuant to the Finnish Companies Act and the proposed continuation of the corporate reorganisation application of the Company, the Board proposes the cancellation of the listing of the Shares on the Official List of the London Stock Exchange and remove such Shares from trading on the Main Market. The Board also proposes that the Annual General Meeting would, with a 75 per cent majority, resolve to amend the Articles of Association in such a manner that the amended Articles of Association would be in a form customary for Finnish companies the shares of which are listed on the Helsinki Stock Exchange.

Furthermore, the Board proposes that the Annual General Meeting would decide on a share issue to the Company without consideration and would resolve to authorise the Board to decide on the conveyance of treasury Shares and to authorise the Board to decide on the repurchase of the treasury Shares.

The purpose of this document is to explain the background to and reasons for the Resolutions. Furthermore, except as stated below, the purpose of this document is to (i) explain why the Board unanimously considers the Resolutions to be in the best interests of Shareholders as a whole; and (ii) present the recommendation of the Board that you vote in favour of the Resolutions as, in its opinion, the Resolutions are in the best interests of Shareholders as a whole. However, due to the conflict of interest provisions included in the Finnish Companies Act, the Directors may not vote in favour of the resolution regarding the discharge of the Directors and the CEO from liability. Accordingly, the Directors express no view whether or not the Shareholders should vote in favour of such resolution regarding the discharge of the Directors and the CEO from liability.

## **2. Details of the Corporate Reorganisation**

The Board proposes that the Annual General Meeting would, pursuant to the Finnish Companies Act, with a majority of more than one-half of the votes cast, resolve to continue the corporate reorganisation application of the Company. The district court of Espoo, Finland, decided to commence the corporate reorganisation process in respect of the Company on 29 November 2013 based on the application of the Board. Generally, the Finnish Companies Act requires that a general meeting of shareholders of a Finnish company resolves on the submission of an application for a corporate reorganisation, but the board of directors may also resolve upon the matter if it is urgent. The Board resolved to apply for the corporate reorganisation of the Company because of the urgency of the distressed financial situation of Talvivaara and because of the timing requirements related to the convening of a general meeting of shareholders. Pursuant to the Finnish Companies Act, if the board of directors of a Finnish company has applied for a corporate reorganisation of the company, the board of directors must convene a general meeting of shareholders to resolve upon the continuation of the corporate reorganisation application.

In reorganisation proceedings governed by the Reorganisation Act, both the business operations and the debts of a company may be reorganised and restructured. As a result of such reorganisation, a company can continue its operations or, if the reorganisation fails, initiate bankruptcy proceedings. Despite the reorganisation proceedings, control over the business operations remains with the debtor except for certain decisions outside the ordinary course of business which require a consent of the administrator or administrators. During the administration phase before a reorganisation plan is adopted, the debtor's operations are continued in the same manner as before.

The Board believes that bankruptcy proceedings of either the Company or Talvivaara Sotkamo would have a material value destroying effect and, therefore, would not be in the best interest of the Company, the Shareholders and other stakeholders of the Company. In bankruptcy proceedings all assets of the Company and Talvivaara Sotkamo would likely be transferred to the control of the creditors and used for the payment of bankruptcy debts. Bankruptcy proceedings would also endanger the employment of the employees of Talvivaara and of many of its suppliers and contractors. In addition, the environmental impact of a bankruptcy would be difficult to manage because the continuation of the metals recovery operations at the Sotkamo site could be jeopardised, which, in turn, could have an adverse environmental impact due to the nature of the production process.

The Board believes that, under the circumstances, corporate reorganisation proceedings and the possibility of continued production at the Sotkamo site will best facilitate water treatment and other environmental clean-up and will also provide the best possibility to preserve value for various stakeholders as compared to bankruptcy proceedings. In a bankruptcy situation, the Directors consider that it is unlikely that there would be any return to Shareholders and it is possible that the return to creditors would be less than the value that could be obtained from the business as a going concern. In addition, the employees of Talvivaara would be more likely to lose their jobs and the Company would have neither the financial nor the operational resources to manage the environmental situation of the Sotkamo site.



On 1 April 2014, the Company and Talvivaara Sotkamo entered into a loan and streaming holiday agreement with Nyrstar. Under the Agreement, Nyrstar makes available to Talvivaara a loan facility of up to EUR 20 million. Nyrstar makes the facility available in several tranches with the amount of each advance calculated with reference to a corresponding delivery by Talvivaara Sotkamo of zinc in concentrate under the original zinc streaming agreement of February 2010. In the short term, the Agreement enables the continuation of the Company and Talvivaara Sotkamo's corporate reorganisation and the process, whereby Talvivaara explores the options of identifying potential investor(s) to participate in a long-term, overall financial solution. Subject to Talvivaara securing the overall financial solution, the Company also has an option to enter into a streaming holiday for delivery volumes of up to 80,000 tonnes of zinc in concentrate. During the streaming holiday, Nyrstar commits, outside the framework of the original contract, to purchase zinc concentrate from Talvivaara at market terms. The streaming holiday, if used in full, has a significant additional financing impact for the Company. In return for the holiday, the value sharing mechanism of the original zinc streaming agreement will be amended to reduce on a pro rata basis such that, if the full holiday period is elected, the value sharing mechanism thereafter becomes nil. When applied, the value sharing mechanism allows Talvivaara to receive a cash consideration for its deliveries that is higher than the extraction and processing fee determined in the zinc streaming agreement. Nyrstar's obligation to extend financing under the loan facility will cease at the earlier of the aggregate amount outstanding including accrued interest exceeding EUR 20 million or the commencement of a streaming holiday. The zinc concentrate deliveries entitling Talvivaara to the full loan amount are estimated to be made during the remainder of 2014.

The Agreement addresses Talvivaara's current financing needs and reduces the overall funding gap of the Company prior to reaching sustainable positive cash flow, and also demonstrates continued commitment by Nyrstar and Talvivaara to co-operate under the zinc streaming agreement. In the short term, the Agreement, together with the significant increase in the price of nickel in 2014, enables the continuation of the Company's and Talvivaara Sotkamo's corporate reorganisation, facilitates a faster re-commencement of the ore production and enables Talvivaara to continue to explore the options of identifying potential investor(s) to participate in a long-term, overall financial solution.

The operational outlook for Talvivaara is greatly dependent on the success to closing, timing and extent of the short- as well longer-term financing solutions currently under preparation. With the Company's liquidity position allowing, the key operational priority is to start reclaiming old primary heaps 2 and 3 as soon as possible, preferably during the second quarter of 2014. Moving these heaps to the secondary pad will allow the so far poorly leached ore to be reconditioned and for leaching to be restarted. There is significant unleached nickel in these two heaps, which will improve production in the coming months prior to leaching from any newly mined and stacked ore can start contributing to production. The Company plans to re-start mining in July 2014, provided sufficient financing is in place at the time. Operationally, Talvivaara believes the pre-requisites for continued production ramp-up are in place with substantial improvements having been made over the recent months in bioheapleaching, as well as in mining and materials handling prior to their suspension in November 2013. Furthermore, the metals plant is currently operating uneventfully.

At the initiation of the reorganisation proceedings, the district court appoints one or more administrators. The central task of the administrator is to draw up a proposal for a reorganisation plan in collaboration with the various parties within a time limit set by the district court. An important part of the reorganisation plan is the payment arrangements for debts. In the reorganisation plan, debts may be restructured in any of the following ways: (i) through changing the payment schedule; (ii) applying payments made by the debtor first in amortisation of the principal amount of the debt and only thereafter as payments of other debt related costs, such as interest; (iii) reducing debt related costs, including the interest rate; and (iv) reducing the amount of the unpaid debt.

The Reorganisation Act does not include provisions for conversion of debts into equity. However, based on the Finnish corporate reorganisation practice, a reorganisation plan may include a conversion of debts into equity subject to separate terms. Any such conversion would, pursuant to the Finnish Companies Act, require separate corporate resolutions by the company's board of directors and general meeting of shareholders and the Corporate Reorganisation Resolution does not enable any such conversion.

The District Court of Espoo has issued rulings in respect of certain deadlines in connection with the Company and Talvivaara Sotkamo's respective corporate reorganisations. According to the Court's ruling, the Administrator's reports on the financial status of both companies were completed on 14 April 2014, declaring that in the Administrator's view, an executable reorganisation programme can be set up for both companies, provided that financing solutions for an interim period and for the longer term are achieved. Proposals for both companies' respective reorganisation plans are due to be submitted by the Administrator by 28 May 2014. The Administrator can apply for an extension for such time limit if there are special grounds for it. Furthermore, in connection with both corporate reorganisations, the District Court of Espoo has appointed creditor committees, which act as the joint

representatives of the creditors in the reorganisation proceedings. Various creditor groups, including secured creditors, other debt financiers, as well as business partners and subcontractors essential for the operations of both companies, are represented in the creditor committees appointed by the Court. The creditor committees of the Company and Talvivaara Sofkamo each have the same composition.

Only so-called restructuring debts are subject to restructuring measures imposed by a reorganisation plan – restructuring debts are debts that have come into existence (the basis of which has arisen) prior to the filing for the reorganisation process. As at 13 May 2014, such restructuring debts of Talvivaara amounted to approximately EUR 620 million, of which restructuring debts of the Company amounted to approximately EUR 430 million. Such amount does not include internal debt receivables, but it includes advance payments received from Cameco Corporation. The status of Cameco Corporation's debt will be further discussed between the Administrator and Cameco Corporation. Such amount may still increase because Talvivaara may not yet have received all invoices that relate to the time period preceding the filing for the reorganisation process. The commencement of a reorganisation process does not result in all the debts of the relevant debtor becoming due and payable. Any debts that are not considered restructuring debts are to be repaid in accordance with their original terms.

In the event that debts are restructured by changing their payment schedule, the debt maturities would typically be extended for all the creditors in the same class until the same maturity date (although certain limitations as to the maximum extension apply in respect of secured debt and smaller receivables may be paid in a lump sum without extending their maturities).

For the purposes of voting on the approval of a restructuring plan, the creditors are divided into different groups based on the ranking or nature of their receivables (pledge holders, floating charge holders, unsubordinated and unsecured creditors, holders of statutory receivables that are enforceable without a judgment, and creditors of last ranking (statutory subordinated debt including e.g., subordinated bonds, and capital loans under Finnish Companies Act)).

As a rule, a majority of each group of creditors must approve the reorganisation plan. A majority is deemed to exist when the reorganisation plan has been supported by more than one-half of the creditors participating in the voting in each creditor group and the combined aggregate principal amount owed to such creditors represent more than one-half of the total amount owed to the creditors of such group participating in the voting. The creditors of last ranking are not entitled to vote, if the creditors of higher ranking do not receive full payment to their receivables or their rights otherwise are impaired (as typically is the case).

A reorganisation plan can be approved without a majority in each group of creditors entitled to vote if the aforementioned majority of at least one group of creditors has voted in favour of such plan, and the combined aggregate amount of receivables of the creditors who have voted in favour of the reorganisation plan constitute at least one-fifth of the total amount of receivables of the creditors entitled to participate in the voting. A further requirement is that certain general restrictions for the approval of a reorganisation plan are not present. Such general restrictions include, *inter alia*, that secured creditors are entitled to receive a full payment on the secured debt measured at the fair market value of the security at commencement of the proceedings, and that the repayment period of such secured debt shall not be substantially longer than the remaining maturity, and if such secured debt has fallen due, no longer than one-half of the original maturity.

As at the date of this document, the reorganisation plans of the Company and Talvivaara Sofkamo have not been submitted to, nor authorised by the District Court of Espoo and as such, the Board is not aware of the contents of the proposals for the reorganisation plans that will be made by the Administrator. It is possible that such proposals will not be available at the Annual General Meeting if the Administrator would apply for and the District Court of Espoo, Finland, would grant an extension for the deadline to present the proposal for reorganisation plans. The Directors expect that the restructuring debts of the Company will be considerably reduced as part of the reorganisation plan of the Company. Before proposing a reorganisation plan, the Administrator will discuss and negotiate with the Company and Talvivaara Sofkamo and their creditors.

The reorganisation plan may introduce the possibility of a conversion of part of the debts of the Company into Shares. Such conversion could result in a significant dilution of the shareholdings of the Shareholders, subject to Shareholders' approval of the related proposal in a general meeting of shareholders of the Company. If such conversion of debt to equity is proposed, the Directors will separately convene a general meeting of shareholders of the Company to resolve upon such proposal.

In determining whether to support or not to support any proposal for a reorganisation plan, the Board needs to take into account other alternatives, if any, available to the Company. Currently, the Board is not aware of any such

alternatives and the failure of the reorganisation process could result in the bankruptcy of the Company. Shareholders should also note that the decision to either accept or reject the proposal for reorganisation plans to be made by the Administrator is mainly taken by the creditors of the Company, not Shareholders. As explained above, any conversion of debt into equity would, however, require separate corporate resolutions by the Board and general meeting of shareholders of the Company. If a reorganisation plan were to be approved for each of the Company and Talvivaara Sotkamo, the Directors believe it is likely that the Company's existing issued Shares would have some value, even though their proportion of the Company's equity might be considerably diluted as a result of the issue of additional equity pursuant to conversion of debt into equity and/or in return for additional funds for the Company.

The Company can give no assurance that any reorganisation plan will be approved or that the reorganisation process will ultimately be successful. The failure of the reorganisation process could result in the bankruptcy of the Company and/or Talvivaara Sotkamo. In bankruptcy proceedings, the Company and Talvivaara Sotkamo, with their assets and liabilities, would be replaced by their respective bankruptcy estates, whose decisions would thereafter be controlled by the creditors. If the reorganisation plans are not approved or if the reorganisation process otherwise fails, Shareholders could lose all their investment in the Company.

### **3. Details of the cancellation of the listing of Shares on the Official List**

In order to reduce its costs associated with potential material capital market transactions and other transactions in a distressed financial situation and based on the fact that approximately 79 per cent of the trading in the Shares took place on the official list of the Helsinki Stock Exchange between 1 May 2013 and 30 April 2014, the Board proposes that the Annual General Meeting would, with a 75 per cent majority, resolve to authorise the Board to cancel the listing of Shares on the Official List and remove such Shares from trading on the Main Market. In addition, if agreement in principle is reached on a restructuring, the Company may need to be able to obtain the necessary approvals of that restructuring quickly. If the Company were to remain subject to the Listing Rules, the Company might have additional requirements to meet in order to achieve the approval of Shareholders (if that approval is needed) and these requirements may put at risk the ability of the Company to obtain the Shareholder approval on time to allow the restructuring to proceed. Accordingly, the Board considers that it is prudent to cancel the listing of the Shares on the Official List. The Listing Rules require that if a company wishes to cancel its listing on the Official List then it must first seek the approval of not less than 75 per cent of its shareholders in a general meeting.

Conditional on the Delisting Resolution being approved at the AGM, the Company will apply to cancel the listing of Shares on the Official List and remove such Shares from trading on the Main Market. It is anticipated that cancellation of listing of the Shares on the Official List will take effect at 10:00 a.m. (Finnish time) on or about 14 July 2014 being not less than 20 business days following the passing of the Delisting Resolution as required by the Listing Rules. Those who hold their interests in CDIs should contact their nominee, stockbroker, bank or other agent to obtain information how the cancellation of the listing of Shares on the Official List and removal of such Shares from trading on the Main Market shall impact such holders and how they are able to trade their Shares on the Helsinki Stock Exchange.

Following the above-mentioned effective date of the cancellation of the listing of the Shares on the Official List, the Shares can only be traded on the Helsinki Stock Exchange. The currency for trading in, and clearing of, securities on the Helsinki Stock Exchange is euro, with the minimum tick size for trading quotations being EUR 0.01, except in respect of the 25 most-traded shares, for which the tick size depends on the share price. All price information is produced and published only in euro.

The Helsinki Stock Exchange is a member of NOREX, an alliance between the Nordic and Baltic exchanges intended to create a common Nordic and Baltic securities market. Trading in the equities market on the Helsinki Stock Exchange takes place in the INET Nordic trading system.

The main trading phases of the Helsinki Stock Exchange are pre-trading, trading and post-trading. For shares, pre-trading at the prices established during the previous trading day begins at 9:00 a.m. and ends at 9:45 a.m. Trading with calls and continuous trading takes place from 9:45 a.m. to 6:30 p.m. Opening call begins at 9:45 a.m. and ends at 10:00 a.m. Orders entered during the pre-trading session and existing orders with several days' validity are automatically transferred into the opening call. Continuous trading begins immediately after the opening call ends at 10:00 a.m. when the first share is assigned its opening price and then becomes subject to continuous trading. After approximately 10 minutes, the opening prices for all shares have been established and trading continues at prices based on market demand until 6:25 p.m., when the closing call is initiated. The closing call ends at approximately 6:30 p.m., when the closing prices are determined. Post-trading, during which only contract

transactions for shares at the prices established during the trading day can be registered, takes place from 6:31 p.m. to 7:00 p.m. All the above references to trading times refer to Helsinki time (GMT+2 and GMT+3 during the summer time).

Trades are normally cleared in Euroclear Finland's automated clearing and settlement system (HEXClear) on the third banking day after the trade date (T+3) unless otherwise agreed by the parties. The three-day settlement schedule will be changed to a two-day settlement schedule (T+2) as of October 6, 2014.

The Helsinki Stock Exchange is a part of the NASDAQ OMX group. NASDAQ OMX also owns and maintains the stock exchanges in Stockholm, Copenhagen, Riga, Reykjavik, Vilnius and Tallinn. The NASDAQ OMX Nordic Exchange consists of three local stock exchanges, which are located in Copenhagen, Helsinki and Stockholm. The three exchanges are separate legal entities in different jurisdictions; therefore, each exchange has its own rules and regulations. The companies listed on these three exchanges are presented on one common list – the Nordic List – with harmonised listing requirements. Companies are presented in segments based on market value and in sectors according to industry affiliation.

Following the effective date of the cancellation of the listing of the Shares on the Official List, the Company will no longer be subject to the Listing Rules. The rules of the Helsinki Stock Exchange differ from the Listing Rules in a number of ways. For example, the rules of the Helsinki Stock Exchange do not require a shareholder approval for significant transactions or related party transactions as such. In addition, the rules of the Helsinki Stock Exchange do not include provisions on appointment and use of corporate brokers or sponsors nor on the preparation of circulars in connection with shareholders' meetings. The Model Code will no longer apply to the Company and the rules of the Helsinki Stock Exchange do not contain detailed provisions on dealings by Directors similar to the provisions of the Model Code. However, the insider guidelines of the Helsinki Stock Exchange require that listed companies establish a closed period of at least 14 days prior to results announcements during which period so-called permanent insiders, including the directors of the company, may not, subject to certain limited exceptions, trade in securities issued by the company. Further, following the effective date of the cancellation of the listing of the Shares on the Official List, the Company will no longer follow, on a "comply or explain" basis, the UK Corporate Governance Code. The Company will continue to follow, on a "comply or explain" basis, the Finnish Corporate Governance Code.

#### **4. Details of the amendments to the Articles of Association**

The Board proposes that the Annual General Meeting would, with a 75 per cent majority, resolve to amend the Articles of Association. The proposed amendments to the Articles of Association would be conditional upon the cancellation of the listing of the Shares on the Official List and removing such Shares from trading on the Main Market.

Following such amendments, the Articles of Association would then be in a form customary for Finnish companies whose shares are listed on the Helsinki Stock Exchange. The articles of association of Finnish companies are generally less detailed than those of the Company and matters set out in the Finnish Companies Act are not required to be replicated in the articles of association. The main content of the proposed amendments to the Articles of Association is as follows:

1. The reference to the registration date is removed from Article 4§ of the Articles of Association;
2. The obligation to convene the general meeting upon resignation of a board member is deleted from Article 5§ of the Articles of Association (5.1§); the requirement for a majority on the election of a board member is removed (5.2§); the requirement for the re-election of a board member in Article 5.4§ is deleted; Article 5.5§ on the deemed resignation of a board member is deleted;
3. Article 6§ on the restrictions on the borrowing powers of the Board is deleted;
4. The numbering of Article 7§ 'Managing Director' is changed to 6§;
5. Article 8§ on the Board committees is deleted;
6. Technical amendments are made to Article 9§; the numbering of Article 9§ concerning representation of the Company is changed to 7§;

7. The provision in Article 10§ on the term of the auditor is amended so that the term will expire at the conclusion of the annual general meeting following such appointment; the numbering of Article 10§ 'Auditors of the Company' is changed to 8§;
8. The numbering of Article 11§ 'Accounting Period' is changed to 9§;
9. The provision in Article 12§ on the manner in which a notice to the general meeting may be published is amended whereby such notice must be published on the website of the Company and that the Board may publish the notice or an announcement thereon in one or several newspapers; the numbering of Article 12§ 'Convening the General Meeting' is changed to 10§;
10. Technical amendments are made to Article 13§; the numbering of Article 13§ 'Annual General Meeting' is changed to 11§;
11. Article 14§ on the deviation from the pre-emptive rights of the shareholders is deleted;
12. Article 15§ on disclosure notices is deleted.

An English translation of the amended Articles of Association as proposed by the Board, is set out in full in Appendix 1 to this document and will be available at [www.talvivaara.com/agm-2014](http://www.talvivaara.com/agm-2014).

#### **5. Details of the Share Issue Resolution**

The Board proposes that the Annual General Meeting would decide on a share issue to the Company without consideration. It is proposed that 190,615,000 new Shares would be issued and such new Shares would be held in treasury by the Company.

#### **6. Details of the Share Conveyance Resolution**

The Board proposes that the Annual General Meeting would, with a 75 per cent majority, resolve to authorise the Board to decide on the conveyance, in one or several transactions, of a maximum of 190,615,000 of treasury Shares.

The Shares held in treasury by the Company may be conveyed to the Shareholders in proportion to their present holding or by waiving the pre-emptive subscription rights of the Shareholders, if there is a weighty financial reason for the Company. Because the Share Conveyance Resolution includes the possibility to convey Shares disapplying Shareholders' pre-emptive right, if the Board would decide upon such conveyance based on the Share Conveyance Resolution, the total holdings of the existing Shareholders could be diluted by up to 9.1 per cent.

The Shares may be conveyed for or without consideration in order to develop the capital structure of the Company or to finance or carry out future acquisitions, investments or other arrangements related to the Company's business or as part of the Company's personnel incentive program. However, the Shares may not be conveyed in any debt to equity conversion in accordance with the potential corporate reorganisation plan of the Company. The consideration, if any, paid in connection with the conveyance of the treasury Shares shall be recorded in the reserve for invested unrestricted equity.

The Board would be entitled to decide on other matters related to the conveyance of the treasury Shares. The Conveyance Resolution is proposed to be valid until 11 June 2019.

#### **7. Details of the Share Repurchase Resolution**

The Board proposes that the Annual General Meeting would resolve to authorise the Board to decide on the repurchase of the treasury Shares on the following conditions:

By virtue of the authorisation, the Board is entitled to decide on the repurchase, in one or several transactions, of a maximum of 190,615,000 of the treasury Shares. The proposed number of Shares corresponds to less than 10 per cent of all the Shares.

Treasury Shares shall be repurchased in proportion other than that of holdings of the Shareholders and by using the non-restricted equity. The Shares shall be acquired through public trading at the share price prevailing at the time of acquisition. The maximum price payable for any repurchased Share shall be the higher of:

- (i) an amount equal to 5 per cent above the average closing price of such Shares for the five business days prior to the date of purchase; or
- (ii) an amount equal to the higher of the last independent trade and the highest current independent bid.

The above-mentioned conditions on the maximum price payable for any repurchased Share shall be applied to the trading of the Share on the stock exchange on which treasury Shares are acquired.

The Shares shall be repurchased in order to develop the capital structure of the Company or to finance or carry out future acquisitions, investments or other arrangements related to the Company's business or as part of the Company's personnel incentive program.

Treasury Shares acquired to the Company may be held, cancelled or conveyed. The authorisation shall also include the right to take the treasury Shares as pledge to secure the potential receivables of the Company.

The Board shall decide on other matters related to the repurchase of the treasury Shares.

The repurchase authorisation is proposed to be valid until 11 December 2015.

## **8. Details of the Customary AGM Resolutions**

### ***General***

The Annual General Meeting also decides on the matters that must be considered at the Annual General Meeting pursuant to the Finnish Companies Act and the Articles of Association, including:

- (i) the adoption of the financial statements of the Company;
- (ii) the resolution on measures to be taken owing to the result of the financial period and the payment of dividend;
- (iii) the resolution on the discharge of the Directors and the CEO from liability; and
- (iv) the election and remuneration of the Directors and the auditor of the Company.

### ***Adoption of the Financial Statements***

Pursuant to the Finnish Companies Act and the Articles of Association, the financial statements of a company must be adopted by the Annual General Meeting. Before their adoption, the financial statements of the Company for the year ended December 31, 2013 will be presented to the Annual General Meeting by the CEO of the Company.

### ***Resolution on Measures to Be Taken Owing to the Result of the Financial Period and the Payment of Dividend***

Pursuant to the Finnish Companies Act and the Articles of Association, the Annual General Meeting must resolve upon measures to be taken owing to the result of the financial period and the payment of dividend. The Board proposes that no dividend is paid for 2013 and that the loss for the financial period is entered into the Company's profit/loss account on the balance sheet.

### ***Resolution on the Discharge of the Directors and the CEO from Liability***

Pursuant to the Finnish Companies Act and the Articles of Association, a resolution on the discharge of the Directors and the CEO from liability must be made at the Annual General Meeting. The discharge from liability concerns those Directors and the CEO who have been in office during the financial year 2013. Provided that a resolution to discharge the Directors and the CEO from liability is passed, the Company waives its right to claim damages from such Directors and the CEO. However, any discharge from liability is effective only if sufficient information in respect of decisions or actions that form a basis for a potential claim has been made available to the Shareholders at the Annual General Meeting. Generally, granting of discharge to the Directors and the CEO from liability by the Annual General Meeting on behalf of the Company does not bind individual Shareholders in their capacity as shareholders. Due to the conflict of interest provisions included in the Finnish Companies Act, the Directors and the CEO who are also Shareholders are not allowed to vote on this agenda item at the Annual General Meeting.

### ***Resolution on the Remuneration of the Directors***

Pursuant to the Articles of Association, the Annual General Meeting must resolve upon the remuneration of the Directors. The Shareholders' Nomination Panel proposes that the annual fee payable to the Directors for the term until the close of the annual general meeting in 2015 be as follows: Chairman of the Board: EUR 84,000/year (previously EUR 120,000/year), Deputy Chairman (Senior Independent Director): EUR 48,000/year (previously EUR 69,000/year), Chairmen of the Board Committees: EUR 48,000/year (previously EUR 69,000/year), other Non-executive Directors: EUR 33,500/year (previously EUR 48,000/year) and Executive Directors EUR 33,500/year (previously EUR 48,000/year). To the extent a Director has several positions, such Director is entitled only to one (the highest) annual fee payable among such positions while the other fee(s) is/are forfeited.

The Nomination Panel furthermore proposes that, in addition to the annual fee, a fee of EUR 600 per meeting of the Board or the Board Committees taking place in the Director's domicile shall be payable. Should the venue of the meeting be in a European country other than the Director's domicile, the fee payable per meeting shall be EUR 1,200. However, a fee of EUR 2,400 per meeting shall be payable, if the Director's domicile or the venue of the meeting is outside Europe. For teleconference meetings the fee payable shall be EUR 600 per meeting. The traveling expenses shall be reimbursed in accordance with the Company's travel policy.

The remuneration of Executive Directors is included in Directors' base salary, and it is not paid out separately.

### ***Resolution on the Number of the Directors***

Pursuant to the Articles of Association, the Annual General Meeting must resolve upon the number of the Directors. The Nomination Panel proposes to the Annual General Meeting that the number of Directors is confirmed to be seven (7). Currently, the Board consists of seven members. Michael Rawlinson resigned in November 2013 and Kirsi Sormunen resigned in March 2014. Ms. Eileen Carr has informed the Company that she will not offer herself for election to the Board at the Annual General Meeting.

### ***Election of the Directors***

Pursuant to the Finnish Companies Act and the Articles of Association, the Annual General Meeting must elect the Directors. The Nomination Panel proposes to the Annual General Meeting that Mr. Tapani Järvinen, Mr. Pekka Perä, Mr. Graham Titcombe, Mr. Edward Haslam, Mr. Stuart Murray and Ms. Maija-Liisa Friman be re-elected, and that Ms. Solveig Törnroos-Huhtamäki be elected as a new member to the Board.

### ***Resolution on the Remuneration of the Auditor***

Pursuant to the Articles of Association, the Annual General Meeting must resolve upon the remuneration of the auditor. The Audit Committee proposes that the auditor be remunerated according to the auditor's approved invoice.

### ***Election of the Auditor***

Pursuant to the Articles of Association, the Annual General Meeting must elect the auditor. The Audit Committee proposes that authorised public accountants PricewaterhouseCoopers Oy be elected as auditor. PricewaterhouseCoopers Oy has informed the Company that in the event it is re-elected as auditor, the auditor with principal responsibility will be Mr. Juha Wahlroos.

## **9. Annual General Meeting**

In order for the Company to be able to continue its corporate reorganisation process in accordance with the Finnish Companies Act, a resolution of the continuation of the corporate reorganisation application of the Company will be proposed by the Board at the Annual General Meeting.

In order to reduce certain costs associated with potential material capital market transactions and other transactions in a distressed financial situation and due to the fact that a very large majority of Shareholders trade their Shares on the official list of the Helsinki Stock Exchange, a resolution, with a 75 per cent majority, to authorise the Board to cancel the listing of Shares on the Official List and remove such Shares from trading on the Main Market will be proposed by the Board at the Annual General Meeting.

In order to amend the Articles of Association to a form customary for Finnish companies whose shares are listed on the Helsinki Stock Exchange, a resolution, with a 75 per cent majority, to amend the Articles of Association will be proposed by the Board at the Annual General Meeting.

Furthermore, a resolution on the proposed share issue to the Company without consideration, a resolution to authorise the Board to decide on the conveyance of treasury Shares and a resolution to authorise the Board to decide on the repurchase the treasury Shares will be proposed by the Board at the Annual General Meeting.

The Annual General Meeting also decides on the matters that must be considered at the Annual General Meeting pursuant to the Finnish Companies Act.

You will find, set out at the end of this document, the Notice of the AGM setting out the Resolutions in full. The AGM is to be held in Sotkamo at Hotel Holiday Club Katinkulta, at Katinkullantie 15, FI-88610 Vuokatti, Finland at 11:00 a.m. (Finnish time) on 12 June 2014.

## **10. Additional Information and Risk Factors**

Your attention is drawn to the additional information set out in this document. In particular, your attention is drawn to "Risk Factors". You are advised to read the whole of this document and not to rely solely on the information contained in this letter.

## **11. Participation of CDI Shareholders at the AGM**

Whilst a CDI Shareholder is entitled to receive dividends, and generally to exercise all other financial rights attaching to the Shares held in its name, a CDI Shareholder may not exercise any administrative rights attached to the underlying Shares, such as the right to attend and vote at shareholders' meetings, without first registering as a holder of the underlying Shares. CDI Shareholders who wish to participate in the AGM (whether in person or by proxy) may seek a temporary registration (by completing a Registration Form) on the shareholders' register in order to enable them to attend and vote at the AGM.

In order for the votes of a CDI Shareholder to be validly exercised, CDI Shareholders must be registered on the CDI register as at **4:30 p.m. (UK time) on 2 June 2014**, and such CDI Shareholders must submit their respective registration forms and potential proxies to Computershare Investor Services (Jersey) Limited by no later than **4:00 p.m. (UK time) on 2 June 2014** in accordance with the instructions given by Computershare Investor Services (Jersey) Limited.

Entitlement of a CDI Shareholder to attend and vote at the AGM (and the number of votes which may be cast thereat by such CDI Shareholder) will be determined by reference to the CDI register at 4:30 p.m. (UK time) on 2 June 2014. **Only CDI Shareholders who are registered on the CDI register at 4:30 p.m. (UK time) on 2 June 2014 and who have submitted their Registration Forms and Forms of Proxy to the Registrars prior to 4:00 p.m. (UK time) on 2 June 2014 will be eligible to attend and vote at the AGM (in person or by proxy).**

## **12. Action to be Taken by CDI Shareholders**

### **A. If you wish to attend and vote at the AGM in person, you must:**

**complete and sign the enclosed Registration Form and return it to the Company's Registrars, for the attention of Lucy Burns, Relationship Manager, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES so as to be received by no later than 4:00 p.m. (UK time) on 2 June 2014.**

You do **not** need to complete and sign the Form of Proxy if you wish to attend and vote at the AGM **in person**.

### **B. If you wish to attend and vote at the AGM by proxy, you must:**

- (i) complete and sign the enclosed Registration Form and return it to the Company's Registrars, for the attention of Lucy Burns, Relationship Manager, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES so as to be received by no later than 4:00 p.m. (UK time) on 2 June 2014; and**



- (ii) **complete and sign the enclosed Form of Proxy and return it (together with any power of attorney or other authority pursuant to which the Form of Proxy was signed (or an officially certified copy of such power of attorney or authority) together with an authorised signatures list) to the Company's Registrars, for the attention of Lucy Burns, Relationship Manager, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES so as to be received by no later than 4:00 p.m. (UK time) on 2 June 2014.** The completion and return of a Form of Proxy will preclude a CDI Shareholder from voting at the AGM in person.

**Please note that under the Finnish Companies Act, only beneficial holders of shares in a Finnish company may participate and vote (in person or by proxy) in its shareholders' meetings.**

Any Forms of Registration and/or Forms of Proxy incorrectly completed, signed and/or submitted will be invalid and may be disregarded for the purposes of determining entitlement to attend and vote at the AGM (in person or by proxy). However, the Company reserves the right (acting in its absolute discretion and with no obligation to do so) to treat any such Form of Registration and/or Form of Proxy as valid.

**If you do not wish to attend or vote at the AGM (in person or by proxy), you do not need to take any action.**

### **13. Importance of Vote**

**If the Corporate Reorganisation Resolution is not passed, the corporate reorganisation process of the Company cannot continue which could result in the insolvency and, ultimately, liquidation of the Company. As a result, Shareholders could lose their investment in the Company.**

### **14. Recommendation**

Except as stated below, the Board considers that the proposed Resolutions are in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own legal and/or beneficial shareholdings, amounting in aggregate to 131,747,165 Shares (representing approximately 6.9 per cent of the Shares in issue on the date of this document). However, due to the conflict of interest provisions included in the Finnish Companies Act, the Directors may not vote in favour of the resolution regarding the discharge of the Directors and the CEO from liability. Accordingly, the Directors express no view whether or not the Shareholders should vote in favour of such resolution regarding the discharge of the Directors and the CEO from liability.

Yours sincerely,

Tapani Järvinen  
*Chairman*

## RISK FACTORS

*All of the information set out in this document, including but not limited to the risks described below, should be carefully considered. The Board considers the following risk factors to be material risks in connection with the proposals to be considered by Shareholders at the Annual General Meeting. If any of the following risks actually materialise, the business, financial condition and results of operations of Talvivaara and the market price of the Shares could be materially and adversely affected to the detriment of the Company and Shareholders, and you may lose all or part of your investment in the Shares. The risks described below are those material risks of which the Board is aware; however, further risks that are not presently known to the Board, or that the Board currently deems immaterial, may also have a material and adverse effect on the Company's business, financial condition and results of operations and the market price of the Shares.*

***If the Corporate Reorganisation Resolution is not passed, Talvivaara may have to apply for a bankruptcy and Shareholders could lose their investment in the Company.***

The ongoing corporate reorganisation process of the Company is conditional upon the Corporate Reorganisation Resolution being passed by Shareholders at the Annual General Meeting. Therefore, if the Corporate Reorganisation Resolution is not passed at the Annual General Meeting, the ongoing corporate reorganisation process of the Company cannot continue which could result in the bankruptcy of the Company, unless other alternatives have materialised at that time. Currently, no such other alternatives are available. As a result, Shareholders could lose their investment in the Company.

***If the corporate reorganisation processes of the Company and Talvivaara Sotkamo are not successful, Shareholders could lose their investment in the Company.***

Although the Board believes that a corporate reorganisation is a viable option for Talvivaara, there can be no assurance that corporate reorganisation processes of the Company and Talvivaara Sotkamo will ultimately be successful. The corporate reorganisation processes can fail for a number of reasons, including due to an insufficiency of funds to complete the reorganisation proceedings, unforeseen operational or environmental issues facing Talvivaara's production facilities, changes in the operating environment affecting the financial viability of Talvivaara and various other factors. If the corporate reorganisation fails for these or any other reasons, it could result in the bankruptcy of the Company unless other alternatives have materialised by that time. Currently, no such other alternatives are available. As a result, Shareholders could lose their investment in the Company.

***If the Delisting Resolution is not approved, the Company may not be able to complete a reorganisation in the available time.***

If the Delisting Resolution is not approved, the Company will remain subject to the Listing Rules. Depending upon the form of any reorganisation, the approval of Shareholders may be required and there is a risk that those Listing Rules might have the effect of imposing on the Company obligations of disclosure and information in a circular to Shareholders and approval of that circular by the UK Listing Authority that could be difficult to achieve sufficiently quickly to allow the Company to proceed with its corporate reorganisation process and to avoid bankruptcy. As a result, Shareholders could lose their investment in the Company.

# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is given to the shareholders of Talvivaara Mining Company Plc (the “Company”) of the annual general meeting to be held on 12 June 2014 at 11:00 a.m. (Finnish time) in Sotkamo at Hotel Holiday Club Katinkulta, at Katinkullantie 15, FI-88610 Vuokatti, Finland. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 10:00 a.m. (Finnish time).

## A. MATTERS ON THE AGENDA OF THE ANNUAL GENERAL MEETING

At the annual general meeting, the following matters will be considered:

### 1. Opening of the meeting

### 2. Calling the meeting to order

### 3. Election of persons to scrutinise the minutes and to supervise the counting of votes

### 4. Recording the legality of the meeting

### 5. Recording the attendance at the meeting and adoption of the list of votes

### 6. Presentation of the Financial Statements, the Board of Directors’ Review and the Auditor’s Report for the year 2013

Review by the CEO

### 7. Adoption of the Financial Statements

### 8. Resolution on measures to be taken owing to the result of the financial period and the payment of dividend

The Board of Directors proposes that no dividend is paid for 2013 and that the loss for the financial period is entered into the Company’s profit/loss account on the balance sheet.

### 9. Resolution on the discharge of the members of the Board of Directors and the CEO from liability

### 10. Resolution on the remuneration of the members of the Board of Directors

The Shareholders’ Nomination Panel 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 2015 be as follows: Chairman of the Board of Directors: EUR 84,000/year (previously EUR 120,000/year), Deputy Chairman (Senior Independent Director): EUR 48,000/year (previously EUR 69,000/year), Chairmen of the Board Committees: EUR 48,000/year (previously EUR 69,000/year), other Non-executive Directors: EUR 33,500/year (previously EUR 48,000/year) and Executive Directors EUR 33,500/year (previously EUR 48,000/year). To the extent a member of the Board of Directors 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 Nomination Panel furthermore proposes that, in addition to the annual fee, a fee of EUR 600 per meeting of the Board of Directors or the Board Committees taking place in the member’s domicile shall be payable. Should the venue of the meeting be in a European country other than the member’s domicile, the fee payable per meeting shall be EUR 1,200. However, a fee of EUR 2,400 per meeting shall be payable, if the member’s domicile or the venue of the meeting is outside Europe. For teleconference meetings the fee payable shall be EUR 600 per meeting. The traveling expenses shall be reimbursed in accordance with the Company’s travel policy.

The remuneration of Executive Directors is included in Directors’ base salary, and it is not paid out separately.

### 11. Resolution on the number of members of the Board of Directors

The Nomination Panel proposes to the annual general meeting that the number of the members of the Board of Directors is confirmed to be seven (7).

## **12. Election of members of the Board of Directors**

The Nomination Panel proposes to the annual general meeting that Mr. Tapani Järvinen, Mr. Pekka Perä, Mr. Graham Titcombe, Mr. Edward Haslam, Mr. Stuart Murray and Ms. Maija-Liisa Friman be re-elected, and that Ms. Solveig Törnroos-Huhtamäki be elected as a new member to the Board of Directors.

## **13. Resolution on the remuneration of the auditor**

The Audit Committee proposes that the auditor be remunerated according to the auditor's approved invoice.

## **14. Election of the auditor**

The Audit Committee proposes that authorised public accountants PricewaterhouseCoopers Oy be elected as auditor. PricewaterhouseCoopers Oy has informed the Company that in the event it is re-elected as auditor, the auditor with principal responsibility will be Mr. Juha Wahlroos.

## **15. Resolution of the continuation of the corporate reorganisation application in respect of the Company**

The district court of Espoo, Finland, decided to commence the corporate reorganisation process in respect of the Company on 29 November 2013 based on the application of the Board of Directors. The Board of Directors proposes that the annual general meeting would, pursuant to the Finnish Companies Act, resolve to continue the corporate reorganisation application of the Company.

## **16. Resolution to authorise the Board of Directors to cancel the listing of the Company's shares on the official list maintained by the UK Financial Services Authority and remove such shares from trading on the main market for listed securities of London Stock Exchange plc**

The Board of Directors proposes that the annual general meeting would, with a 75 per cent majority, resolve to authorise the Board of Directors to cancel the listing of the Company's shares on the official list maintained by the UK Financial Services Authority and remove such shares from trading on the main market for listed securities of London Stock Exchange plc.

## **17. Resolution to amend the Articles of Association**

The Board of Directors proposes that the annual general meeting would, with a 75 per cent majority, resolve to amend the Articles of Association of the Company.

The resolution to amend the Articles of Association shall be conditional upon the completion of the cancellation of the listing of the Company's shares on the official list maintained by the UK Financial Services Authority and removing such shares from trading on the main market for listed securities of London Stock Exchange plc referred to in Section 16 above.

The main content of the proposed amendments to the Articles of Association is as follows:

1. The reference to the registration date is removed from Article 4§ of the Articles of Association;
2. The obligation to convene the general meeting upon resignation of a board member is deleted from Article 5§ of the Articles of Association (5.1§); the requirement for a majority on the election of a board member is removed (5.2§); the requirement for the re-election of a board member in Article 5.4§ is deleted; Article 5.5§ on the deemed resignation of a board member is deleted;
3. Article 6§ on the restrictions on the borrowing powers of the Board is deleted;
4. The numbering of Article 7§ 'Managing Director' is changed to 6§;
5. Article 8§ on the Board committees is deleted;
6. Technical amendments are made to Article 9§; the numbering of Article 9§ concerning representation of the Company is changed to 7§;

7. The provision in Article 10§ on the term of the auditor is amended so that the term will expire at the conclusion of the annual general meeting following such appointment; the numbering of Article 10§ 'Auditors of the Company' is changed to 8§;
8. The numbering of Article 11§ 'Accounting Period' is changed to 9§;
9. The provision in Article 12§ on the manner in which a notice to the general meeting may be published is amended whereby such notice must be published on the website of the Company and that the Board of Directors may publish the notice or an announcement thereon in one or several newspapers; the numbering of Article 12§ 'Convening the General Meeting' is changed to 10§;
10. Technical amendments are made to Article 13§; the numbering of Article 13§ 'Annual General Meeting' is changed to 11§;
11. Article 14§ on the deviation from the pre-emptive rights of the shareholders is deleted;
12. Article 15§ on disclosure notices is deleted.

#### **18. Resolution on a share issue to the Company without consideration**

The Board of Directors proposes that the annual general meeting would decide on a share issue to the Company without consideration. The number of the new shares issued would be 190,615,000.

#### **19. Resolution to authorise the Board of Directors to resolve on the conveyance of the treasury shares**

The Board of Directors proposes that the annual general meeting would, with a 75 per cent majority, resolve to authorise the Board of Directors to decide on the conveyance, in one or several transactions, of a maximum of 190,615,000 of the treasury shares.

The shares held by the Company may be conveyed to the Company's shareholders in proportion to their present holding or by waiving the pre-emptive subscription rights of the shareholders, if there is a weighty financial reason for the Company.

The shares may be conveyed for or without consideration in order to develop the capital structure of the Company or to finance or carry out future acquisitions, investments or other arrangements related to the Company's business or as part of the Company's personnel incentive program. However, the shares may not be conveyed in any debt to equity conversion in accordance with the potential corporate reorganisation plan of the Company. The consideration, if any, paid in connection with the conveyance of the treasury shares shall be recorded in the reserve for invested unrestricted equity.

The Board of Directors shall decide on other matters related to the conveyance of the treasury shares. The share conveyance authorisation is proposed to be valid until 11 June 2019.

#### **20. Resolution to authorise the Board of Directors to resolve on the repurchase of the treasury shares**

The Board of Directors proposes that the annual general meeting would resolve to authorise the Board of Directors to decide on the repurchase of the treasury shares on the following conditions:

By virtue of the authorisation, the Board of Directors is entitled to decide on the repurchase, in one or several transactions, of a maximum of 190,615,000 of the treasury shares. The proposed number of shares corresponds to less than 10 per cent of all the shares in the Company.

Treasury shares shall be repurchased in proportion other than that of holdings of the shareholders and by using the non-restricted equity. The shares shall be acquired through public trading at the share price prevailing at the time of acquisition. The maximum price payable for any repurchased share shall be the higher of:

- (i) an amount equal to 5 per cent above the average closing price of such shares for the five business days prior to the date of purchase; or
- (ii) an amount equal to the higher of the last independent trade and the highest current independent bid.

The above-mentioned conditions on the maximum price payable for any repurchased share shall be applied to the trading of the Company's share on the stock exchange on which treasury shares are acquired.

The shares shall be repurchased in order to develop the capital structure of the Company or to finance or carry out future acquisitions, investments or other arrangements related to the Company's business or as part of the Company's personnel incentive program.

Treasury shares acquired to the Company may be held, cancelled or conveyed. The authorisation shall also include the right to take the treasury shares as pledge to secure the potential receivables of the Company.

The Board of Directors shall decide on other matters related to the repurchase of the treasury shares.

The repurchase authorisation is proposed to be valid until 11 December 2015.

## **21. Closing of the meeting**

### **B. DOCUMENTS OF THE ANNUAL GENERAL MEETING**

This notice, the proposals of the Board of Directors on the agenda of the annual general meeting as well as the Company's annual accounts; the related review of the Board of Directors and the related auditor's report for the year ended 31 December 2013 are available on the Company's website at [www.talvivaara.com/agm-2014](http://www.talvivaara.com/agm-2014). The proposals of the Board of Directors and the other above-mentioned documents will also be available at the meeting. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the annual general meeting will be available on the above-mentioned website as from 26 June 2014.

### **C. INSTRUCTIONS FOR THE PARTICIPANTS IN THE ANNUAL GENERAL MEETING**

#### **1. Shareholders registered in the shareholders' register**

Each shareholder, who is registered on 2 June 2014 in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the annual general meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the Company.

A shareholder, who is registered in the shareholders' register of the Company and who wants to participate in the annual general meeting, shall register for the meeting no later than 4:00 p.m. (Finnish time) on 9 June 2014 by giving a prior notice of participation. The notice has to be received by the Company before the end of the registration period. Such notice can be given:

- (a) on the Company's website [www.talvivaara.com/home](http://www.talvivaara.com/home);
- (b) by e-mail to the address [agm@talvivaara.com](mailto:agm@talvivaara.com);
- (c) by telefax to the number +358 20 712 9801; or
- (d) by regular mail to the Company's address, Ahventie 4 B, 5th floor, FI-02170 Espoo, Finland.

In connection with the registration, a shareholder shall notify his/her name, personal identification number/business identity code, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of a proxy representative. The personal data given to the Company is used only in connection with the annual general meeting and with the processing of related registrations. The shareholder, his/her authorised representative or proxy representative shall, where necessary, be able to prove his/her identity and/or right of representation.

#### **2. Holders of nominee registered shares**

A holder of nominee registered shares has the right to participate in the annual general meeting by virtue of such shares, based on which he/she on the record date of the annual general meeting, i.e. on 2 June 2014, would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd. The right to participate in the annual general meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest on 9 June 2014 by 10:00 a.m. (Finnish time). As regards nominee registered shares this constitutes due registration for the annual general meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the temporary shareholder's register of the Company, the issuing of proxy documents and the registration for the annual general meeting from his/her custodian bank. The account operator of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the annual general meeting, into the temporary shareholders' register of the Company at the latest by the time stated above.

### **3. Proxy representative and powers of attorney**

A shareholder may participate in the annual general meeting and exercise his/her rights at the meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the annual general meeting. When a shareholder participates in the annual general meeting by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the annual general meeting.

Possible proxy documents should be delivered in originals to the Company at the Company's address given above before the last date for registration.

### **4. Other instructions and information**

Pursuant to Chapter 5, Section 25 of the Finnish Companies Act, a shareholder who is present at the annual general meeting has the right to request information with respect to the matters to be considered at the meeting.

On the date of this notice to the annual general meeting, 13 May 2014, the total number of shares and votes in the Company is 1,906,167,480.

The annual general meeting will be held in the Finnish language, but questions can also be presented in the English language.

Espoo, Finland, on 13 May 2014

TALVIVAARA MINING COMPANY PLC

The Board of Directors

# TALVIVAARA MINING COMPANY PLC

*(Incorporated and registered in the Republic of Finland with business identity code 1847894-2)*

## ANNUAL GENERAL MEETING – 12 JUNE 2014

### REGISTRATION FORM

<b>Country of Residence of Incorporation (see Note 1)</b>	
<b>Name of CDI Shareholder (see Note 2)</b>	
<b>Full Address (see Note 3)</b>	
<b>ID Code (see Note 4)</b>	
<b>ISIN Code</b>	FI0009014716
<b>Number of shares (see Note 5)</b>	

We certify that the information in this form is true and accurate in all respects, and we hereby authorise Nordea Bank Finland Plc to enter us on the temporary shareholder register of Talvivaara Mining Company Plc in order to enable us to participate in the Annual General Meeting of Talvivaara Mining Company Plc to be held on 12 June 2014. We understand that this temporary shareholder register will be made available until the Annual General Meeting.

Signature.....

Name in block capitals.....

Dated this .....2014 (insert date)

at .....(insert place of signature)



## Notes

1. Please enter your country of incorporation or, in the case of an individual, country of residence.
2. **Please enter the full name of the beneficial holder of the CREST Depository Interests (“CDIs”). This name should match the name set out in the Proxy Form. Please note also that under Finnish Companies Act, only beneficial holders of shares in a Finnish company may participate and vote in the shareholders’ meetings.**
3. Please enter your full address (including post code).
4. In the case of a **company**, your registered number, and in the case of an **individual**, please enter a personal ID code, such as a social security number, national insurance number, passport number or similar.
5. Please enter the total number of ordinary shares in the capital of Talvivaara Mining Company Plc in respect of which you hold CDIs.
6. **In order to participate at the AGM, you must submit your registration form and potential proxies to Computershare Investor Services (Jersey) Limited by no later than 4:00 p.m. (UK time) on 2 June 2014.**
7. This form of registration and any power of attorney or other authority under which it is signed or an officially certified copy of such power of attorney must be deposited at or posted to the Registrars of the Company, for the attention of Lucy Burns, Relationship Manager, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES so as to be received by no later than 4:00 p.m. (UK time) on 2 June 2014.
8. If this form is given by an individual, it must be signed by the individual or signed on his behalf by his attorney. If this form is given by a corporation or other legal entity, it must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation (and a list of authorised signatures must be enclosed).

# TALVIVAARA MINING COMPANY PLC

(Incorporated and registered in the Republic of Finland with business identity code 1847894-2)

## ANNUAL GENERAL MEETING – 12 JUNE 2014

### FORM OF PROXY

We,.....  
(Full name in block capitals please)

of.....  
(Please insert address)

being a holder of CREST Depository Interests representing..... ordinary shares (please insert number of ordinary shares) in Talvivaara Mining Company Plc (“**CDIs**”) hereby appoint Nordea Bank Finland Plc (“**Nordea**”) as our true and lawful attorney with full powers of delegation and substitution to represent us and vote at the Annual General Meeting of Talvivaara Mining Company Plc to be held at 11:00 a.m. (Finnish time) on 12 June 2014 in Sotkamo at Hotel Holiday Club Katinkulta, at Katinkullantie 15, FI-88610 Vuokatti, Finland and at any adjournment thereof.

We wish Nordea to vote on the resolutions as indicated below (see notes 3 and 4).

Resolutions	For	Against	Abstain
1. Adoption of the financial statements of the Company			
2. Board of Directors’ proposal concerning the resolution on measures to be taken owing to the result of the financial period and the payment of dividend			
3. Resolution on the discharge of the members of the Board of Directors and the CEO from liability			
4. Nomination Panel’s proposal concerning the resolution on the remuneration of the members of the Board of Directors			
5. Nomination Panel’s proposal concerning the resolution on the number of members of the Board of Directors			
6. Nomination Panel’s proposal concerning the election of members of the Board of Directors			
6.1 Mr. Tapani Järvinen			
6.2 Mr. Pekka Perä			
6.3 Mr. Graham Titcombe			
6.4 Mr. Edward Haslam			
6.5 Mr. Stuart Murray			
6.6 Ms. Maija-Liisa Friman			
6.7 Ms. Solveig Törnroos-Huhtamäki			

<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
7. Audit Committee's proposal concerning the resolution on the remuneration of the auditor			
8. Audit Committee's proposal concerning the election of the auditor			
9. Board of Directors' proposal concerning the resolution of the continuation of the corporate reorganisation application in respect of the Company			
10. Board of Directors' proposal concerning the resolution to authorise the Board of Directors to cancel the listing of the Company's shares on the official list maintained by the UK Financial Services Authority and remove such shares from trading on the main market for listed securities of London Stock Exchange plc			
11. Board of Directors' proposal concerning the amendment of the Articles of Association of the Company			
12. Board of Directors' proposal concerning the resolution on a share issue to the Company without consideration			
13. Board of Directors' proposal concerning the resolution to authorise the Board of Directors to resolve on the conveyance of the treasury shares			
14. Board of Directors' proposal concerning the resolution to authorise the Board of Directors to resolve on the repurchase of the treasury shares			

Signature.....

Name in block capitals.....

Dated this.....2014 (insert date)

at .....(insert place of signature)

## Notes

1. This Form of Proxy and any power of attorney or other authority under which it is signed or an officially certified copy of such power of attorney must be deposited at or posted to the Company's registrars, for the attention of Lucy Burns, Relationship Manager, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES so as to be received by no later than 4:00 p.m. (UK time) on 2 June 2014. The completion and return of a Form of Proxy **will** preclude you from voting at the AGM in person.
2. In the case of joint holders, the vote of the senior holder who tenders a vote in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the register of CDIs in respect of the joint holding. Subject to this, the signature of any one of the joint holders will suffice, but if a holder other than the first named holder signs, it will be helpful if the name of the first named holder is also given.
3. Please indicate how you wish to vote by placing a tick in the appropriate box. If no indication is given, the proxy will exercise his or her discretion as to whether, and if so, how, he or she votes.
4. If this form is given by an individual, it must be signed by the individual or signed on his behalf by his attorney. If this form is given by a corporation or other legal entity, it must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation (and a list of authorised signatures must be enclosed).
5. **Please note also that under Finnish Companies Act, only beneficial holders of shares in a Finnish company may participate and vote in the shareholders' meetings.**

# **APPENDIX 1: AMENDED ARTICLES OF ASSOCIATION (TRANSLATION FROM FINNISH)**

## **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.

### **5 § Board of Directors**

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 members are present.

The members of the Board of Directors are elected by the General Meeting. The Board of Directors shall elect the Chairman amongst its members.

The term of the Board members shall end with the conclusion of the Annual General Meeting following their appointment.

### **6 § Managing Director**

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

### **7 § Representation of the Company**

Those authorised to represent 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 authorisation covers also those persons who the Board of Directors has separately authorised to represent the Company. The Board of Directors can authorise one of its members or a third person to represent the Company.

### **8 § Auditors of the Company**

The auditor of the Company is an auditing firm certified by the Finland Chamber of Commerce. The auditor is elected annually at the Annual General Meeting for the term that shall end with the conclusion of the Annual General Meeting following the appointment.

### **9 § Accounting Period**

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

## **10 § Convening the General Meeting**

The shareholders are convened to a General Meeting by a notice published 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 General Meeting. The notice convening the meeting must be published on the website of the Company. The Board of Directors may decide to publish the notice or an announcement thereon in one or several newspapers.

To be allowed to take part in a General 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 General Meeting.

The General Meeting shall be held either in the corporate seat of the company or in Helsinki or Espoo.

## **11 § Annual General Meeting**

The Annual General Meeting shall be held annually on the date determined by the Board of Directors within six (6) months from the date on which the accounting period of the Company ended.

At the meeting the following

shall be presented

- the financial statements, which include the consolidated financial statements and the report of the Board of Directors,
- the auditor's report,

shall be decided upon

- the adoption of the financial statements,
- the measures to be taken due to the profit or loss shown on the adopted balance sheet,
- discharge of liability of 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,

shall be dealt with

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