



Corporate Governance Statement

General

This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code 2010. The statement has been issued as a separate report and it is also available on the Company's web pages at www.talvivaara.com.

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

Regulatory framework

Talvivaara complies with the Finnish Corporate Governance Code 2010 for listed companies (the

"Finnish Code"), the Insider Guidelines issued by NASDAQ OMX Helsinki and the UK Combined Code on Corporate Governance dated July 2008 (the "UK Combined Code"). The UK Corporate Governance Code dated June 2010 will be followed from the beginning of the financial year 2011.

This statement has been prepared under the Finnish Code. In addition, sections have been included to reflect the guidance set out in the UK Combined Code. This statement also describes how the Main Principles of the UK Combined Code have been applied.

The Finnish Code is available on the Securities Market Association's website at <http://www.cgfinland.fi> and the UK Combined Code on the Financial Reporting Council's website at www.frc.org.uk.

The Company has departed from the following recommendations under the Finnish Code and the UK Combined Code:



Recommendation 43 and UK Combined Code provisions B.1.3 and A.3.1: Participation of the members of the Board of Directors in a share-related remuneration scheme

The Company granted options to the Non-Executive members of the Board as a part of the 2007 Option Scheme. The options were granted in 2007 prior to the listing of the Company's shares on the London Stock Exchange ("LSE"). The options granted were disclosed in the pathfinder and the final prospectus and published in connection with the listing of the Company's shares on the LSE Main Market. More details about the options can be found from the remuneration section of the Company's annual report or from the Company's annual accounts. Thereafter, no options have been granted to Non-Executive Directors, nor has the Company any intention to grant such options to Non-Executive Directors in the foreseeable future. Consequently, the Company also determines Mr. Haslam, Ms. Carr, Mr. Niiva and Mr. Titcombe as independent of the Company notwithstanding the options granted.

UK Combined Code provision A.4.4: The terms and conditions of appointment of non-executive directors:

All the members of the Board of Directors are appointed by the General Meeting of Shareholders. The term of the Directors shall end with the conclusion of the Annual General Meeting following the appointment of the Director. The annual remuneration payable for Board and

Committee work and the basis for its determination are solely decided by the General Meeting of Shareholders. There are no contracts on notice periods, remuneration or any other terms of appointment relating to a person's status as a member of the Board.

UK Combined Code provisions A.4.1, B.2.1 and C.3.3: The terms of reference of the Board Committees

The Nomination Committee, the Remuneration Committee and the Audit Committee each have a written charter. Instead of the full texts, the essential contents of the charters have been disclosed according to the Finnish Code Recommendation 20 on the Company's website. This way of presenting has been considered a clear and effective way to make the essential information available to the shareholders.

UK Combined Code provision D.1.1: The Senior Independent Director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

In 2010 the Board considered that it would not be necessarily either practical or efficient for the Senior Independent Director to attend meetings with major shareholders unless such discussions were requested by shareholders. The methods by which the dialogue with

institutional investors and major shareholders is maintained are described below in section *Dialogue with institutional and major shareholders*.

Administrative, management and supervisory bodies

General

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

General Meetings of Shareholders

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

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

A shareholder may attend and vote at a General Meeting of Shareholders in person or through authorized representatives. Resolutions generally require the approval of a majority of the votes cast. However, certain

resolutions, such as a resolution to amend the Articles of Association and, in certain cases such as a resolution regarding a merger or liquidation of the Company, require a majority of two-thirds of the votes cast and of the shares represented at the meeting. In addition, certain resolutions, such as amendments to the Articles of Association which change the respective rights of shareholders holding the same class of shares or which increase the redemption rights of the Company or its shareholders require the consent of all shareholders. Alternatively, where the rights of certain shareholders only are affected, the consent is required from all those shareholders whose shares are affected by the amendment, in addition to the applicable majority requirement. The Company's Articles of Association require a majority of three quarters of the shares represented and votes cast for the deviation from the pre-emptive rights of the shareholders.

A shareholder is entitled to make proposals relating to the Company's business which are handled by a General Meeting of Shareholders provided that the Board of Directors has received the request early enough to include the matter in the notice convening the General Meeting. The request is always considered to have arrived in time if it is given to the Board of Directors at least four weeks prior to publishing the notice to convene the General Meeting of Shareholders. The dead line for submitting requests concerning issues to be included in the agenda of the Annual General Meeting is also published at the Company's website.

The Board of Directors

Composition

According to the Company's Articles of Association, Talvivaara's Board of Directors consists of at least three and not more than twelve members. The Board of Directors is quorate when more than half of the members appointed by the General Meeting of Shareholders are present. All the members of the Board of Directors are appointed by the General Meeting of Shareholders. The term of the Directors ends with the conclusion of the Annual General Meeting following the appointment of the Director. A Director may be dismissed ahead of term by a General Meeting of Shareholders. The term of a dismissed Director ends with the conclusion of the General Meeting deciding on the dismissal, unless the General Meeting decides that the dismissal is effective from some other point in time. The annual remuneration payable for Board and Committee work and the basis for its determination are decided by the General Meeting of Shareholders. There are no contracts on notice periods, remuneration or any other terms of appointment relating to a person's status as a member of the Board.

The Annual General Meeting of Shareholders held on 15 April 2010 in Sotkamo resolved the number of Board members to be eight and re-elected Mr. Edward Haslam,

Mr. Eero Niiva, Ms. Eileen Carr, Mr. D. Graham Titcombe, Mr. Pekka Perä and Ms. Salla Miettinen-Lähde as Board Members and elected Mr. Roland Junck and Mr. Tapani Järvinen as new members of the Board of Directors. Mr. Antti Aaltonen was a member of Board of Directors until the Annual General Meeting of 15 April 2010.

According to recommendation 4 of the Finnish Code, a person proposed for the first time as Director shall participate in the General Meeting that decides on his or her election. As Mr. Järvinen was unable to attend the meeting in person, he participated in the meeting via telephone in order to answer any questions the shareholders might have had on his appointment. Mr. Junck was also unable to attend the meeting, but he was considered having well-founded reasons for his absence.

All five Non-Executive Directors have been serving as of the Annual General Meeting held on 15 April 2010 and up to the date of this statement. Mr. Eero Niiva, Ms. Eileen Carr, Mr. D. Graham Titcombe and Mr. Tapani Järvinen are deemed to be independent of the Company and significant shareholders. The Chairman of the Board, Mr. Haslam, meets the independence criteria both in relation to the Company and to significant shareholders under the Finnish Code. The UK Combined Code provision A.2.2 states that the Chairman should, on appointment, meet the independence criteria set out in the Code, but thereafter the test of independence is not appropriate in relation to the Chairman. Non-Executive Director Mr. Junck is not defined as independent of the Company under the Finnish Code recommendation 15 subsection d) and the UK Combined Code provision A.3.1 due to his position as Chief Executive Officer of Nyrstar N.V. and Talvivaara's contractual relationship with Nyrstar through the Zinc in Concentrate Streaming Agreement entered into in February 2010.

The structure, size and composition of the Board of Directors were reviewed by the Nomination Committee.

In 2010, the Board of Directors convened 11 meetings.

The main duties of the Board of Directors

The Board of Directors supervises the Company's administration and the appropriate organisation of the Company's operation. The Board also oversees the compliance of the operations with applicable rules and regulations and the Articles of Association of the Company as well as instructions given by General Meetings of Shareholders. The Board of Directors has general authority to decide on and act in any matters not specifically reserved by law or under the Articles of Association to any other governing body of the Company. The Board of Directors establishes the principles of the Company's strategy, organisation, development, accounting and financial control as well as approves the budget of the Company. The Board of Directors also supervises and controls the operative management and appoints and dismisses the Chief Executive Officer of the Company. The Board of Directors approves the financial statements and quarterly interim reports of the Company. The Board decides upon matters not belonging to day-to-day management of the Company led by the Chief Executive Officer and considered having major importance including significant engagements and investments of the Company. The Chairman of the Board Directors is responsible for the leadership of the Board.

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

The Board of Directors is provided relevant and timely information of the Company's operations and plans so as to enable the Directors to perform their duties. Regular

Meetings of the Board of Directors and its Committees in 2010 (attendance)

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr. G. Edward Haslam	11/11	–	–	2/2
Ms. Eileen Carr	10/11	4/4	–	–
Mr. Roland Junck	3/8 ¹	–	–	–
Mr. Tapani Järvinen	7/8 ¹	–	0/0 ²	1/1 ²
Mr. Eero Niiva	11/11	4/4	1/1	2/2
Ms. Salla Miettinen-Lähde	11/11	–	–	–
Mr. Pekka Perä	11/11	–	–	–
Mr. D. Graham Titcombe	11/11	4/4	1/1	2/2
Mr. Antti Aaltonen	3/3 ³	–	1/1 ⁴	1/1 ⁴

¹ Member of the Board since 15 April 2010

² Member of the Committee since 15 April 2010

³ Member of the Board until 15 April 2010

⁴ Member of the Committee until 15 April 2010

information provided to the members of the Board includes monthly operational reports and management accounts, and other related information pertaining to the past and anticipated future performance of the Company and its subsidiaries. The Board holds annually a number of meetings at the Talvivaara mine site. During the site visits the members of the Board have an opportunity to tour the site and discuss any operational issues with the site management and employees.

The Directors and Officers of the Company and its subsidiaries are covered by Directors' and Officers' Liability Insurance.

Board Committees

The Committees established by the Board of Directors comprise Audit Committee, Remuneration Committee and Nomination Committee. The composition and chairing of the Committees is reviewed and decided annually by the Board. Whilst the Committees have been conferred upon several significant tasks relating to the Company's governance, it should be noted that under the Finnish Companies Act the Committees have no independent decision-making power, but rather concentrate on matters delegated to them more extensively for the purpose of issuing recommendations to the Board of Directors. The Committees report regularly on their work to the Board.

Audit Committee

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

Based on its consideration relating to the audit services, the Audit Committee prepares proposals pertaining to the election of the external auditors.

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

The Audit Committee has been chaired by Ms. Carr and its other members have been Mr. Titcombe and Mr. Niiva. The Chief Financial Officer attends the meetings by invitation. The Committee convenes at least four times each year. The members of the Audit Committee shall have the

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

During 2010, the Audit Committee met four times.

Remuneration Committee

The Remuneration Committee supervises, reviews and develops the remuneration and reward schemes of the Company and the remuneration paid to the members of the Board of Directors. The Remuneration Committee makes the necessary proposals to the General Meetings of Shareholders regarding the remuneration of the Board of Directors. The Committee also makes recommendations to the Board of Directors and, within its terms of reference, decisions on Talvivaara's remuneration policies, the implementation of incentive schemes of senior management, and on reviewing the performance of Executive Directors and senior management of the Company and its subsidiaries.

The Remuneration Committee has been chaired by Mr. Niiva and its other members have been Mr. Titcombe, Mr. Haslam and Mr. Järvinen. Mr. Aaltonen was a member of the Committee until the Annual General Meeting of 15 April 2010. The Chief Executive Officer attends the meetings by invitation.

During 2010, the Remuneration Committee met twice.

Nomination Committee

The Nomination Committee considers the composition of the Board of Directors and appointment of Directors. It also advises and makes proposals and recommendations to the General Meetings of Shareholders on issues relating to the composition and nomination of the Board of Directors. The Nomination Committee reviews regularly the size, composition and effectiveness of the Board of Directors. Only members of the Nomination Committee have the right to attend the Nomination Committee meetings. However the Chairman, the Chief Executive Officer and external advisors may be invited to attend all or part of any meeting as and when appropriate. In connection with its duties, the Nomination Committee is authorized by the Board to take such independent advice (including legal or other professional advice, at the Company's expense) as it considers necessary.

During 2010, the Nomination Committee met once. The meeting was held to review the structure, size and composition of the Board, to discuss Board succession and to consider proposed recommendations to the Board for two new members. The Nomination Committee proposed to the Annual General Meeting of 2010 that Mr. Roland Junck and Mr. Tapani Järvinen be appointed as new members of the Board of Directors. Mr. Junck and Mr. Järvinen are considered to have strong and wide knowledge and experience of the mining and metals industries as well as recognized leadership skills. Their appointment

was considered to benefit the Company. Accordingly, no external search consultancy nor open advertising as recommended by the provision A.4.6 of the UK Combined Code was considered necessary nor reasonable under the circumstances. In accordance with the proposal by the Committee, the Annual General Meeting elected Mr. Junck and Mr. Järvinen to the Board.

The Nomination Committee comprises three independent Non-Executive Directors. The quorum necessary for the transaction of business is two. The Nomination Committee has been chaired by the Deputy Chairman of the Board (Senior Independent Director) Mr. Titcombe. Its other members have been Mr. Niiva and Mr. Järvinen. Mr. Aaltonen was a member of the Committee until the Annual General Meeting of 15 April 2010.

The Chief Executive Officer

The Chief Executive Officer (“CEO”) is responsible for the implementation of the Company’s strategy and for the day-to-day management of the Company’s affairs in accordance with instructions and directions given by the Board of Directors. The CEO may undertake acts considered unusual or extensive having regard to the scope and nature of the operations of the Company only with the authorisation of the Board. The CEO is also responsible for overseeing that the Company’s financial administration is in compliance with applicable laws and has been arranged in a reliable manner. The CEO reports to the Board of Directors and provides the Board with information relating to the financial status of the Company, relevant business environment and other pertinent matters which are considered essential for the Board of Directors to fulfil its obligations. The CEO of the Company is Mr. Pekka Perä.

Executive Committee

The role of Talvivaara’s Executive Committee is to manage Talvivaara’s mining operations and administrative activities and to assist the CEO in the performance of his duties. Each member of the Executive Committee has his or her own area of responsibility and the duty to develop the operations in accordance with the targets set by the Board of Directors. The Executive Committee meets 1-3 times a month. During 2010, the Executive Committee met 12 times.

In addition to the ordinary Executive Committee meetings, the Company launched in 2010 working group meetings to further enhance the effectiveness of the Committee’s work. The Executive Committee has been divided into three working groups: Environment, Health, Quality, Safety and Human Resources working group, Financial and Commercial working group, and Production and Technology working group. Each member of the Executive Committee takes part in meetings of at least one of the working groups according to his/her area of

responsibility. The CEO and Chief Operations Officer attend meetings of all the working groups. Since the working group division was launched in autumn 2010, each of the working groups has met twice in addition to the ordinary meetings of the Executive Committee.

Insiders

The Company has a policy which covers dealings in securities and applies to statutory as well as Company and project specific insiders. A comprehensive register of statutory insiders consisting of the Directors, members of the Executive Committee, the auditor of the Company and any other persons whose holding of shares shall be public according to the Finnish Securities Markets Act, is maintained by the Company and available on the Company website and at the headquarters.

Talvivaara’s register of Company specific insiders includes individuals who are defined by the Company as such and who regularly possess insider information due to their position in the Company.

Permanent insiders may not trade in securities issued by the Company during closed periods defined pursuant to section 1 of the Model Code annexed to the UK Listing Rules (the “UK Model Code”). The Company also follows the Insider Guidelines issued by NASDAQ OMX Helsinki (the “Finnish Insider Guidelines”). As the closed periods under the UK Model Code are longer than the minimum closed windows under the Finnish Insider Guidelines, the Company has decided to define its closed periods in accordance with UK Model Code as follows:

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

All insiders are notified of close periods.

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

Auditor

According to its Articles of Association, Talvivaara has one auditor elected by the Annual General Meeting of Shareholders. The term of the auditor terminates at the close of the Annual General Meeting of Shareholders following the election. The auditor shall be a company of auditors authorized by the Central Chamber of Commerce of Finland.

The auditor of the Company has been the Authorized Public Accountants PricewaterhouseCoopers. Ms. Ylva Eriksson, APA, has principal responsibility for the conduct of the audit. The auditors are paid based on approved invoices. In 2010, the compensation for auditing services amounted to EUR 76,000 in audit fees and to EUR 23,115 in non-audit fees. The auditor is responsible for auditing the Company's and the Group's accounting records for the financial period, the financial statements and the report of the Board of Directors. In addition, Finnish law requires that the auditor also monitors the legality of the Company's administration.

Going concern

The Group's forecasts and projections, taking account of the Group's current liquidity position and reasonably possible changes in production, metal prices and foreign exchange rates, indicate the Group to be able to continue in operational existence with adequate financial resources for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Relationship with the major shareholder

To date, Mr. Pekka Perä, Chief Executive Officer and Executive Director of the Company, owns, together with his associates, approximately 23 per cent of the Company. The relationship between Mr. Perä and Talvivaara is governed by a Relationship Agreement, pursuant to which Mr. Perä has undertaken, inter alia, to exercise all voting rights and any powers of control that he has in relation to the Company and any other members of the Talvivaara Group in such a way as to ensure that the Company and the other members of the Group are able, at all times, to carry on their businesses independently of Mr. Perä and his associates, and that any transaction or relationship between Mr. Perä or any of his associates and the Talvivaara Group will be at arms length and on a normal commercial basis. The Relationship Agreement shall apply so long as Mr. Perä, collectively with his associates, controls 20 per cent or more of the voting rights at the General Meeting of Shareholders of the Company. The Board of Directors considers the provisions of the Relationship Agreement to be adequate safeguards for securing Talvivaara's ability to operate independently of Mr. Perä and his associates.

Dialogue with institutional and major shareholders

The Board of Directors recognizes that meetings with analysts and shareholders constitute an important element of the Company's investor relations programme. Meet-

ings take place with major investors either individually or on a group basis, as required. These meetings may be initiated either by the Company or analysts and investors, and are managed at the Group level by the Chairman, the Chief Executive Officer and the Chief Financial Officer, who brief the rest of the Board of Directors regularly on the Company's relationships with its shareholders. The Senior Independent Director is available to attend meetings with major shareholders when requested by shareholders or considered necessary by the Company.

The Annual Reports and the Interim Results are the Company's primary means of communicating with all shareholders. Financial reports, press releases, and other information about Talvivaara released in 2010 are available on the Company's website at www.talvivaara.com.

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

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

The Company's internal control and risk management processes use the framework introduced by the Committee of Sponsoring Organizations (COSO) as the starting point. The framework comprises the key components of control environment, risk management, control activities, information and communication, and monitoring. Talvivaara aims to continuously improve its internal controls and risk management practices to eventually make them COSO compliant and to make these processes an increasingly integrated part of all day-to-day operations.

Control environment

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

Risk management

The objective of Talvivaara's risk management is to support the achievement of the Group's strategic and operational targets while protecting the Company against loss, uncertainty and lost opportunity. There is an ongoing process in place, supported where necessary by external

advisors, for identifying, evaluating and managing the significant risks facing the Talvivaara Group. The Board of Directors is responsible for reviewing the effectiveness of the systems for the identification and management of risk. Such reviews are periodically undertaken with the assistance of the Audit Committee.

The Chief Executive Officer, the Executive Committee and the Risk Management Committee as its sub-committee are responsible for defining and implementing daily risk management procedures and ensuring that risks are taken into account in the Group's strategic planning. The Executive Committee coordinates risk management activities and risk reporting in the Group.

In 2010, the Company's risk management activities were focused on developing risk management practices within departments and functions, partly as part of internal development programmes relating to environment, health and safety, internal controls, and production reliability. The goal set for 2011 is to update the Group level risk management policies to reflect Talvivaara's present development stage as an operational rather than a project focused entity. The Group level risk assessment will be based on findings from the department level work and on experience gained from the chosen risk assessment tools which take into account the probability and estimated impact of the identified risks.

Risks specific to Talvivaara, its business and the industry in which it operates are discussed in more detail in Talvivaara's Annual Report in section "Risk management and principal risks".

Control activities

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

In 2010 Talvivaara continued the work commenced in 2009 and aimed at further improving its internal controls to reflect the Company's growth and development into a revenue generating entity. The work on internal controls focused on the following key processes: procurement, payments, revenue, production, human resources and payrolls, financial reporting, and information technology. Control matrices for all of the key processes were defined during the year and the effectiveness of the controls was tested. Whilst no significant findings pertaining to the controls were made, additional testing is planned for 2011 along with further updating and improvement of documentation relating to the processes, controls and

operating procedures. The foundation for the work on internal controls has been the identification of risks relating to the key processes and definition of the internal controls to minimize the identified risks.

Talvivaara views control activities an area of continuous improvement. In 2011, the Company intends to continue paying special attention to the effective implementation of the internal controls and on further documentation of the underlying operating procedures.

Information and communication

Talvivaara aims to keep its personnel as well as the Board of Directors informed of its internal controls and risk management policies in a transparent, accurate and timely manner in order to continuously build on a positive culture of control activities. The key information channels towards all of the employees include the Company intranet and the weekly and monthly personnel publications, Talvivaara Weekly and Talvivaara News. Relevant personnel groups are also separately informed of and trained relating to internal controls and risk management procedures. Employee input is also actively sought when identifying the key risks and controls.

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

Monitoring

The effectiveness of the internal controls is overseen by the Board of Directors and operationally monitored by the management on various organisational levels. The Company's financial control function is responsible for periodically testing the controls and overseeing the commitments entered into in connection with the operations of the Talvivaara mine.

Talvivaara does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls. The establishment of an internal audit function, either internally or through outsourcing, is considered by the Audit Committee and the Board of Directors annually and is regularly discussed with the Company's external auditors. The stage of development and operational scope of the Company have, in the Board of Directors' view, not yet warranted establishment of an internal audit function. The key factors contributing to this view include the Group's operations being carried out on one mine site and in one country only, and the number of the Group's customers being limited. Also, the ongoing development work on internal controls involves testing and evaluation of controls in a fashion that closely resembles internal audit.

Board of Directors



G. Edward Haslam

Born 1944. Non-Executive Chairman of the Board since 2006. Independent from the Company and significant shareholders. **Other key positions of trust:** Non-Executive Director of Aquarius Platinum Ltd, Chairman of the Remuneration and Succession planning committee and member of the Audit Committee at Aquarius Platinum Ltd, Senior non-executive Director of Namakwa Diamonds Ltd.

Primary experience: CEO of Lonmin Plc until 2004, various positions with Lonmin Plc, Falconbridge Nickel Mines and British Steel Corporation.



Pekka Perä

Born 1964. M.Sc. (Mining) Helsinki University of Technology. Executive Director and CEO of the company since its incorporation 2003. **Primary experience:** Project Manager of Mining at Arctic Platinum Partnership from 2001 to 2003 and as a Project Manager at Pyhäsalmi Mine Oy, various positions with the Outokumpu Group in Finland and elsewhere from 1991 to 1999.



Saira Miettinen-Lähde

Born 1962. M.Sc.(Eng.) Executive Director and CFO of the company since 2005. **Primary experience:** Founding partner of SIDOS Partners Ltd (Jan 2004 to Dec 2004), Director at D. Carnegie AB (2000 to 2003), Vice President of Business Development at Orion Pharma (Jan 2000 to Oct 2000), Director of the Finnish National Fund for Research and Development (1998 to 1999) and various positions

at Leiras Oy (1993 to 1998).



D. Graham Titcombe

Born 1942. Non-Executive Director since 2007. Independent of the Company and significant shareholders. Deputy Chairman of the Board (Senior Independent Director). **Other key positions of trust:** Senior Independent Director of the Board at Cap-XX Ltd. **Primary experience:** Number of senior positions at Johnson Matthey Plc, retired as Group Managing Director in 2002, member of the

Board of Directors of Johnson Matthey Plc for 12 years, Non-Executive Director of Wagon Plc (1996 to 2003), Chairman of the Board of Infast Plc (2002 to 2005), Senior Independent Director of the board at PolyFuel Inc until 2008.



Eileen Carr

Born 1957, M.Sc. (Management) University of London, Sloan Fellow, FCCA. Non-Executive Director since 2007. Independent from the Company and significant shareholders. **Primary experience:** Number of senior positions within the mining industry including Finance Director and Company Secretary at Cluff Resources plc (1993 to 1996)

and at Cluff Mining plc (1997 to 1999); CFO and Company Secretary at Monterrico Metals plc (2002 to 2007); Non-executive director at Goldstar Resources NL (2003 to 2009); Deputy Chairman at Cluff Gold plc (2007 to 2010).



Eero Niiva

Born 1960. M.Sc. (Industrial Management) Lappeenranta University of Technology. Non-Executive Director since 2005. Independent of the Company and significant shareholders. **Other key positions of trust:** Partner and member of Board of Directors at MB Funds (since 2003), Chairman of the Board of Directors of Norpe Oy, Chairman of the Board of Directors of Forchem Oy, member of the Board

of Directors of Mainio Vire Oy, Chairman of Board of Directors of Tailwind Capital Oy. **Primary experience:** Head of Corporate Finance and Senior Executive of Carnegie Investment Banking in Helsinki (1995 to 2003), various positions with Postipankki Corporate and Investment Banking (1988 to 2003), Representative and Deputy Chief Representative of Postipankki Tokyo Representative Office (1989 to 1992), various positions in corporate and investment banking including Corporate Analyst at Mortgage Bank of Finland Ltd (1985-1988).



Tapani Järvinen

Born 1946, Lic. Sc. (Tech.) Helsinki University of Technology. Non-Executive Director since April 2010. Independent of the Company and significant shareholders. **Other key positions of trust:** Member of the Board of Directors (since 2003) of Dragon Mining Limited, Australia, Member of the Board of Directors (since 2007) of Normet Oy, Member of the Board of Directors (since 2008) Okmetic Oyj, Member

of the Board of Directors and Audit Committee (since 2009) Konecranes Oyj, Member of the Board of directors and Human Capital Committee (since 2010) Outotec Oyj. **Primary experience:** President and CEO of Outotec Oyj, (Oct 2006 to 2009), President and CEO of Outokumpu Technology (2003 to 2006), Executive Vice President and Member of the Group Executive Committee of Outokumpu Oyj (2000 to 2005), General Manager & CEO of Compañía Minera Zaldivar, Chile (1994 to 2000), various positions with the Outokumpu Group in Finland and elsewhere from 1985 to 2000 and prior to joining Outokumpu various positions at Kone Corporation from 1971 to 1985.



Roland Junck

Born 1955, Mechanical Engineer Federal institute of Technology, Zürich, MBA Sacred Heart University Luxembourg. Non-Executive Director since April 2010. **Other key positions of trust:** Member of the Board of Directors (2007 to 2009) of Nyrstar NV, Member of the Board of Directors (since 2008) of AGFA-Gevaert NV, Member of the Board of Directors (since 2008) Interseroh SE, Member of the Board of

Directors (since 2008) of Samwha Steel SA. **Primary experience:** CEO & Managing Director of Nyrstar NV (since 2009), CEO of Arcelor Mittal (2006–2007), Senior Executive Vice-President of Arcelor S.A. (2002 to 2006), various positions with Idem – TrebilArbed – Arbed in Europe from 1980 to 2002.



Antti Aaltonen

Born 1947. Non-Executive Director from 2005 until April 2010. Resigned from the Board of Directors at the Annual General Meeting on April 15, 2010. Independent of the Company and significant shareholders since 16.10.2009. **Primary experience:** President of Norilsk Nickel Finland Oy until 15 October 2009, President of OMG Finland Oy and OMG Harjavalta Nickel Oy until March 2007, previously

several senior management positions at OMG Finland Oy and OMG Harjavalta Nickel Oy, in the 1970s several positions in development and technology at Outokumpu Cobalt Plant.

Executive Committee

Pekka Perä

Executive Director and CEO

Saila Miettinen-Lähde

Executive Director and CFO. Mrs. Miettinen-Lähde's area of responsibility covers Group's financial management, investor relations, treasury, risk management and communications.

Pekka Erkinheimo

Born 1972, Chief Commercial Officer since 2006, LL.M, Pekka Erkinheimo's area of responsibility covers group sales and procurement, logistics and legal affairs. He is the Company Secretary. **Primary experience:** Senior associate at Castren & Snellman Attorneys from 1999 to 2006 and has also worked as a tax consultant at Arthur Andersen in Helsinki and Zürich.



Lassi Lammassaari

Born 1972, Chief Operations Officer since 2008, M.Sc. (Environmental Engineering). Mr. Lammassaari's area of responsibility is the operation at the Sotkamo mine. **Primary experience:** Joined the Company in 2005. Prior to joining the Company, he worked for Pöyry Infra Ltd as Project Manager 1998–2002, Arctic Platinum Partnership as Environmental Manager 2002–2003 and LVT Ltd as Project Manager 2003–2004. Before being appointed Chief Operations Officer, Mr. Lammassaari was the General Manager of Environment and Infrastructure for Talvivaara Project Ltd 2005–2008.



Tapio Ikonen

Born 1957, Chief Administrative Officer since 2008, Master of Laws degree. Tapio Ikonen's area of responsibility covers human resources strategy, policies and processes, HR Development and performance management. **Primary experience:** Prior to joining the Company, he worked for OMG as global Vice President of HR, and held various HR positions with PricewaterhouseCoopers, Nokia, and Outokumpu and employer organizations in Finland.



Jukka Pitkäjärvi

Born 1960, Chief Geologist since 2007, M.Sc. (Geology and Mineralogy), Jukka Pitkäjärvi's area of responsibility covers exploration and reserve development. **Primary experience:** Before joining Talvivaara he held various positions within the Outokumpu Group from 1989, most recently as a Chief Geologist of Kemi Mine.



Leif Rosenback

Born 1952, Chief Technology Officer since 2009, M. Sc. (Chemical Engineering), Leif Rosenback's area of responsibility covers technology, research and development. **Primary experience:** Joined Talvivaara in 2007 and held various positions within the Outokumpu Group from 1990, most recently as a Senior Process Metallurgist of Outokumpu Technology in Spain.



Tapio Hyödynmaa

Born 1951, General Manager Projects since 2008, B.Sc. (Process Engineering), Mr. Hyödynmaa is responsible for investments and project execution. **Primary experience:** Joined Talvivaara in 2007 and held various positions within the Outokumpu Group from 1973, most recently as a Senior Project Manager of Outokumpu Engineering Services Oy.



Kari Vyhtinen

Born 1971, General Manager Expansion since 2010, M.Sc. (Mineral Processing) and Executive MBA, Mr. Vyhtinen's area of responsibility covers the development of the expansion project. **Primary experience:** Joined Talvivaara in November 2007. Prior to joining Talvivaara, he worked as a Sales Manager of Process Technology at Outotec Oyj from 2004 to 2007 and as a Managing Director of VTG Worldwide Group's Australian and Finnish offices from 1998–2004. Before being appointed General Manager – Expansion Project, Mr. Vyhtinen was the General Manager – Business Development 2008–2010.



Eeva Ruokonen

Born 1960, Chief Sustainable Officer since 2010, M.Sc. (Mining) and Lic.Tech. (Mineral Processing), Eeva Ruokonen's area of responsibility covers sustainability, environment, health, and safety management and business excellence. **Primary experience:** Prior to joining Talvivaara she worked for ABB Oy Service as Vice President - HSE (2007 – 2009), Boliden Ab as global Vice President - QHSE (2006–2007), Boliden's zinc smelter in Kokkola as General Manager - administration (2005 – 2006) and copper/nickel smelters in Harjavalta as Vice President HSE (1999–2005). During 1991–1999 she worked for Outokumpu-company at Kemi chromium mine in operational and process development positions.



Jari Voutilainen

Born 1966, General Manger Business Development since 2010, M.Sc. (Metallurgy and Strategy & International Marketing), Mr. Voutilainen's area of responsibility covers business development. **Primary Experience:** Prior to joining Talvivaara, he held senior management positions in Nokia Operations and Logistics during 2002–2009 and management positions in Outokumpu Copper Products and Base Metals during 1992–2002.

