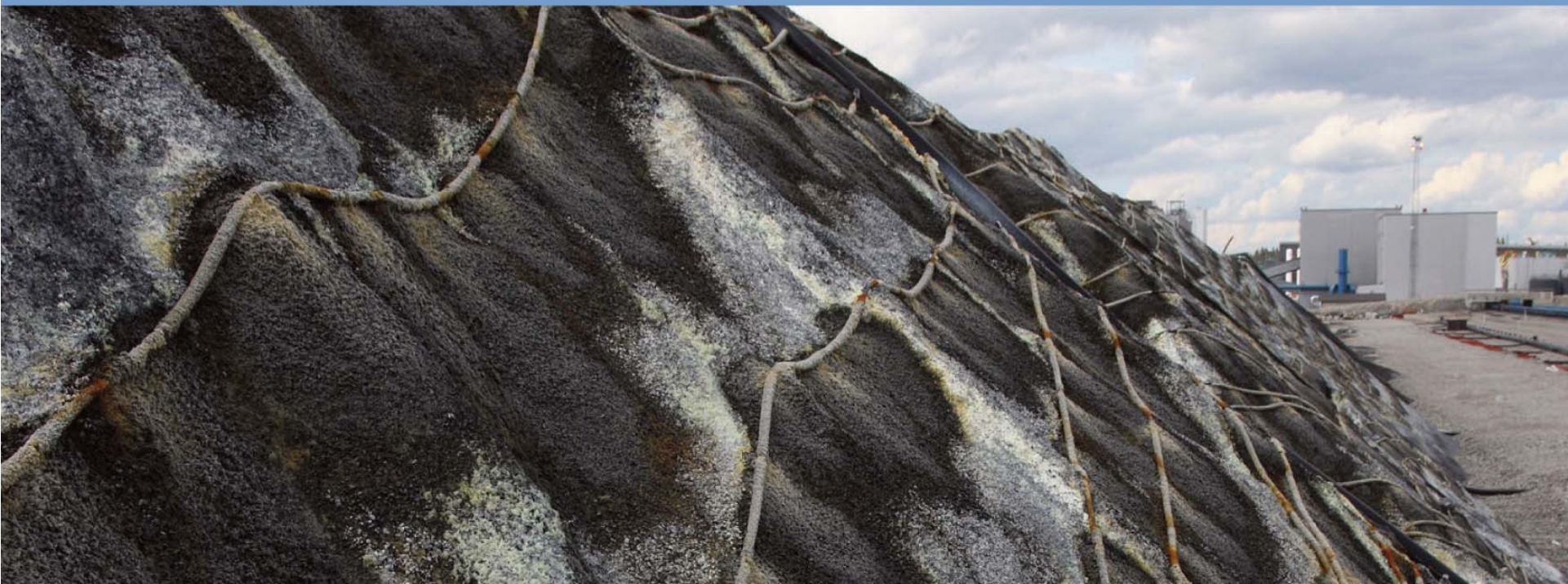


Talvivaara Mining Company Plc

TALVIVAARA

Financial Update

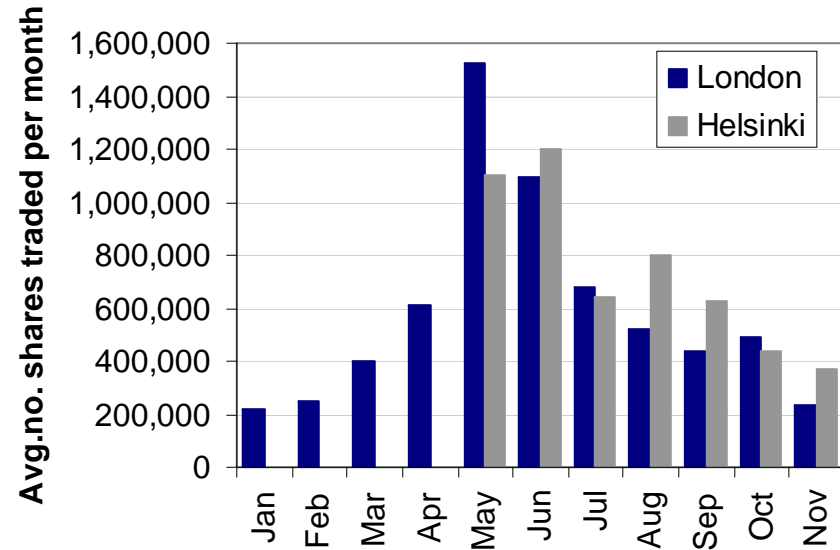
Saila Miettinen-Lähde, CFO



Ramping up towards positive cashflow in 2010

- **2009 key positives**
 - Successful equity placing of EUR 82.7 million to fund capacity expansion
 - Helsinki Stock Exchange secondary listing
 - Increased liquidity
 - Broadened shareholder base
- **2009 challenges**
 - Delayed ramp-up due to crushing issues; additional working capital requirement mitigated by EUR 45 million Finnvera loan
 - High cost and/or unavailability of leasing arrangements due to difficult financial markets
- **2010 outlook**
 - Continued ramp-up of production
 - Further optimisation of production processes for cost control
 - Positive cashflow H2 2010

Liquidity of the Talvivaara share in 2009



Key figures Q1-Q3 2009

		Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	FY 2008
Turnover	EUR '000	826	-	2,604	-	-
Operating profit (loss)	EUR '000	(15,303)	(4,955)	(23,208)	(9,576)	(4,296)
Profit (loss) before taxes	EUR '000	(15,314)	(9,001)	(30,003)	(13,452)	(8,033)
Earnings per share	EUR	(0.04)	(0.03)	(0.08)	(0.05)	0.03
Capital expenditure	EUR '000	24,315	100,128	82,052	273,030	429,086
Net interest-bearing debt	EUR '000	354,130	100,131	354,130	100,131	285,467
Debt-to-equity ratio		84.2 %	28.3 %	84.2 %	28.3 %	67.3 %
Cash and cash equivalents at the end of the period	EUR '000	68,624	93,028	68,624	93,028	82,713
Derivative financial instruments	EUR '000	64,975	74,393	64,975	74,393	152,545
Number of employees at the end of the period		283	229	283	229	239

Full year 2009

- No guidance for full year revenues due to crushing issues Q1-Q3
- Other operating income approx. EUR 45-50 million
 - Anticipated hedge income Q4 approx. EUR 10 million
- Operating expenditure approx. EUR 90-95 million
 - Exceptionally high materials handling costs Q1-Q3; normalising in Q4
 - Increasing chemicals costs in Q4 upon growing volume of metals production
- Capital expenditure approx. EUR 90 million
 - Majority of 2009 Capex still related to construction project in accordance with the feasibility study
 - Expansion capex <20%

Production assumptions for 2010

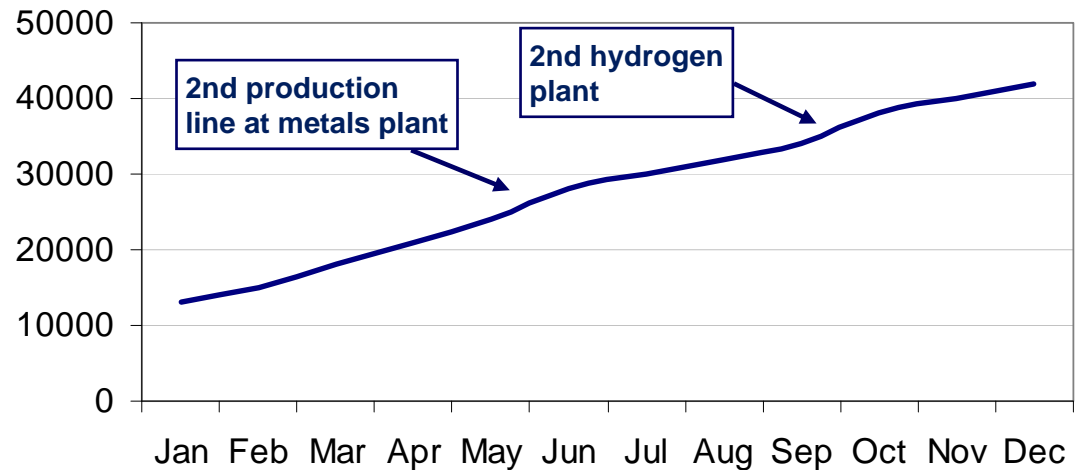
- **Mining**

- Ore 24 mt
- Waste 16 mt
- Stripping ratio 0.6

- **Metals recovery**

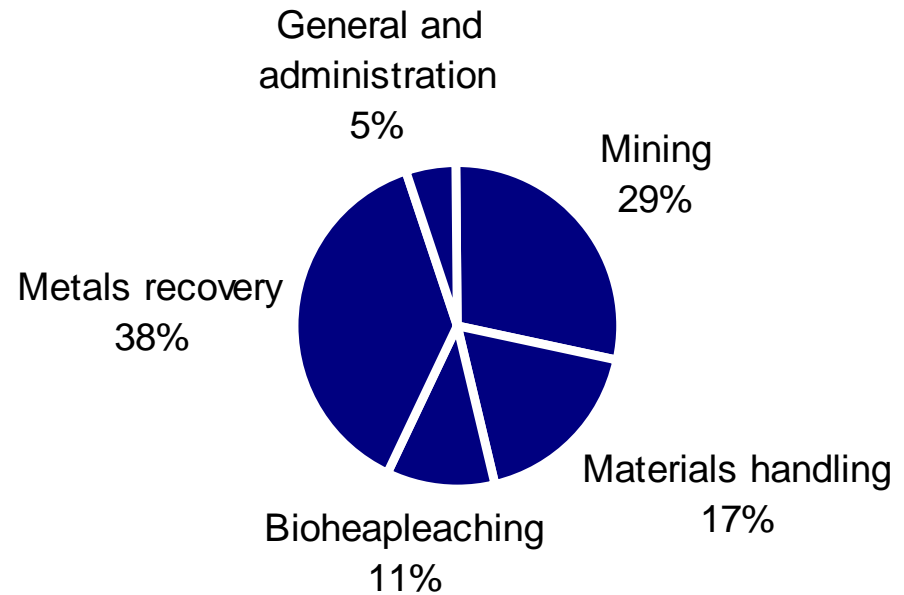
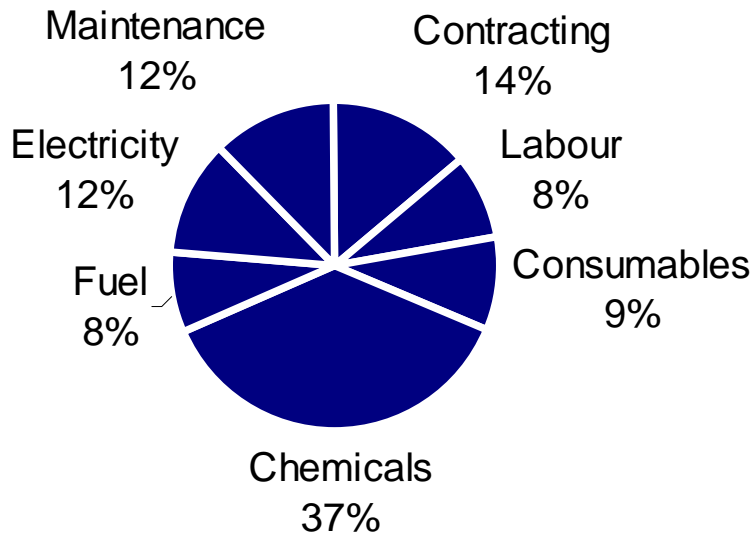
- Nickel: approx. 30,000 t
- Zinc: approx. 57,000 t
- Insignificant amounts of copper and cobalt

Annualised production level of nickel in 2010(t)



Operating expenditure 2010

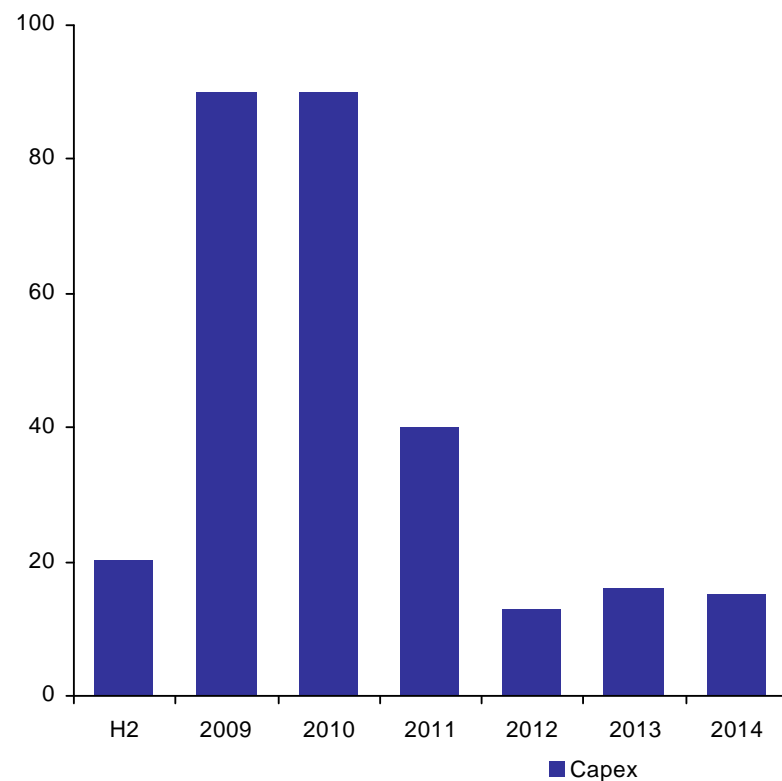
- Estimated cash cost of operation EUR 170-180 million
- Leasing costs approx. EUR 12 million



Capital expenditure

- Capex 2010 approx. EUR 90 million, mainly
 - Secondary heap pad, ground works for waste rock area
 - Secondary stacker, reclaiming equipment
 - Metals recovery
 - Second production line
 - Hydrogen plant
 - Hydrogen sulphide plant
- Expansion capex and payments relating to secondary stacking system continue into 2011
- Maintenance capex 2012 onwards

Estimated capital expenditure 2009-2014 (1)



(1) Long term Capex estimates are based on current development plans and price assumptions and are subject to change

Hedging

- Current hedging policy framed by Project Term Loan requirements
- Commodity prices
 - 13,547 tonnes of nickel forwards at an average price of USD 23,452/t remaining between Q4 2009 and December 2011
 - 33,579 tonnes of zinc forwards remaining at an average price of USD 1,949/t between Q4 2009 and December 2011
- Fx:
 - Fx hedges for EUR 175 million remaining from Q4 2009 to Q4 2010 at EUR/USD 1.27-1.28
- Expected hedging policy in long term
 - Little or no hedging of nickel production
 - Some continued hedging of by-products
 - Continued Fx hedging broadly similar to current strategy

Competitive cash cost of production

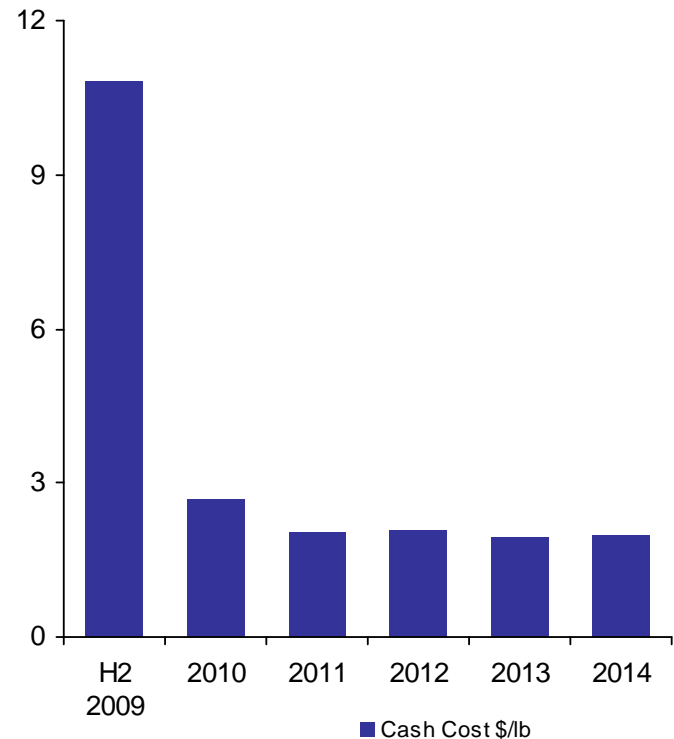
- Estimated cash cost at year end: ^(1,2)
 - 2010: EUR 2.2/lb nickel (USD 2.7/lb)
 - 2011: EUR 1.6/lb nickel (USD 2.0/lb)
- Higher unit cost in 2009 due to
 - Disproportionately high mining and materials handling cost due to technical issues in crushing and ramp -up
 - Learning curve in operations

(1) By-product credits with the following assumptions for average cost between H2 2009 – 2014:

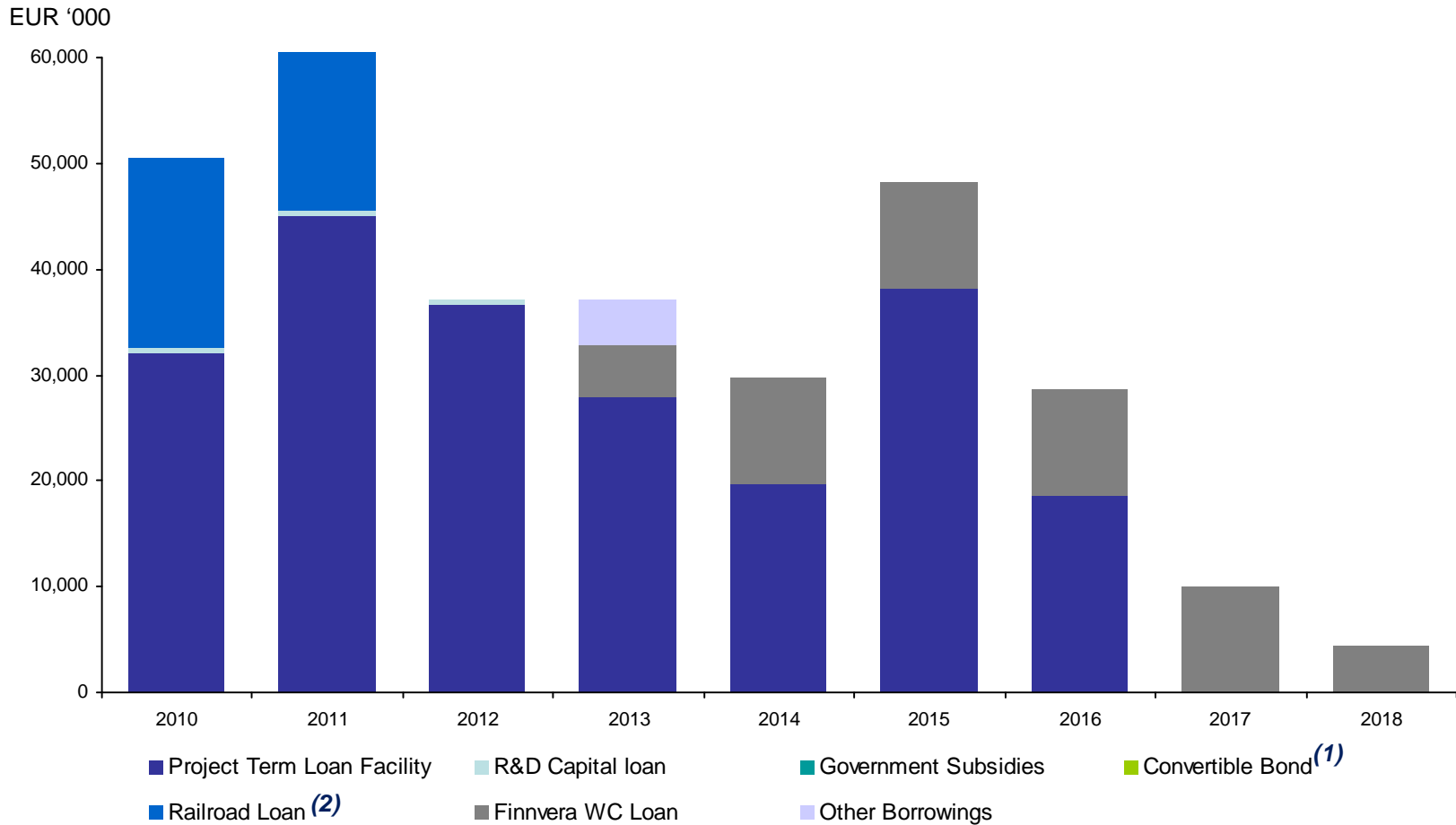
- Zn € 0.68/lb (\$ 0.85/lb); net smelter return to Talvivaara 60%
- Cu € 1.27/lb (\$ 1.59/lb); net smelter return to Talvivaara 75%
- Co € 5.44/lb (\$ 6.80/lb); net smelter return to Talvivaara 59%
- €/ \$ 1.25

(2) After by-product credits and based on current estimates for long term chemicals, power and consumables prices

Cash cost of production (USD/lb nickel)^(1,2)



Debt maturity profile



(1) Convertible bond due May 2013 assumed converted into 11.5 million shares at 5.88 GBP/share

(2) Railroad loan to be repaid with Government reimbursements

Financial calendar 2010

- Q4 and full year 2009 results 24 February 2010
- Annual General Meeting 15 April 2010
- Q1 2010 interim results 6 May 2010
- Q2 2010 interim results 25 August 2010
- Q3 2010 interim results 10 November 2010