

A STATEMENT BY THE BOARD OF DIRECTORS ON THE EVENTS OCCURRING AFTER THE INTERIM REPORT RELEASED ON 10 NOVEMBER 2010 AND HAVING A MATERIAL EFFECT ON THE POSITION OF THE COMPANY

The Board of Directors of the Company gives the following statement on the events of material effect since the date of the release of the Interim Report on 10 November 2010:

Operational Update as well as Production and Expenditure Guidance

On 1 December 2010, the Company held a Capital Markets Day for analysts and investors. The Capital Markets Day presentations included the below update on operations and strategy as well as guidance on 2011 full year production and planned capital and operating expenditure:

Highlights

- 2010 production guidance reiterated at 11,000-13,000t nickel and 28,000-30,000t zinc;
- 2011 full year production guidance: 30,000-35,000t nickel; 65,000-70,000t zinc; 650-750t cobalt, and minor amounts of copper;
- 2011 full year capital expenditure estimated at EUR 70-80 million;
- 2011 full year operating expenditure estimated at EUR 240-260 million including financial leasing; and
- Estimated cash cost of production EUR 2.3/lb nickel in 2011; EUR 1.6/lb nickel in 2012.

Operational update

All processes at the Talvivaara mine are currently operating well. The primary heap reclaiming and secondary heap stacking systems are being put into operational use during the first week of December, and leach solution from secondary leaching is expected to be available for metals recovery during the month of December.

Production guidance

The Company anticipates its full year 2011 nickel and zinc production to amount to 30,000-35,000t and 65,000-70,000t, respectively. Cobalt production is expected to amount to 650-750t, while copper output is likely to be limited to relatively minor amounts during the second half of 2011.

The Company continues to expect the annualized production rate of nickel to reach 30,000t before the year end 2010 and the full scale production target of 50,000t nickel per annum to be achievable in 2012.

Capital and operational expenditure guidance

Due to cost overruns in earth works relating to the construction of the secondary heap foundations, the guidance for 2010 capital expenditure is raised from approximately EUR 100 million to EUR 120-130 million.

Full year capital expenditure for 2011 is estimated at EUR 70-80 million, relating mainly to the construction of secondary heap foundations, waste rock areas and a gypsum pond, and purchase of capital spare parts. The estimated EUR 40-50 million cost of the planned uranium extraction facility is not included in the anticipated capital expenditure, as investment decision on the uranium plant is still pending progress in permitting and a partnering agreement.

Full year 2011 operational expenditure is estimated at EUR 240-260 million including an estimated EUR 15 million in financial leasing costs. The largest cost items include chemicals (36%), contracting (15%), maintenance (12%) and electricity (10%).

Bonds

On 16 December 2010, the Company issued EUR 225 million senior unsecured convertible bonds due 2015 (the "Bonds") which were subscribed for by international institutional investors procured by J.P. Morgan Securities Ltd. and Merrill Lynch International. The Board of Directors has proposed that the extraordinary general meeting of the Company to be held on 27 January 2011 would resolve upon issue of special rights in respect of the Bonds.

Espoo, 4 January 2011

Board of Directors