TALVIVAARA

Interim Results January-June 2011

17 August 2011

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Highlights

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Highlights

Q2 2011

- Nickel production 3,951t (Q1 2011: 4,215t)
  - Extended maintenance and upgrading stoppage in April-May
  - New monthly production record of 1,774t in June
- Net sales EUR 37.6m (Q1 2011: EUR 66.5m)
  - Negative impact from price and FX adjustments and high nickel inventory at quarter end
- Operating loss EUR (1.2)m (Q1 2011: profit of EUR 11.6m)
- 4% additional shareholding in Talvivaara Sotkamo acquired from Outokumpu; option to acquire remaining 16%

H1 2011

- Nickel production 8,166t, up 245% from 3,339t in H1 2010
- Net sales EUR 104.1m (H1 2010: EUR 46.9m)
- Operating profit EUR 10.4m (H1 2010: EUR 0.2m)

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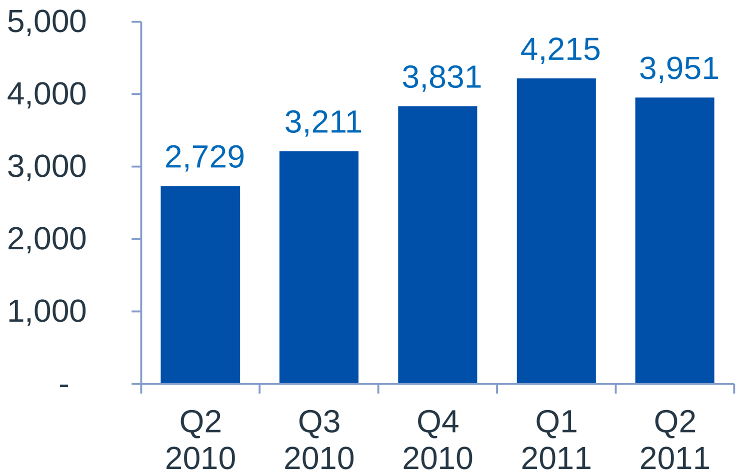
Maintenance and upgrading programmes planned for Q2 completed

- Extensive maintenance and upgrade stoppage at the metals recovery plant in April-May
  - Plant entirely down for 15 days
- Focus
  - Cleaning and upgrading of hydrogen sulphide generators
  - Inspection and maintenance of reactors and thickeners
  - Numerous smaller upgrading items to improve production reliability, e.g. doubling up of pipelines
  - De-bottlenecking
- Largely anticipated levels of wear & tear
- Sufficient capacity for full-scale production has been proven after the maintenance and upgrade stoppage

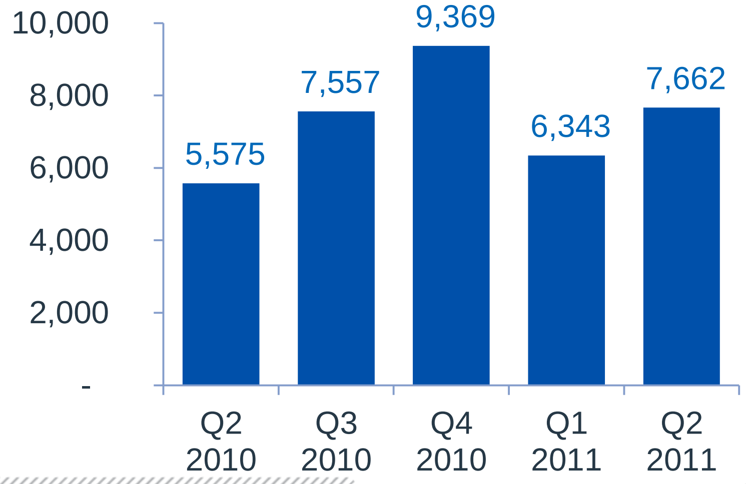
Metals recovery – focus on production reliability

- Nickel production 3,951t, slightly below Q1
  - Satisfactory result given the length of the stoppage restricting production levels
- New monthly production record of 1,774t achieved in June
- Zinc output 7,662 tonnes
- Continued focus on improving production reliability
  - Maintenance and upgrade stoppage
  - Preventative maintenance
  - Personnel training and recruitment

Nickel production Q2'10 – Q2'11 (t)



Zinc production Q2'10 – Q2'11 (t)



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Mining and materials handling

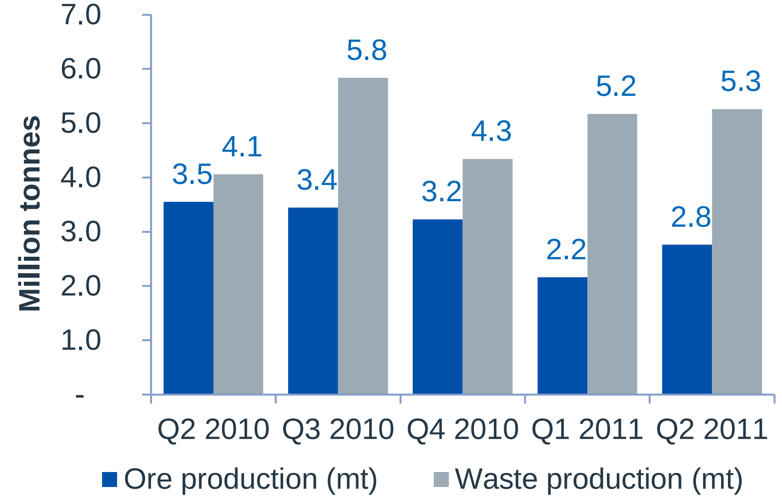
Mining

- 2.8mt of ore (Q1 2011: 2.2Mt) and 5.3Mt of waste (Q1 2011: 5.2Mt)
- Continued emphasis on waste mining to provide material for levelling the ground for the secondary heap foundations
- Ore mining restricted due to the bottle-neck in primary heap reclaiming

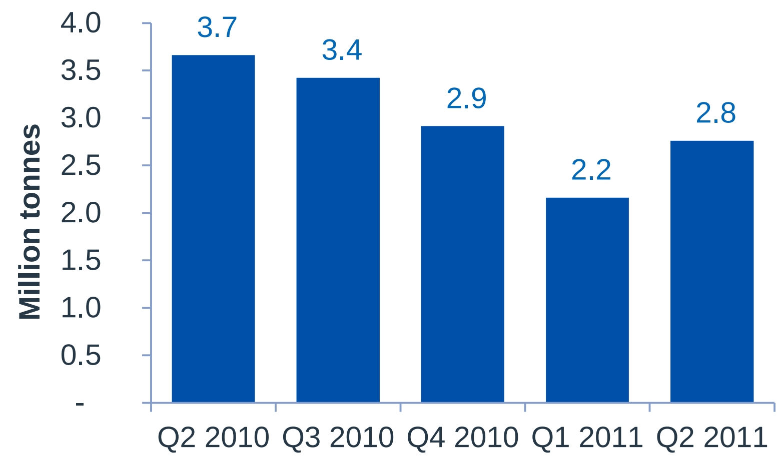
Materials handling

- Crushed and stacked ore 2.8Mt (Q1 2011: 2.2Mt)
- Reclaiming of primary heap slower than budgeted due to
  - Contractor change
  - Commissioning issues with equipment, e.g. feeding of ore to sizers
- Reclaiming speed being improved through equipment modifications and additional contractors

Ore and waste mining Q2'10 – Q2'11

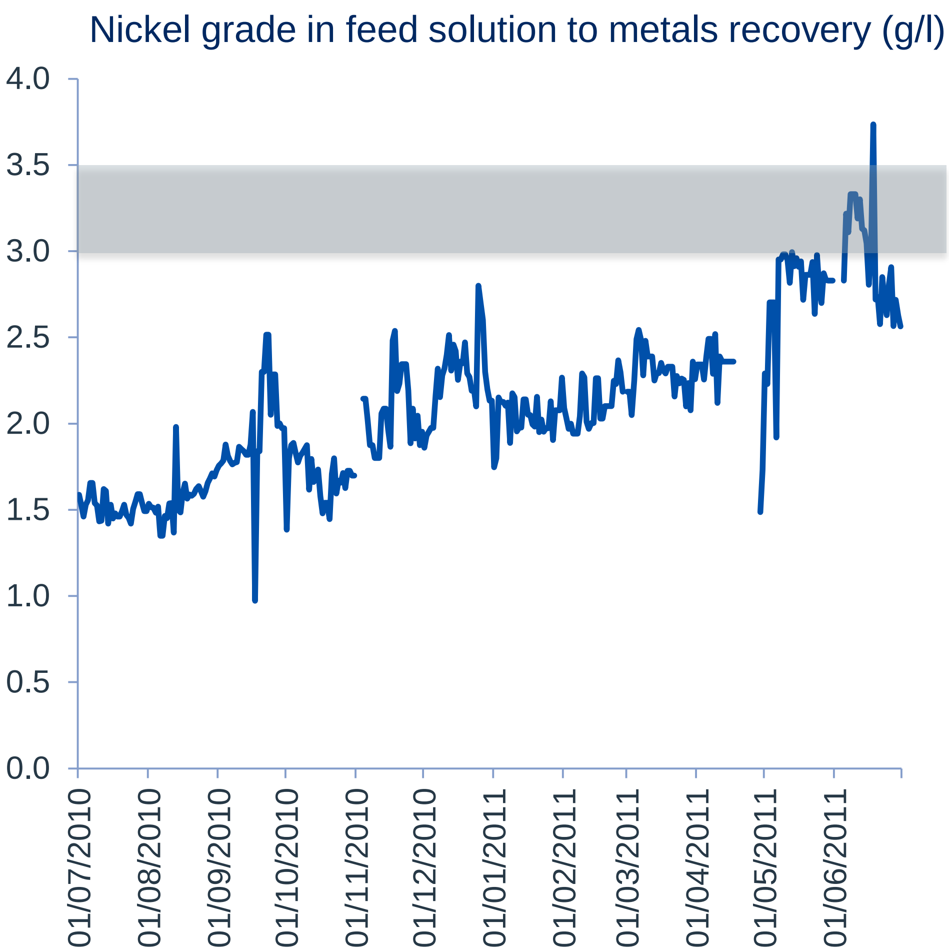


Stacked ore Q2'10 – Q2'11



Bioheapleaching – continued positive development in nickel grade in feed solution

- Targeted nickel grade in solution for full-scale production reached during Q2
  - Target ca. 3-3.5 g/l
  - Average nickel grades in solution pumped to metals recovery increased from 2.3 g/l in April to 3.0 g/l in June
- Main sources of leach solution were heap sections 3 and 4
  - New sections 1 and 2 needed for substantially increased production rates
  - Leaching in the new primary heap section 1 developing as expected
- Leaching in the secondary heap progressing well, though no solution has yet been pumped to metals recovery



Continued focus on sustainable development

- Environment
  - Compliance with all of the environmental permit limits for water emissions and hydrogen sulphide emissions
  - Target to set the bar in environmentally sustainable mining – efforts continue to reduce the environmental effects of Talvivaara’s operations
- Health and safety
  - Rolling 12 months LTI’s: 13.1 / million work hours
  - One LTI during the second quarter
  - Our target: zero LTI's
- Personnel
  - 481 employees, including 65 summer trainees
  - Group personnel fund established by employees in June
  - Significant employer in the region

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Permitting

- Application for a permit to extract uranium as a by-product submitted to the Ministry of Economy and Employment in April 2010; application supported by The Finnish Radiation and Nuclear Safety Authority with approval by Government of Finland expected in late 2011
- Environmental permit application for uranium submitted in March 2011; permit expected in 2012
- Application for the renewal of the existing environmental permit submitted in March 2011; public notice on the application expected during the autumn
- Application for the expansion of the Talvivaara mining concession area submitted in June 2011
- Baseline environmental studies relating to the planned production expansion ongoing since Q1 2011; Environmental Impact Assessment to commence Q4 2011

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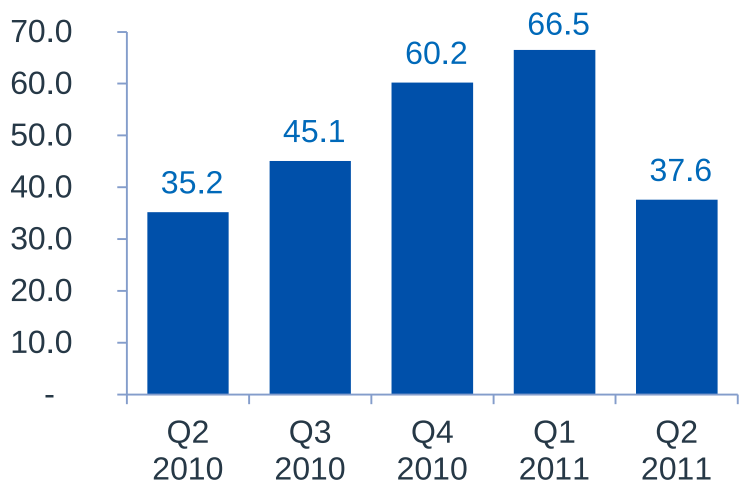
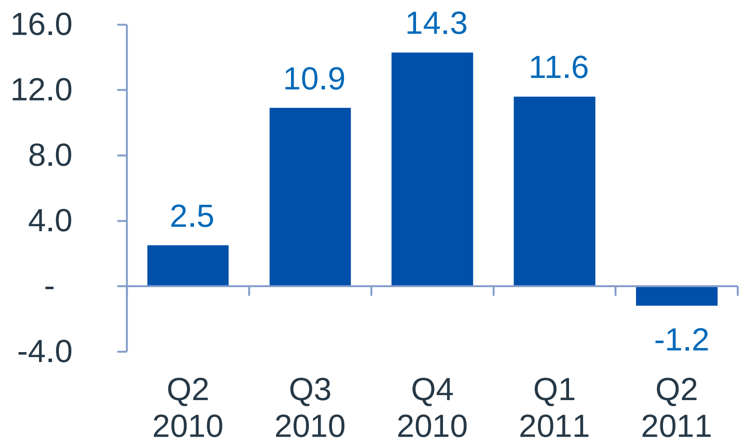
Q2 2011 financial review

- Q2 financial performance reflects
  - Production stoppage
  - Unfavourable nickel price and FX movements resulting in FX losses of EUR 2.0m and nickel price losses of EUR 12.0m in connection with the final settlement of invoices to Norilsk Nickel
  - Stoppage at Norilsk Nickel Harjavalta resulting in an unusually high nickel inventory at quarter end
  - High maintenance costs in Q2 due to stoppage
- Q2 net sales of EUR 37.6m
- Q2 EBIT of EUR (1.2)m
- Loss for the period EUR (4.6)m
- EPS of EUR (0.02)

Net sales (EURm)



EBIT (EURm)



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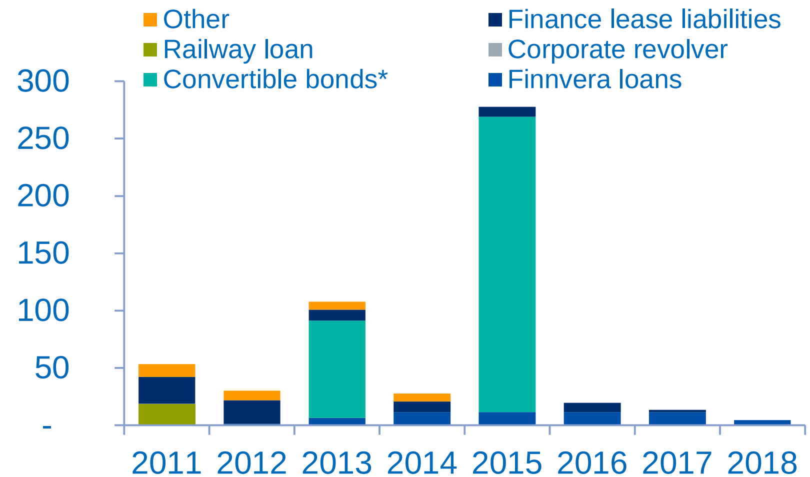
Solid financial position

- Cash and cash equivalents including short-term deposits at Jun-2011: EUR 47m (31 March 2011: EUR 145m)
  - EUR 60m acquisition price for 4% of Talvivaara Sotkamo funded from cash
- No material change in debt position and no material near-term maturities
  - Borrowings of EUR 464m
  - Net debt of EUR 417m
- H1 2011 capital expenditure of EUR 35.5m
- Liquidity resources:
  - Undrawn EUR 80m RCF, primarily as back-up financing relating to the Talvivaara Sotkamo acquisition
  - The EUR 80m facility will be replaced by the EUR 100m RCF signed in June 2010, following final bank approvals to certain amendments (expected in August)

Debt maturity profile as at Dec-2010 (EURm)

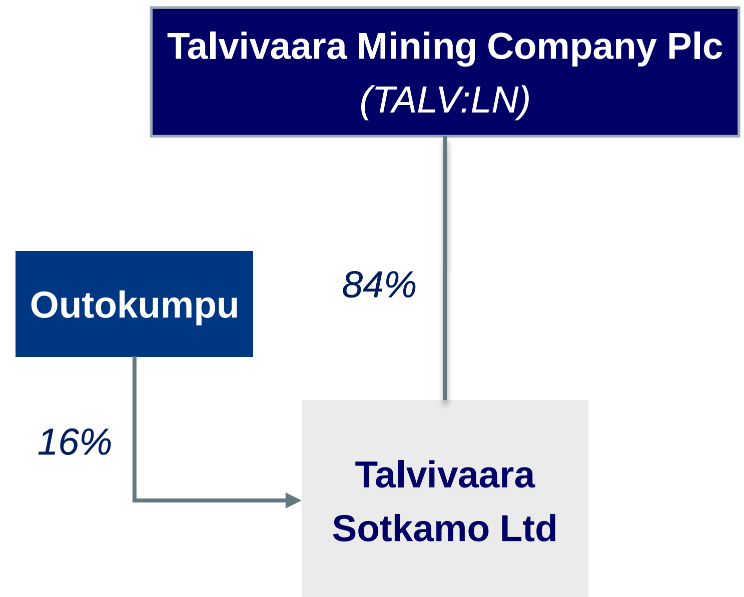


2015 convertible bond maturity reflects accreted principal

Net debt (EURm)

Talvivaara Sotkamo Ltd minority interest

- Talvivaara acquired an additional 4% in Talvivaara Sotkamo on 1 June 2011 from Outokumpu for EUR 60m
  - Funded from existing cash reserves
  - IFRS equity decreased by EUR 61.5m as the acquisition price of EUR 60m and transaction costs of EUR 1.5m were deducted from equity
- Simultaneously, Outokumpu granted Talvivaara an exclusive option to acquire the remaining 16% for EUR 240m
  - Can be exercised fully or partially at any time prior to 31 March 2012 at Talvivaara’s discretion
- Appropriate funding arrangements will be considered should Talvivaara choose to exercise the option



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Business development – progressing according to plan

Operation Overlord

- Conceptual studies based on doubling capacity to 100,000t of nickel per annum continued – dedicated project team strengthened to 9 members
- Investment in a modular fashion over 5-6 years; first decisions in 2012
- Application for expansion of the Talvivaara mining concession area by approximately 70 km^2 filed in June
- Environmental Impact Assessment anticipated to commence during Q4; baseline studies continued during Q2 and submission of the environmental permit application expected in 2012

Uranium Extraction

- Preparations for the construction of the uranium recovery facility continued during Q2, and key components for the extraction circuit were ordered
- Commissioning of the facility, subject to receiving the necessary permits and authorizations, is expected during H2 2012
- Permitting progressing as expected with all necessary permits and authorizations expected in 2011-2012

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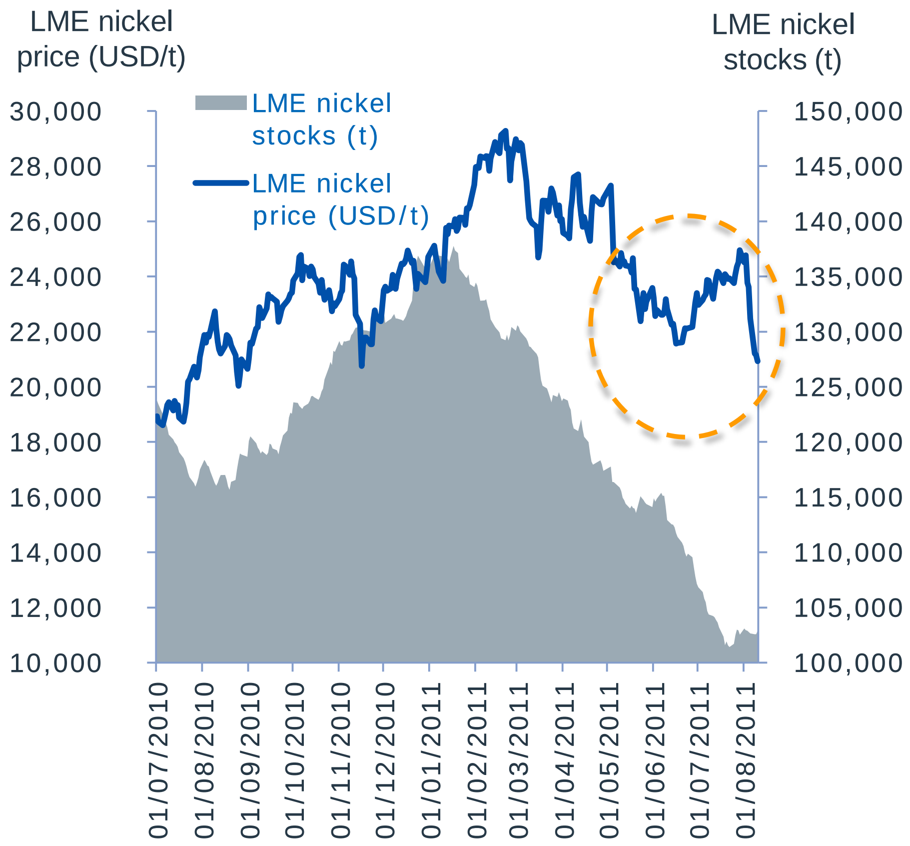
Short-term outlook – operations

- The nickel inventory build-up of Q2 expected to be recovered during Q3, with a positive impact on Q3 financial results
- The maintenance and upgrading stoppage planned for H2 2011 likely to be scheduled for Q4
- Nickel production in 2011 expected to report towards the lower end of the previously given guidance of 22,000-28,000 tonnes
- Production guidance for 2012 will be re-assessed based on the near-term performance in reclaiming and stacking of the primary heap, and availability and utilization rate of the metals recovery plant

Short-term outlook – market

- Positive price momentum at the start of Q3 – nickel price at around USD 25,000/t
- Since then, base metals have retracted substantially amid heightened macro concerns – nickel to around USD 21,000/t
- Fundamentally, the nickel market has remained in a deficit throughout H1 2011, with no significant near-term supply-demand shift expected
- **Short-term outlook:**
  - Uncertain outlook with overall macro situation creating downside risks
  - Volatility across base metals likely to remain elevated
  - Longer term fundamentals, including marginal cost of production, would appear to support the nickel price at around USD 20,000/t

LME nickel price (USD/t) and stocks (t)



Thank you!

Q & A