



Auditor's Report (Translation)

To the Board of Directors of Talvivaara Mining Company Plc

We have audited the accounting records, the interim financial statements, the report of the Board of Directors and the administration of Talvivaara Mining Company Plc for the period 1 January to 30 June 2016. The interim financial statements comprise the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the interim financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of interim financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of the report of the Board of Directors in accordance with the laws and regulations governing the preparation of the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the interim financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of interim financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- the interim financial statements and the report of the Board of Directors give a true and fair view of the financial position, financial performance, and cash flows of the company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the information in the report of the Board of Directors is consistent with the information in the interim financial statements.




Emphasis of Matter

We draw attention to the note 2 of the interim financial statements which describes the basis of preparation of the interim financial statements on a non-going concern basis, as well as the uncertainties relating to the Company's ability to revise its reporting basis and to regain its status as a going concern. We also draw attention to the disclosure "Risk management and key risks" in the report of the Board of Directors, which describes the Company's near term risk factors that relate to the continuance of the Company's business operations.

Our opinion is not qualified in respect of this matter.

Helsinki, 22 September 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants


Juha Wahlroos
Authorised Public Accountant (KHT)