

Talvivaara Stock Option Terms and Conditions

1. Number of Stock Options

The maximum total number of stock options issued is 5,500,000, and they entitle their owners to subscribe for a maximum total of 5,500,000 new shares in the Company or existing shares held by the Company (**the share**).

2. Stock Options

Of the stock options, 2,500,000 are marked with the symbol 2011A, 1,500,000 are marked with the symbol 2011B and 1,500,000 are marked with the symbol 2011C.

The people, to whom stock options are issued, shall be notified in writing by the Board of Directors about the offer of stock options. The stock options shall be delivered to the recipient when he or she has accepted the offer of the Board of Directors. By accepting the stock options offered, the recipient undertakes to comply with any further conditions or requirements the Board of Directors may set from time to time for the possession or exercise of the stock options.

3. Right to Stock Options

The stock options shall be issued gratuitously to the Group key employees and partly to the personnel of the Group. The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive and commitment program for the key employees and personnel.

4. Distribution of Stock Options

The Board of Directors shall annually decide upon the distribution of the stock options to the key employees and personnel employed by or to be recruited by the Group. The Board of Directors shall decide upon the further distribution of the stock options returned later to the Company.

The stock options shall not constitute a part of employment or service contract of a stock option recipient, and they shall not be regarded as salary or fringe benefit. Stock option recipients shall have no right to receive compensation on any grounds, on the basis of stock options, during employment or service or thereafter. Stock option recipients shall be liable for all taxes and tax-related consequences arising from receiving or exercising stock options.

5. Transfer and Forfeiture of Stock Options

The Company shall hold the stock options on behalf of the stock option owner until the beginning of the share subscription period. The stock options may freely be transferred and pledged, when the relevant share subscription period has begun. The Board of Directors may, however, permit the transfer or pledge of stock options also before such date. Should the stock option owner transfer his or her stock options, such person shall be obliged to inform the Company about the transfer or pledge in writing, without delay.

Should a stock option owner cease to be employed by or in the service of a company belonging to the Group, for any reason other than the death or the statutory retirement of a stock option owner or the retirement of a stock option owner in compliance with the employment or service contract, or the retirement of a stock option owner otherwise determined by the Company, such person shall, without

delay, forfeit to the Company or its designate, without compensation, such stock options that the Board of Directors has distributed to him or her, for which the share subscription period specified in Section II.2 has not begun, on the last day of such person's employment or service. Should the rights and obligations arising from the stock option owner's employment or service be transferred to a new owner or holder, upon the employer's transfer of business, the proceedings shall be similar. As an exception to the above, the Board of Directors may, at its discretion, decide, when appropriate, that the stock option owner is entitled to keep such stock options, or a part of them.

The Board of Directors may decide on incorporation of the stock options 2011 into the book-entry securities system. Should the stock options having been incorporated into the book-entry securities system, the Company shall have the right to request and get transferred all forfeited stock options from the stock option owner's book-entry account on the book-entry account appointed by the Company, without the consent of the stock option owner. In addition, the Company shall be entitled to register transfer restrictions and other respective restrictions concerning the stock options on the stock option owner's book-entry account, without the consent of the stock option owner.

A stock option owner shall, during his or her employment, service or thereafter, have no right to receive compensation on any grounds for stock options that have been forfeited in accordance with these terms and conditions.

II SHARE SUBSCRIPTION TERMS AND CONDITIONS

1. Right to subscribe for Shares

Each stock option entitles its owner to subscribe for one (1) new share in the Company or an existing share held by the Company. The share subscription price shall be credited to the reserve for invested unrestricted equity.

2. Share Subscription and Payment

The share subscription period shall be

- for stock option 2011A 1 April 2014—31 March 2016
- for stock option 2011B 1 April 2015—31 March 2017
- for stock option 2011C 1 April 2016—31 March 2018.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

The share subscription period for stock options shall, however, not commence, unless certain operational or financial targets of the Group established for the exercise of stock options and determined by the Board of Directors have been attained. The Board of Directors shall annually decide targets separately for each stock option lot in connection with the distribution of stock options. Those stock options, for which the targets determined by the Board of Directors have not been attained, shall expire in the manner decided by the Board of Directors.

Share subscriptions shall take place at the head office of the Company or possibly at another location and in the manner determined later. Upon subscription, payment for the shares subscribed for, shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

3. Share Subscription Price

The share subscription price shall be:

- for stock option 2011A, the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 March 2011
- for stock option 2011B, the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 March 2012
- for stock option 2011C, the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 March 2013.

Should the dividend ex date fall on the period for determination of the share subscription price, such dividend shall be added to the trading prices of the share trading made as from the dividend ex date, when calculating the trade volume weighted average quotation of the share. Should the Company distribute assets from reserves of unrestricted equity, or distribute share capital to the shareholders, the proceedings shall be similar.

The share subscription price of the stock options may be decreased in certain cases mentioned in Section 7 below. The share subscription price shall, nevertheless, always amount to at least EUR 0.01.

4. Registration of Shares

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber.

5. Shareholder Rights

The dividend rights of the new shares and other shareholder rights shall commence after the shares have been entered into the Trade Register.

Should existing shares, held by the Company, be given to the subscriber of shares, the subscriber shall be given the right to dividend and other shareholder rights after the shares having been registered on his or her book-entry account.

6. Share Issues, Stock Options and Other Special Rights entitling to Shares before Share Subscription

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares, so that the shareholders have pre-emptive right to subscription, a stock option owner shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

7. Rights in Certain Cases

Should the Company distribute dividends or similar assets from reserves of unrestricted equity, from the share subscription price of the stock options, shall be deducted the amount of the dividend or the amount of the distributable unrestricted equity decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, from the share subscription price of the stock options, shall be deducted the amount of the distributable share capital decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the stock option owner shall be given an opportunity to exercise his or her share subscription right, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the stock option owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the stock option owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their stock options, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a stock option owner the right to convert the stock options into stock options issued by the other company, in the manner determined in the draft terms of merger or demerger, or in the manner otherwise determined by the Board of Directors, or the right to sell stock options prior to the registration of the execution of a merger or a demerger. After such period, no share subscription right or conversion right shall exist. The same proceeding shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as an European Company (Societas Europae), or otherwise, register a transfer of its domicile from Finland into another member state of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the stock options. In the above situations, the stock option owners shall have no right to require that the Company redeem the stock options from them at their market value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the stock option owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the stock option owners shall be made an equivalent offer.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Limited Liability Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90% of the shares and the votes of the shares of the Company, the stock option owners shall be given a possibility to exercise their right of share subscription by virtue of the stock options, within a period of time determined by the Board of Directors, or the stock option owners shall have an equal obligation to that of shareholders to transfer their stock options to the redeemer, although the transfer right defined in Section I.5 above had not begun.

III OTHER MATTERS

These terms and conditions shall be governed by the laws of Finland. Disputes arising in relation to the stock options shall be settled by arbitration in accordance with the Arbitration Rules of the Central Chamber of Commerce by one single arbitrator.

The Board of Directors may decide on the technical amendments resulting from incorporation of stock options into the book-entry securities system, to these terms and conditions, as well as on other amendments and specifications to these terms and conditions which are not considered as essential. Other matters related to the stock options shall be decided on by the Board of Directors.

Should the stock option owner act against these terms and conditions, or against the instructions given by the Company, on the basis of these terms and conditions, or against applicable law, or against the regulations of the authorities, the Company shall be entitled to gratuitously withdraw the stock options which have not been transferred, or with which shares have not been subscribed for, from the stock option owner.

The Company may maintain a register of the stock option owners to which the stock option owners' personal data is recorded. The Company may send all announcements regarding the stock options to the stock option owners by e-mail.

These terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish shall prevail.