

TALVIVAARA MINING COMPANY LTD STOCK OPTIONS 2007

The Board of Directors of Talvivaara Mining Company Ltd (Board of Directors) has at its meeting on 16 February 2007 resolved to propose to the Annual General Meeting of Shareholders of Talvivaara Mining Company Ltd (Company) to be held on 28 February 2007 that stock options be issued to the key personnel of the Company and of its subsidiaries and to a wholly owned subsidiary of the Company (jointly, Group), on the following terms and conditions:

I STOCK OPTION TERMS AND CONDITIONS

1. Number of Stock Options

The maximum total number of stock options issued shall be 99,990, and they entitle their owners to subscribe for a maximum total of 99,990 new shares in the Company.

2. Stock Options

Of the stock options, 33,330 shall be marked with the symbol 2007A, 33,330 shall be marked with the symbol 2007B and 33,330 shall be marked with the symbol 2007C.

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 key personnel of the Group and to Talvivaara Project Ltd (Subsidiary), a wholly owned subsidiary of the Company. 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 personnel.

4. Distribution of Stock Options

The Board of Directors shall decide upon the distribution of the stock options. The Subsidiary shall be granted stock options to the extent that the stock options are not distributed to the key personnel of the Group.

The Board of Directors shall later decide upon the further distribution of the stock options granted or returned later to the Subsidiary, to the key personnel employed by or to be recruited by the Group.

Upon issue, all stock options 2007B and 2007C and those stock options 2007A that are not distributed to the key personnel, shall be granted to the Subsidiary. The Subsidiary can distribute stock options 2007 to the key personnel employed by or to be recruited by the Group, by the resolution of the Board of Directors.

5. Transfer of Stock Options and Obligation to offer Stock Options

The stock options are freely transferable, when the relevant share subscription period has begun. The Board of Directors may, however, permit the transfer of stock options also before such date. The Company shall hold the stock options on behalf of the stock option owner until the beginning of the share subscription period. The stock option owner has the right to acquire possession of the stock options when the relevant share subscription period begins. Should the stock

option owner transfer his/her stock options, such person is obliged to inform the Company about the transfer in writing, without delay.

Should a stock option owner cease to be employed by or in the service of the Group, for any reason than the death or the statutory retirement of a stock option owner, such person shall, without delay, offer to the Company or its order, free of charge, the stock options 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. As to the members of the Executive Committee of the Company, the Remuneration Committee of the Board of Directors can, and as to other key personnel, the CEO of the Company can, however, in the above-mentioned cases, decide that the stock option owner is entitled to keep such stock options, or a part of them, which are subject to the offering obligation.

Regardless of whether the stock option owner has offered his/her stock options to the Company or its order or not, the Company can inform the stock option owner in writing that the stock option owner has lost his/her stock options on the basis of the above-mentioned reasons. Should the stock options be transferred to the book-entry securities system, the Company has the right, whether or not the stock options have been offered to the Company or its order, to request and get transferred all the stock options under the offering obligation from the stock option owner's book-entry account to the book-entry account appointed by the Company, without the consent of the stock option owner. In addition, the Company is entitled to register transfer restrictions and other respective restrictions concerning the stock options to the stock option owner's book-entry account, without the consent of the stock option owner.

II SHARE SUBSCRIPTION TERMS AND CONDITIONS

1. Right to subscribe for new Shares

Each stock option entitles its owner to subscribe for one (1) new share in the Company. As a result of the share subscriptions, the number of the Company's shares may be increased by a maximum of 99,990 new shares. The share subscription price shall be entered into the invested unrestricted equity fund.

The Subsidiary shall not be entitled to subscribe for shares on the basis of the stock options.

2. Share Subscription and Payment

The beginning of the share subscription period is conditioned by the public quotation of the Company's share so that the share subscription period below does not, however, begin unless the Company's share has been publicly quoted.

The share subscription period shall be

- for stock option 2007A 1 April 2010—31 March 2012
- for stock option 2007B 1 April 2011—31 March 2013
- for stock option 2007C 1 April 2012—31 March 2014.

Share subscriptions shall take place at the head office of the Company or possibly at another location to be determined later. In the case of the stock options having been transferred to the book-entry account system, the stock options with which shares have been subscribed for shall be deleted from the subscriber's book-entry account. Upon subscription, payment for the shares subscribed for, shall be made to the bank account appointed 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 2007A, the selling price of the share in connection with the initial public offering of the share with a deduction of ten (10) per cent
- for stock option 2007B, the selling price of the share in connection with the initial public offering of the share with an addition of five (5) per cent
- for stock option 2007C, the selling price of the share in connection with the initial public offering of the share with an addition of ten (10) per cent.

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 in the book-entry account of the subscriber.

5. Shareholder Rights

The dividend rights of the shares and other shareholder rights shall commence when the new shares have been registered.

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 (in each case in accordance with the pre-emptive rights of shareholders), 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 price or both of these.

7. Rights in Certain Cases

If the Company distributes dividends or funds from the unrestricted equity fund, 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 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.

If the Company reduces 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 determination of the share subscription price but before share subscription, as per the record date of the repayment of share capital.

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

If the Company resolves to merge into another company as the company being acquired or into a company to be formed in a combination merger, or if the Company resolves to be divided, the stock option owners shall, before the merger or division, be given the right to subscribe for the shares with their stock options, within a period of time determined by the Board of Directors. After such period, no share subscription right shall exist. 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 conveyance of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the status of the stock option owner. If the Company, however, resolves to acquire or convey its own shares from all shareholders, the stock option owners shall be made an equivalent offer.

If a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arises to any of the shareholders, before 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 use their right of share subscription by virtue of the stock options, within a period of time determined by the Board of Directors, or they shall be given an equal possibility to that of shareholders to sell their stock options to the redeemer, irrespective of the transfer restriction defined in Section I.5 above. A shareholder who possesses over 90% of the shares and votes of the shares of the Company has the right to purchase the stock option owner's stock options at their market value.

III OTHER MATTERS

These terms and conditions shall be governed by Finnish law. 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.

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

The Company shall be entitled to withdraw the stock options which have not been transferred, or with which shares have not been subscribed for, free of charge, if the stock option owner acts against these terms and conditions, or against the regulations given by the Company on the basis of these terms and conditions, or against applicable law, or against the regulations of the authorities.

These terms and conditions have been made in Finnish and in English. In the case of any discrepancy between the Finnish and English terms and conditions, the Finnish terms and conditions shall decide.