



TALVIVAARA

Annual Results Review 2010
17 February 2011

Pekka Perä, CEO

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Q4 and FY2010 highlights

Operational review

Financial review

Outlook

Highlights 2010 - Strong financial position

- Q4 2010
 - Record quarterly net sales at EUR 60.2m
 - Third consecutive operating profit at EUR 14.3m
- FY 2010
 - Net sales EUR 152.2m (2009: EUR 7.6m)
 - First full-year operating profit of EUR 25.5m (2009: loss of EUR 54.8m)
- Successful issuance of EUR 225m senior unsecured convertible bonds due 2015 in December
- EUR 100m corporate revolving credit facility signed in June; facility undrawn at year end
- Zinc streaming agreement with Nyrstar AG for 1.25mt of zinc in concentrate completed in February; USD 335m pre-payment received
- Net debt significantly reduced through repayment of USD 320m project loan facility in February using the Nyrstar pre-payment



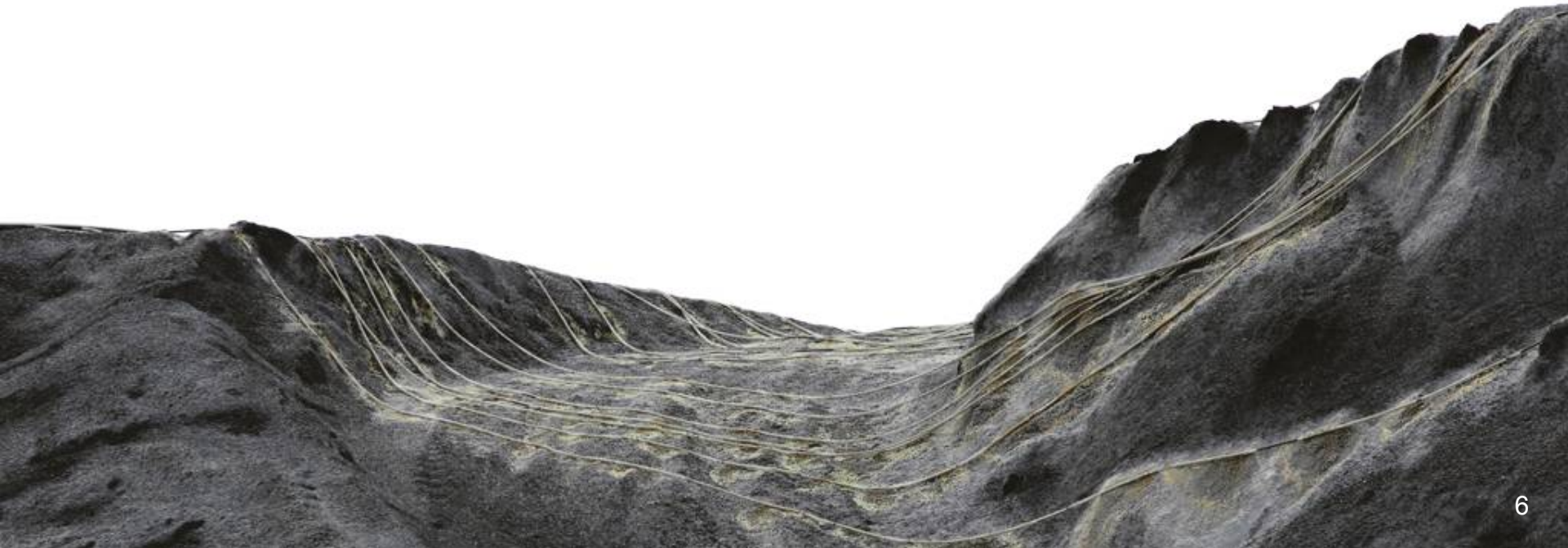
Highlights 2010 - Significant progress in ramp-up

- Q4 2010
 - Nickel production 3,831t, up 19% from Q3 2010
 - Zinc production 9,369t, up 36% from Q3 2010
- FY 2010
 - Progress in ramp-up confirmed through 10,382t nickel production (2009: 735t) and 25,462t zinc output (2009: 3,133t)
- Nickel peak production rate of close to 30,000tpa reached
- 2011 production guidance of 30-35,000t nickel reiterated



Highlights 2010 – Significant increase in mineral resources

- 54% upgrade in total mineral resources announced in October
- Total mineral resources 1,550 million tonnes
- 3.4Mt contained nickel and 7.6Mt of contained zinc
- Increased resources warrant assessment of options for production capacity expansion



Highlights after the reporting period

Uranium off-take agreement signed with Cameco Corporation

- Cameco to provide upfront investment of up to USD 60m to cover the construction costs of the uranium extraction circuit
- Talvivaara to repay the investment through deliveries of uranium concentrate during the initial years of the agreement
- All uranium concentrate produced thereafter until 31 December 2027 to be bought by Cameco at a price based on market prices



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Significant progress in 2010 but focus remains on ramp-up

2010 milestones

- Break-through in controlling the hydrogen sulphide odours - use of hydrogen peroxide as the odour controlling chemical
- Commissioning of second hydrogen plant in December
- Installation and commissioning of primary heap reclaiming and secondary heap stacking systems during the autumn
- Commissioning of the second production line at the metals recovery plant during the summer
- Production reliability programme initiated to improve availability of the metals recovery plant and to mitigate significant production risks going forward

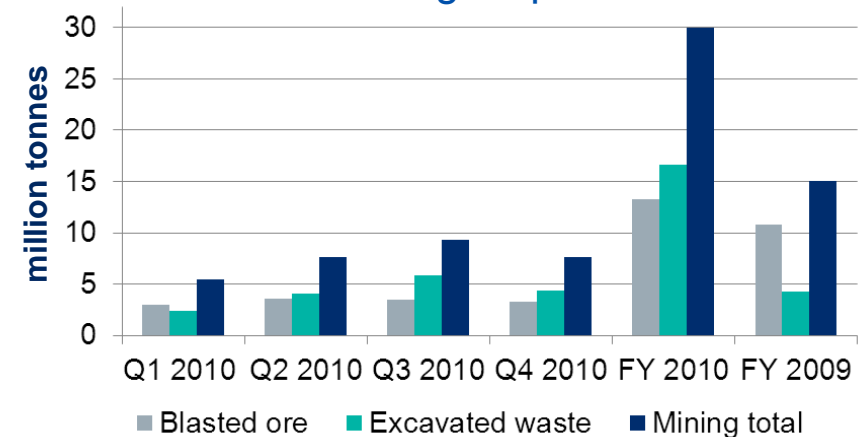
2011 targets

- De-bottlenecking of metals recovery plant
- Increased availability of all equipment

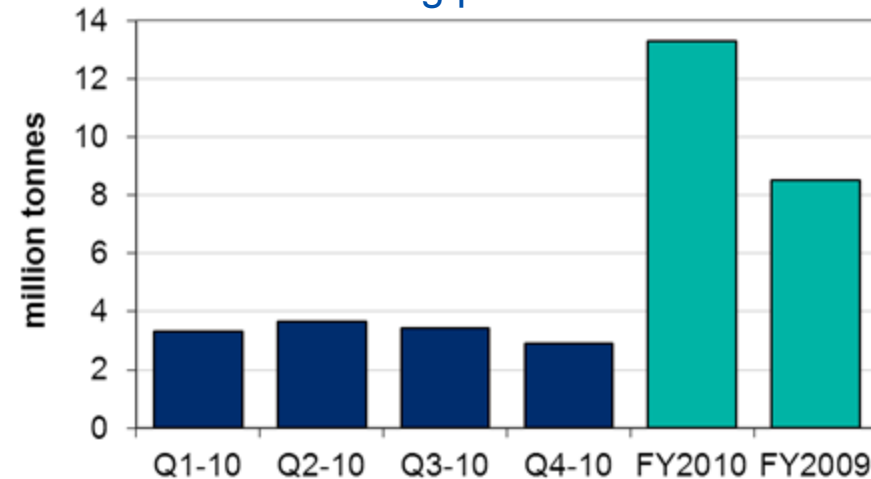
Production update – mining and materials handling

- Mining operations consistent
 - Total volume mined 30 Mt; 99% increase over 2009
- Crushing performance
 - Improved by 56% over 2009 to 13.3 Mt
 - Peak production rates good but availability still below target
- Secondary stacking and primary heap reclaiming equipment commissioned in Q4
 - Secondary stacking working well
 - Teething problems in primary heap reclaiming affected overall materials handling performance in Q4

Mining output



Crushing performance



Production update - bioheapleaching

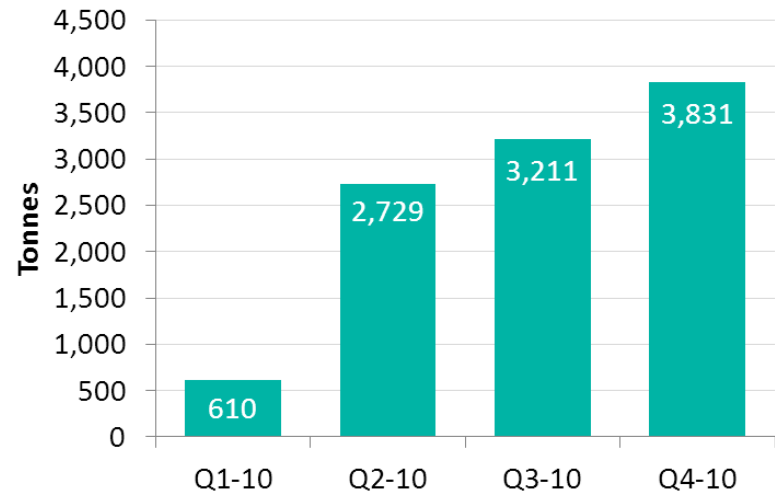
- Steady increase in nickel grades in solution pumped to metals recovery
 - October 1.7g/l
 - November 2.0g/l
 - December 2.2g/l
- Primary heap fully stacked for the first time in November
- Good yields from secondary leaching, but not yet enough solution to be treated at the metals recovery plant
- Process development focused on aeration
 - "Kit Kat" heaps
 - Improved aeration correlates with higher metal grades in solution



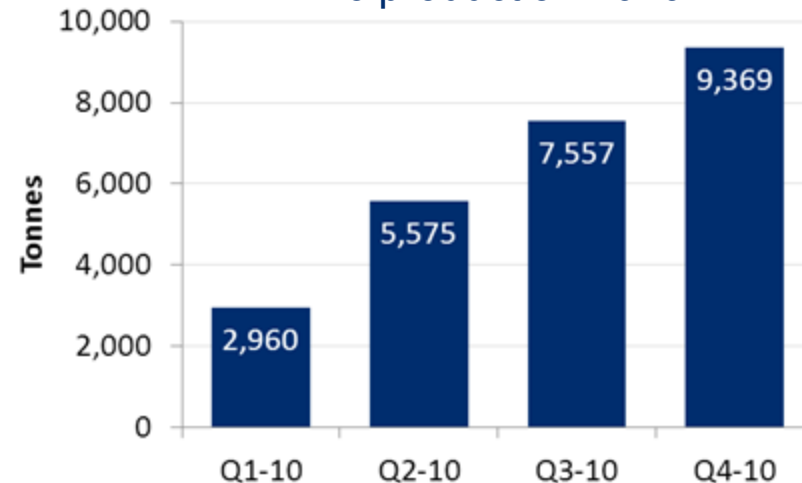
Production update – metals recovery

- Steady progress in ramp-up in 2010
 - Nickel production 10,382t (2009:735t)
 - Zinc production 25,462t (2009: 3,133t)
- Peak production rate at close to 30,000tpa reached, but not yet sustainable
- Technical teething problems restricted ramp-up at times but have been overcome
 - Transformer failure in December
 - Hydrogen sulphide odour
 - Installation faults in hydrogen sulphide generator
- All equipment in place for full scale production...
 - Second production line
 - Second hydrogen and hydrogen sulphide plants
- ...but process optimisation and de-bottlenecking will continue in 2011 to consistently reach target capacity

Nickel production 2010



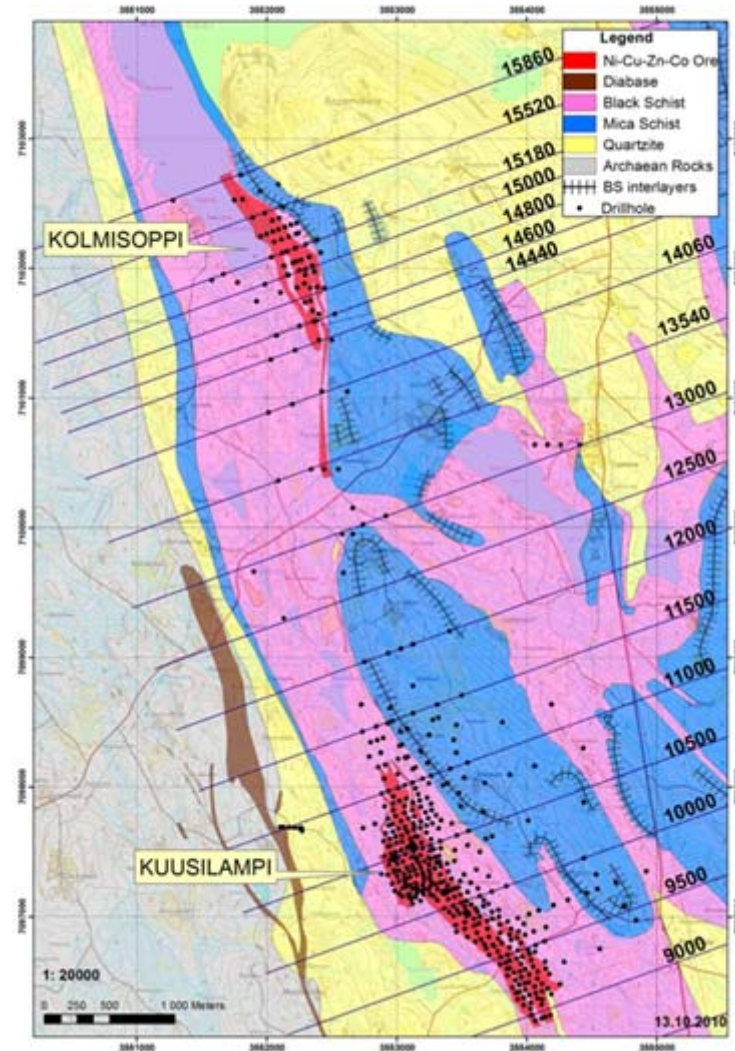
Zinc production 2010



Significant increase in Talvivaara resources

- 54% upgrade in total resources to 1,550mt
- Resources contain 3.4mt nickel and 7.6mt zinc
- Kolmisoppi
 - 270% increase in total resource from 178mt to 660mt
 - Measured and Indicated resources 333mt
- Kuusilampi
 - Focus on improving ore classification
 - 56% increase in Measured and Indicated resources to 788mt
 - 8% increase in total resource 890mt
- Metal grades unchanged
 - 0.22% nickel
 - 0.49% zinc

Excellent exploration potential remains between the deposits



Sustainability – a key priority for Talvivaara

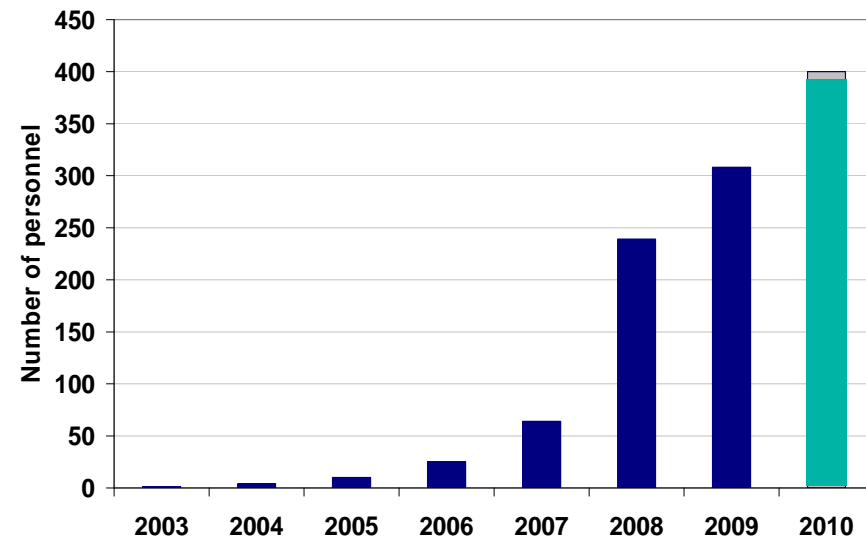
- Environmental initiatives
 - ISO 14001 environmental management system Certification awarded to Talvivaara
 - Environmental Impact Assessment relating to uranium extraction carried out
 - Global Reporting Initiative (GRI) for improved sustainability reporting
 - Participant in Carbon Disclosure Project

- Health and Safety
 - 10.7 LTI's/million of hours worked
 - Our target: zero LTI's

- Personnel
 - 389 employees (average age 38.5 yrs)
 - Significant employer in the region



Personnel 2003-2010



Q4 and FY2010 highlights

Operational review

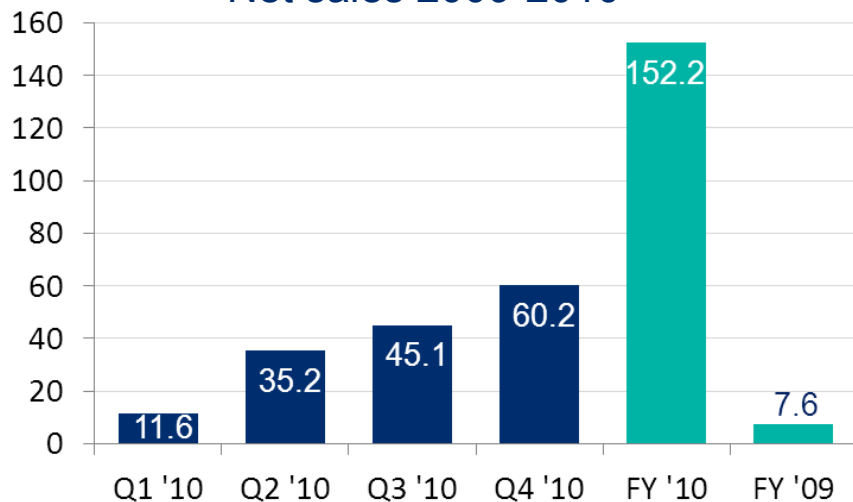
Financial review

Outlook

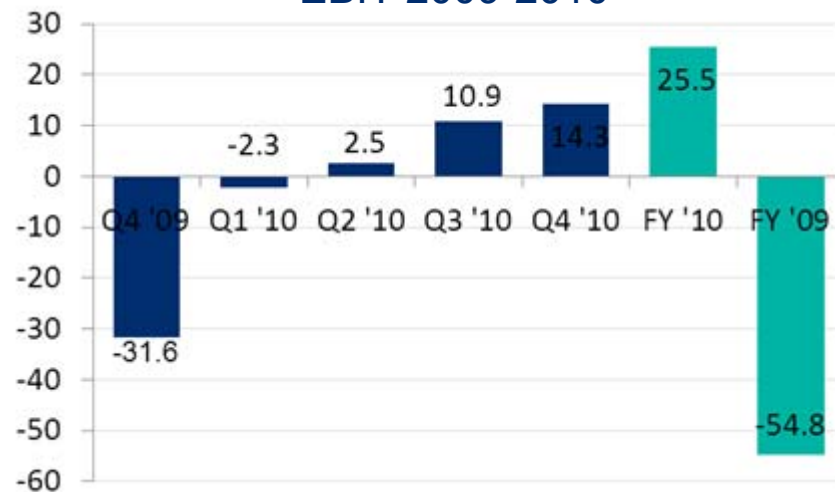
Financial highlights – first full year operating profit

- Significant improvement in financial result for Q4 2010
 - Increased production volumes
 - Improved nickel price
- Capital expenditure in line with guidance
 - Q4 2010: EUR 23.5 m
 - FY 2010: EUR 115.7 m
- Operating profit (loss) for the period
 - Q4 2010: EUR 14.3m (Q4 2009: EUR (31.6m))
 - FY 2010: EUR 25.5m (FY 2009: EUR (54.8m))
- EPS
 - Q4 2010: EUR (0.02) (Q4 2009: EUR (0.11))
 - FY 2010: EUR (0.06) (FY 2009: EUR (0.19))

Net sales 2009-2010



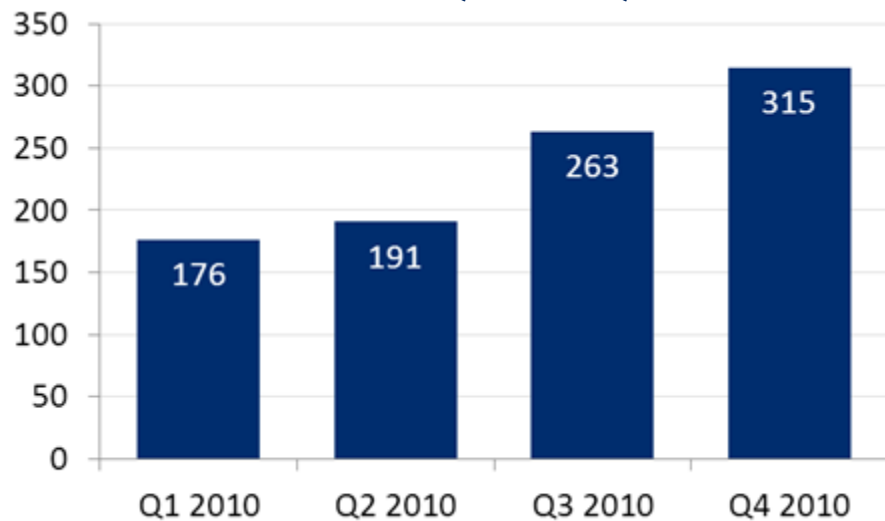
EBIT 2009-2010



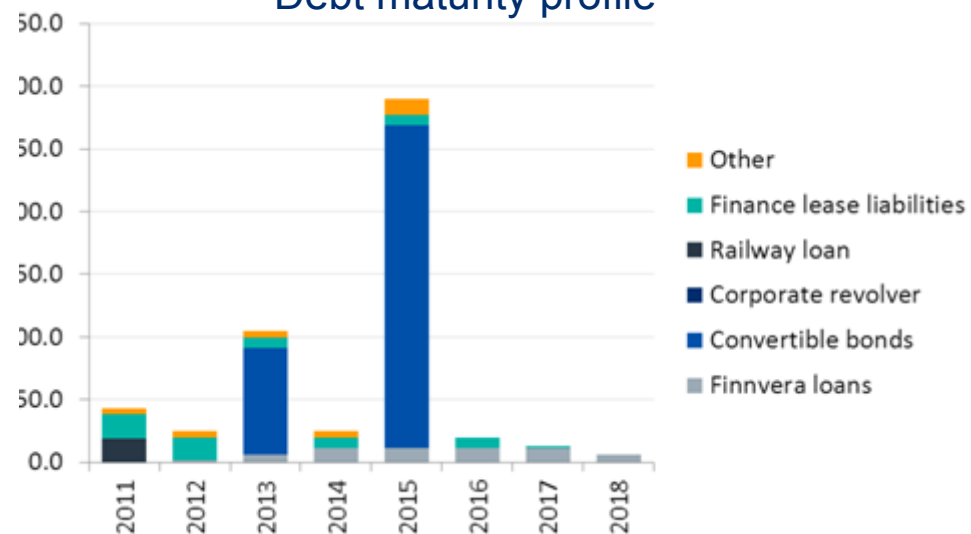
Financial highlights – solid financial position

- Successful issuance of EUR 225m senior unsecured convertible bonds due 2015
 - 4.0% coupon
 - Yield to maturity 6.5%
 - Redemption price at maturity 114.5%
- Cash and cash equivalents at year end EUR 165.6 million

Net debt Q1'10 – Q4'10



Debt maturity profile



Q4 and FY2010 highlights

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Production outlook

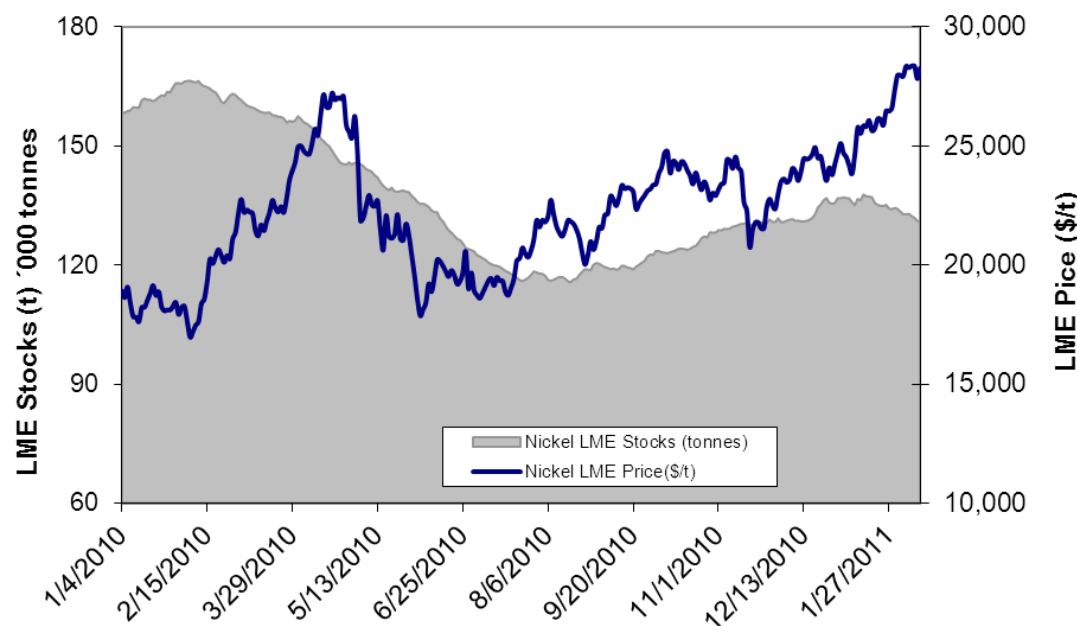
- Production guidance for full year 2011 reiterated
 - Nickel: 30,000 – 35,000t nickel
 - Zinc: 65,000 –70,000 t zinc
 - Cobalt: 650 –750 t
 - Copper: minor amounts H2 2011
- Quarterly increase in production output 20-30% in the early part of year, increasing to 30-40% during the latter part of 2011
 - Metals plant de-bottlenecking ongoing
 - Availability of leach solution for metals recovery increased during the year especially from secondary leaching
- Update on expansion evaluation after Q1 2011



Market outlook

- Positive near term outlook for base metals
 - Prices well above USD 20,000/t expected; could test USD 30,000/t
 - Demand from China continues strong
 - Potential for sustained supply shortage during 2011; commencement of several new nickel operations slower than previously anticipated

Nickel price (USD/t) and LME stocks ('000t)



Thank you!

Q&A

