

## Quarterly Interim Results for the period ending 30 September 2009

Talvivaara Mining Company Plc (“Talvivaara” or the “Company”) today announces its unaudited Interim Results for the three and nine month periods ended 30 September 2009.

### Third quarter highlights

- Successful installation and commissioning of the upgraded crushing circuit to increase crushing capacity to approximately 22 million tonnes per annum
- Start-up of metals recovery plant in mid September in anticipation of continuous production
- Placing of orders for critical long-lead items, notably the second hydrogen plant and additional mining fleet, for capacity expansion
- Permitting and commissioning of the Talvivaara-Murtomäki railhead for regular transport from September
- Continued good safety record at the mine site with one Lost Time Injury (LTI) to Talvivaara personnel during the third quarter
- Closing of equity placing raising EUR 82.7 million in July to provide sufficient liquidity to take production target to 50,000 tonnes of nickel per annum from 2012

### Key figures

		Q3 2009	Q3 2008	Q1-Q3 2009	Q1-Q3 2008	FY 2008
Turnover	EUR '000	826	-	2,604	-	-
Operating profit (loss)	EUR '000	(15,303)	(4,955)	(23,208)	(9,576)	(4,296)
Profit (loss) before taxes	EUR '000	(15,314)	(9,001)	(30,003)	(13,452)	(8,033)
Earnings per share	EUR	(0.04)	(0.03)	(0.08)	(0.05)	0.03
Capital expenditure	EUR '000	24,315	100,128	82,052	273,030	429,086
Net interest-bearing debt	EUR '000	354,130	100,131	354,130	100,131	285,467
Debt-to-equity ratio		84.2 %	28.3 %	84.2 %	28.3 %	67.3 %
Cash and cash equivalents at the end of the period	EUR '000	68,624	93,028	68,624	93,028	82,713
Derivative financial instruments	EUR '000	64,975	74,393	64,975	74,393	152,545
Number of employees at the end of the period		283	229	283	229	239

Pekka Perä, CEO of Talvivaara commented: “We are pleased that our decision to proceed with the installation of an upgraded fine crushing circuit has enabled us to overcome the most challenging hurdles in the way of achieving full production. The end of the quarter saw all processes at the mine operating as planned. After a modification of the primary crusher at the end of October to allow crushing rates at the level of 60,000 tonnes per day, we remain confident that the ramp up towards production levels of approximately 30,000 tonnes of nickel per annum in 2010 remains on track.”

**Enquiries:**

**Talvivaara Mining Company Plc Tel. +358 20 712 9800**

Pekka Perä, CEO

Saila Miettinen-Lähde, CFO

**Merlin Tel.+44 20 7653 6620**

Tom Randell

Anca Spiridon

A conference call to discuss the Third Quarter 2009 Results will be held at 12:00 UK time / 14:00 Finnish time on 11 November 2009. Details to access the conference call are as follows:

UK Free Call: **0800 694 0257**

UK Standard International: **+44 (0) 1452 555 566**

USA Free Call: **1866 966 9439**

Finland Free Call: **0800 112 363**

The conference ID is **40892036**

A replay facility will be available on the following numbers until 17 November 2009:

Replay Access Number: **40892036#**

International Dial in: **+44 (0) 1452 55 0000**

UK Free Call Dial In: **0800 953 1533**

UK Local Dial In: **0845 245 5205**

USA Free Call Dial In: **1866 247 4222**

## **CEO Statement**

Our operations during the third quarter progressed as expected, with focus for much of the period on the installation and commissioning of the upgraded crushing circuit. The installation took place, as anticipated, during the latter half of August, followed by start-up of the redesigned circuit in the beginning of September. The budgeted levels of crushing at around 40,000 tonnes per day were first achieved in October, and with all assembly work now complete we are looking forward to progressing towards the planned full capacity of 60,000 tonnes per day during the remainder of the year.

We have made considerable progress in improving the materials handling processes to a level that now allows the overall process to achieve the planned volumes of production. I am pleased to report that in early September we concluded that the amount of leach solution was sufficient for continuous operation of the metals recovery plant. The plant was subsequently re-started on 14 September, and the quality of the metal sulphide output since then has again been better than before and is getting close to the final targeted specifications. Production volumes during the fourth quarter are anticipated to be commercially significant, although some modifications at the plant will still be necessary to allow a further increase in volumes in 2010.

The capacity expansion project is proceeding on target, and all major orders for new equipment have been placed following the successful EUR 82.7 million equity placing in July. These include the second hydrogen plant and additional mining fleet to serve the increasing mining capacity.

Health and safety continues to be one of our key focus areas and I am proud to report that our safety record remains good with just one Lost Time Injury to our own personnel since we launched our Work Group Safety Challenge in February. We also remain committed to responsible conduct in environmental matters and strive to maintain a good record in terms of our operational impact on the surrounding areas.

The commodities markets have remained surprisingly strong throughout the third quarter and into the fourth despite the continued lack of industrial demand particularly in the developed nations. We continue to expect that commodities prices will retract somewhat from their present levels in the short term. However, this may at least in part be countered by the weakness of the US dollar. Our long term view remains very positive with the developing economies and potential supply-demand disparities as the key drivers.

All in all, our outlook remains positive for the remainder of the year, with the most challenging production problems now behind us. While sustained ramp-up of crushing according to plan continues to be critical, we remain confident that our 2010 production target of approximately 30,000 tonnes of nickel is achievable.

Pekka Perä  
CEO

## Financial review

Talvivaara's sales during the three and nine month periods ended 30 September 2009 amounted to EUR 0.8 million (Q3 2008: 0) and EUR 2.6 million (Q1-Q3 2008: 0), respectively. The sales volumes remained below budgeted levels due to limited crushing capacity resulting from technical design issues in the crushing circuit. The crushing circuit was redesigned in the spring, and the upgraded system was installed and commissioned during Q3 2009.

The Company's other operating income, amounting to EUR 11.6 million in Q3 2009 (Q3 2008: EUR 3.4 million) and EUR 37.2 million for Q1-Q3 2009 (Q1-Q3 2008: EUR 12.6 million), consisted of realised (EUR 21.1 million) and unrealised (EUR 15.6 million) gains on nickel, zinc and USD forwards. Other operating expenses, which in Q3 2009 amounted to EUR (17.0) million (Q3 2008: EUR (4.3) million) and in Q1-Q3 2009 to EUR (32.6) million (Q1-Q3 2008: EUR (12.3) million), included unrealised fair value losses on biological assets (trees) and nickel and zinc forwards held for trading.

Employee benefit expenses, including the value of employee expenses related to the employee share option scheme of 2007, were EUR (3.6) million in Q3 2009 (Q3 2008: EUR (3.2) million) and EUR (11.6) million for the nine months from January to September (Q1-Q3 2008: EUR (7.3) million). The increase was attributable to increased number of personnel.

Operating loss for Q3 2009 amounted to EUR (15.3) million (Q3 2008: EUR (5.0) million) and was EUR (23.2) million for the nine months from January to September (Q1-Q3 2008: EUR (9.6) million).

Finance income in Q3 2009 of EUR 8.0 million (Q3 2008: EUR 0.5 million) and in Q1-Q3 2009 of EUR 15.0 million (Q1-Q3 2008: EUR 2.8 million) included exchange rate gains on the USD 320 million project loan facility and on bank accounts. Finance costs of EUR (8.0) million in Q3 2009 (Q3 2008: EUR (4.6) million) and EUR (21.8) million in Q1-Q3 2009 (Q1-Q3 2008: EUR (6.7) million) related mostly to the Company's borrowings, in particular to the project loan facility and the EUR 85 million convertible loan, as well as exchange rate losses.

Loss for the period in Q3 2009 amounted to EUR (10.7) million (Q3 2008: EUR (9.4) million) and totalled EUR (21.9) million for the nine months from January to September (Q1-Q3 2008: EUR (15.3) million).

The Company's total comprehensive income in Q3 2009 was EUR (27.2) million (Q3 2008: EUR 23.0 million) and in Q1-Q3 2009 EUR (85.8) million (Q1-Q3 2008: EUR 26.8 million), reflecting primarily a decrease in hedge reserves brought about by the increase in nickel price during 2009.

On the consolidated statement of financial position as at 30 September 2009, property, plant and equipment totalled EUR 615.2 million (31 December 2008: EUR 552.5 million), with the increase since the 2008 year end attributable to expenditure on and capitalisation of mine related assets according to plan. Other notable changes in the Company's assets include the substantial decrease in the fair value of derivative financial instruments, in particular nickel and zinc forward swaps. The change was caused by increase in nickel and zinc prices during the reporting period as well as the maturity of some of the forward contracts. As at 30 September 2009, the derivative financial instruments were valued at EUR 65.0 million (31 December 2008: EUR 152.5 million).

Deferred tax assets were EUR 7.4 million (31 December 2008: liabilities of EUR 23.1 million). The change was caused by the decrease in fair value of derivative financial instruments during the reporting period and the tax losses of 2009.

Inventories amounted to EUR 82.1 million (31 December 2008: EUR 31.7 million), with the increase relating mostly to ore on leach pads and work in progress, both valued at cost. Cash and cash equivalents totalled EUR 68.6 million (31 December 2008: EUR 82.7 million). Talvivaara's cash position was improved from Q2 2009 as a result of an equity placing with gross proceeds of EUR 82.7 million.

In equity and liabilities, the invested unrestricted equity increased from EUR 320.6 million on 31 December 2008 to EUR 401.3 million on 30 September 2009 due to the equity placing in July. The hedge reserve related to nickel cash flow hedges decreased from EUR 72.3 million on 31 December 2008 to EUR 21.3 million on 30 September 2009 due to the increase in the market price of nickel.

Borrowings increased from EUR 368.2 million to EUR 422.8 million, reflecting drawdown of the EUR 45 million investment and working capital loan from Finnvera Plc.

Total equity and liabilities as at 30 September 2009 amounted to EUR 879.9 million (31 December 2008: EUR 874.0 million).

### **Currency and commodity hedges and hedge accounting**

As at 30 September 2009, the Company had 13,547 tonnes of nickel and 33,579 tonnes of zinc forward swaps remaining of its commodity hedge programme executed in 2007 and 2008 and extending through 2011. The volume weighted average prices of the outstanding positions are USD 23,452 per tonne for nickel and USD 1,949 per tonne for zinc. Talvivaara applies hedge accounting to nickel hedges maturing in Q1 2010 – Q4 2011.

The Company has entered into a currency hedging programme comprising USD forwards for seven quarters from Q2 2009 through Q4 2010. The hedged amount is EUR 175 million in total, with EUR 25 million maturing each quarter. The forwards were executed in April 2009 at EUR/USD rates ranging from 1.26 to 1.28. The realized gain from these hedges was EUR 4.4 million during the reporting period.

In addition, the company has outstanding currency option contracts amounting to USD 64 million. The EUR/USD rate of the option contracts is 1.60. The options will mature during Q4 2009.

### **Financing**

In July, the Company successfully closed an equity placing of 22,280,000 shares, representing approximately 10 per cent of the number of the existing shares, to institutional investors. The placing was conducted through an accelerated book-building process and priced at EUR 3.70 (GBP 3.20) per share, raising gross proceeds of EUR 82.7 million (GBP 71.3 million). The share issue was approved by the shareholders of the Company in the Extraordinary General Meeting on 6 July 2009.

In August, Talvivaara entered into an agreement with a Finnish financial institution for the factoring of sales receivables from the Company's nickel and cobalt products.

During Q2, Talvivaara drew down EUR 45 million of a EUR 50 million investment and working capital loan granted by Finnvera Plc. The remaining EUR 5 million of the total commitment is used for capitalisation of interest. The loan carries an interest of EURIBOR 6 months + 3.00% and is due to be repaid over a five-year period of 2013 to 2018.

In June, the Company received a EUR 5 million reimbursement from the Finnish Government for infrastructure investments relating to power supply and electrification. The subsidy was part of the overall decision by the Finnish Parliament in 2007 to grant EUR 52 million to support the construction of necessary infrastructure for the Talvivaara mine.

### **Production summary**

The key task in production during the third quarter was the installation and commissioning of the upgraded crushing circuit to enable a significant increase in production volumes going forward. While corrective measures to alleviate the crushing problems were being taken, all other processes continued to perform well.

The mining department blasted 2.0 million tonnes of ore and excavated 1.0 million tonnes of waste during the third quarter, while the corresponding figures for the first nine months were 7.3 million tonnes and 2.9 million tonnes. The period was uneventful for the mining department and optimisation of the operating procedures continued. Running of the operations at full capacity remained untested due to the bottleneck in crushing. Ore hauling capacity also continued to limit the throughput for the time being, but Talvivaara is confident the upgraded target for the mining volumes can be achieved following the commissioning of additional mobile gear towards the end of 2009 and early 2010.

The third quarter performance in materials handling reflected firstly the limited capacity of the old crushing circuit in July and early August and secondly the production stoppage for the installation of the upgraded system from 12 August until the end of the month. The redesigned circuit started operation, as planned, in the beginning of September, after which production volumes have been gradually increased. The volume of ore crushed and stacked in Q3 2009 amounted to 1.4 million tonnes, while the corresponding figure for the first nine months of the year was 5.5 million tonnes.

The Company's primary crusher also continued to experience technical problems and performed at less than budgeted capacity during the third quarter. Further modifications to improve the crusher's performance were agreed with the supplier, but delivery and installation of new components could only be arranged for October. Problems in primary crushing are not a rate-limiting factor for overall production, as contractor capacity is readily available and was used to complement Talvivaara's own capacity throughout the reporting period.

In bioheaping, heat generation throughout the summer months was high. In such circumstances, some of the nickel precipitated back into the heap. However, the re-precipitated nickel in the heap is in readily soluble form and can be returned to circulation by flushing the heap with water. It has also been seen that despite continuous bleeding of more than 15% of the circulating solution to metals recovery and/or storage ponds since mid September, nickel grades in the solution have continued to increase. As the long term planned bleeding rate, as based on earlier experience from the pilot heap, is only 10%, this indicates promising development in the leaching process. Some further increase in leach solution metal grades is still expected and will be important in order to reach the targeted full scale production levels in mid 2011 and beyond, but until then the existing reactor capacity is sufficient to treat even lower grade solutions.

The metals recovery process was re-started in mid September, once the volume of leach solution was estimated to be sufficient to support continuous production. Due to the short operating time in the third quarter, the production volumes remained limited, at 101 tonnes of contained nickel and 114 tonnes of contained zinc in sulphide concentrate. The quality of the products was again good and approached target specifications set for steady state operation.

Similarly to the first half of 2009, the operating cost of materials handling relative to metals recovery continued to be disproportionately high during the third quarter. Hence, the unit cost of production during the period was not representative of the estimated production costs in steady state operation.

### Production key figures 2008 – Q3 2009

		Q3 2009	Q1-Q3 2009	2008-2009
<b>Mining</b>				
Blasted ore	million tonnes	2.0	7.3	10.3
Excavated waste	million tonnes	1.0	2.9	4.2
<b>Materials handling</b>				
Stacked ore	million tonnes	1.4	5.5	8.0
<b>Bioheaping</b>				
Ore in primary heap at end of period	million tonnes	8.0	8.0	8.0
<b>Metals recovery</b>				
Nickel sulphide production	dry metric tonnes	208	668	668
Nickel metal content	tonnes	101	325	325
Zinc sulphide production	dry metric tonnes	190	1,444	1,444
Zinc metal content	tonnes	114	820	820

## **Research and development**

Talvivaara continued active studies relating to manganese recovery from the leach solution. Other ongoing research and development projects related to optimisation of the bioheap leaching technology, and chemical and biological iron removal from leach solution.

## **Environment, health and safety**

The Company continued its environmental management and monitoring programme in accordance with the requirements set out in its Environmental Permit. Some temporarily decreased pH levels and increases in suspended solids and metal contents in downstream waters have been detected and such deviations have been reported to the environmental authorities. Any deviations have been followed by increased level of monitoring until all parameters have returned to permitted levels.

Dust emissions from the mining area have also occasionally exceeded permitted levels. Since the discontinuation of contractor fine crushing at the end of March the dust emissions have substantially decreased, but the Company continues to focus on decreasing the dust levels.

Talvivaara is preparing its environmental processes to meet the ISO 14001 environmental standard. Audit of the environmental system is targeted for Q4 2010.

No environmental compensation was paid during the reporting period. The environmental security placed for future rehabilitation of the area amounted to EUR 13.8 million on 30 September 2009. Of the total, EUR 9 million was covered by bank guarantees and guarantee insurance, and EUR 4.8 million was deposited in escrow accounts.

Occupational safety is one of Talvivaara's key focus areas. The safety record remained good during the reporting period with three relatively minor Lost Time Injuries (LTI's) reported among the Company's personnel in January and one in September. The overall safety rating at the end of the period was 11 LTI's per million man hours.

## **Legal and permitting matters**

Talvivaara Infrastructure Oy, a wholly-owned subsidiary of the Company constructing the new railhead connecting the mine site with the national railway grid, received the operating permits from the Finnish Rail Agency on 15 September 2009. Regular train traffic started on 16 September with limestone deliveries from the Kokkola port located in the west coast of Finland.

## **Personnel**

Talvivaara employed an average of 266 employees during the first nine months of 2009 (Q1-Q3 2008: 158). At the end of September 2009 the number of employees was 283, while the corresponding number was 239 at the end of 2008 and 229 at the end of September 2008. Wages and salaries paid during the period totalled EUR 9.9 million (Q1-Q3 2008: EUR 6.2 million).

## **Shares and shareholders**

The issued share capital of the Company on 30 September 2009 was 245,176,718 and (assuming share issues in relation to the convertible bond of May 2008 and option scheme of 2007) the fully diluted issued share capital of the Company was 263,669,291.

As at 30 September 2009, the shareholders who held more than 5% of the shares and votes of the Company were Pekka Perä (23.3%), Varma Mutual Pension Insurance Company (8.6%) and Capital Research and Management (5.0%).

## **Risks and uncertainties**

Talvivaara carries out an ongoing process endorsed by the Board of Directors to identify risks, measure their impact against certain assumptions and implement the necessary proactive steps to manage these risks. The Company's operations are affected by various risks common to the mining industry, such as risks relating to the development of Talvivaara's mineral deposits, and volatility of commodities prices and currency exchange ratios.

In the short term, Talvivaara's operational risks relate to the ongoing ramp-up of operations. Because of uncertainties relating to the materials handling processes, Talvivaara has previously withdrawn its production targets for the current year and continues to take measures to secure 2010 production at the targeted level of approximately 30,000 tonnes of nickel.

The market price of nickel has remained relatively stable at USD 17,000-19,000 per tonne since early August. In light of the relatively modest industrial demand of nickel in the Western economies for the time being, there may in the Company's view still be downward pressure on the prices in the short term. Talvivaara has executed significant hedges against low nickel and zinc prices in the short to medium term. In the long term, Talvivaara believes its operations to also be profitable at substantially lower nickel prices than the present market prices.

Talvivaara's revenues are almost entirely in US dollars, whilst the majority of the Company's costs are incurred in Euro. Potential strengthening of the Euro against the US dollar could thus have a material adverse effect on the business and financial condition of the Company. Talvivaara's existing currency hedges have been executed to partly mitigate this through the end of 2010 and the Company anticipates hedging against currency exchange volatility also going forward.

## **Events after the reporting period**

### Commissioning of the upgraded crushing circuit

The redesigned and upgraded crushing circuit has been in operation since the beginning of September, and its overall production rate on a weekly basis has reached an average of over 40,000 tonnes per day in October. Volumes in excess of 50,000 tonnes per day have been reached on individual days. The achieved volumes have recently exceeded the budgeted volumes so that the year-to-date actual vs. budgeted ratio of 47% following the production stoppage in August has increased to 53% by early November. While further optimisation and capacity testing of the process remains to be done, the production volumes achieved so far indicate the circuit to be capable of the targeted production rate of 60,000 tonnes per day, corresponding to 22 million tonnes per annum.

### Technical modification of the primary crusher

In late October, the Company's primary crusher was fitted with a new mantle reducing the crusher's nib angle from 23° to 19°. Current performance of the primary crusher is satisfactory with rates of approximately 60,000 tonnes per day being achieved. This has allowed discontinuation of contractor crushing. However, formal capacity tests are yet to be carried out.

### Production stoppage for relining of reactors at the metals recovery plant

Mechanical failure in certain parts of the metals plant reactors was detected in mid October and the plant was subsequently turned off while the reactors were relined and the plant equipment was inspected to rule out any other potential damage. The failure appears to have been caused by human error during commissioning and is not believed to be an inherent problem in the process or the reactor linings. Production at the plant has since resumed and it is not anticipated that the Company will incur any material loss from the incident, which was covered by insurance.

## **Short-term outlook**

Following the commissioning of the expanded crushing circuit and restart of the metals precipitation processes in September, Talvivaara expects to continue its production ramp-up targeted at eventually achieving up to 50,000 tonnes in annual nickel production in 2012. Since the re-start, stepwise increases in metals precipitation volumes have already commenced in line with the increasing size of the heap and the trend is anticipated to continue during the remainder of the year and into 2010. While sustained ramp-up of crushing according to plan also continues to be a critical prerequisite for next year's

production, the Company remains confident that its 2010 production target of approximately 30,000 tonnes of nickel is achievable.

The Company does not anticipate its production plans to be affected by commodity prices. Following the successful closing of its equity placing in July, Talvivaara believes it has sufficient liquidity to cover the cost of capacity expansion, expected to be incurred mostly in 2009 and 2010.

## CONSOLIDATED INCOME STATEMENT

(all amounts in EUR '000)	Unaudited three months to 30 September 2009	Unaudited three months to 30 September 2008	Unaudited nine months to 30 September 2009	Unaudited nine months to 30 September 2008	Audited twelve months to 31 December 2008
<b>Turnover</b>	<b>826</b>	<b>-</b>	<b>2 604</b>	<b>-</b>	<b>-</b>
Other operating income	11 599	3 402	37 152	12 568	29 810
Changes in inventories of finished goods and work in progress	15 100	3 773	47 177	3 773	24 006
Materials and services	(12 763)	(4 389)	(40 267)	(5 910)	(20 407)
Employee benefit expenses	(3 566)	(3 159)	(11 631)	(7 286)	(8 910)
Depreciation, amortization, depletion and impairment charges	(9 458)	(265)	(25 677)	(462)	(5 756)
Other operating expenses	(17 041)	(4 317)	(32 566)	(12 259)	(23 039)
<b>Operating profit (loss)</b>	<b>(15 303)</b>	<b>(4 955)</b>	<b>(23 208)</b>	<b>(9 576)</b>	<b>(4 296)</b>
Finance income	8 026	514	15 039	2 799	9 219
Finance cost	(8 037)	(4 560)	(21 834)	(6 675)	(12 956)
Finance cost (net)	(11)	(4 046)	(6 795)	(3 876)	(3 737)
<b>Loss before income tax</b>	<b>(15 314)</b>	<b>(9 001)</b>	<b>(30 003)</b>	<b>(13 452)</b>	<b>(8 033)</b>
Income tax expense	4 565	(363)	8 056	(1 895)	13 865
<b>Profit (loss) for the period</b>	<b>(10 749)</b>	<b>(9 364)</b>	<b>(21 947)</b>	<b>(15 347)</b>	<b>5 832</b>
<b>Attributable to:</b>					
Equity holders of the Company	(9 310)	(7 013)	(18 415)	(10 975)	7 042
Minority interest	(1 439)	(2 351)	(3 532)	(4 372)	(1 210)
	<b>(10 749)</b>	<b>(9 364)</b>	<b>(21 947)</b>	<b>(15 347)</b>	<b>5 832</b>
<b>Earnings per share for profit (loss) attributable to the equity holders of the Company (expressed in €per share)</b>					
Basic and diluted	(0,04)	(0,03)	(0,08)	(0,05)	0,03

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(all amounts in EUR '000)	Unaudited three months to 30 September 2009	Unaudited three months to 30 September 2008	Unaudited nine months to 30 September 2009	Unaudited nine months to 30 September 2008	Audited twelve months to 31 December 2008
<b>Profit (loss) for the period</b>	<b>(10 749)</b>	<b>(9 364)</b>	<b>(21 947)</b>	<b>(15 347)</b>	<b>5 832</b>
<b>Other comprehensive income, items net of tax</b>					
Available-for-sale financial assets	-	-	-	(451)	(451)
Cash flow hedges	(16 461)	32 331	(63 828)	42 637	90 414
<b>Other comprehensive income, net of tax</b>	<b>(16 461)</b>	<b>32 331</b>	<b>(63 828)</b>	<b>42 186</b>	<b>89 963</b>
<b>Total comprehensive income</b>	<b>(27 210)</b>	<b>22 967</b>	<b>(85 775)</b>	<b>26 839</b>	<b>95 795</b>
<b>Attributable to:</b>					
Equity holders of the Company	(22 479)	18 853	(69 478)	22 685	78 922
Minority interest	(4 731)	4 114	(16 297)	4 154	16 873
	<b>(27 210)</b>	<b>22 967</b>	<b>(85 775)</b>	<b>26 839</b>	<b>95 795</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in EUR '000)	Unaudited 30 September 2009	Audited 31 December 2008	Unaudited 30 September 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	615 195	552 459	401 794
Biological assets	6 368	8 152	8 249
Intangible assets	7 609	7 774	7 164
Deferred tax assets	7 412	-	
Derivative financial instruments	39 391	116 004	61 355
Other receivables	11 227	9 635	10 119
	687 202	694 024	488 681
<b>Current assets</b>			
Inventories	82 080	31 691	4 803
Trade receivables	981	-	-
Other receivables	10 609	24 721	19 500
Derivative financial instruments	30 413	40 805	13 700
Cash and cash equivalent	68 624	82 713	93 028
	192 707	179 930	131 031
<b>Total assets</b>	<b>879 909</b>	<b>873 954</b>	<b>619 712</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	80	80	80
Share premium	8 086	8 086	8 086
Other reserves	416 554	334 019	333 533
Hedge reserve	21 269	72 332	34 111
Retained earnings	(44 516)	(26 101)	(44 119)
	401 473	388 416	331 691
<b>Minority interest in equity</b>	19 119	35 470	22 745
<b>Total equity</b>	420 592	423 886	354 436
<b>Non-current liabilities</b>			
Borrowings	412 852	367 955	193 135
Derivative financial instruments	3 487	1 985	662
Deferred tax liabilities	-	23 070	22 044
Provisions	1 018	944	423
	417 357	393 954	216 264
<b>Current liabilities</b>			
Borrowings	9 912	224	25
Trade payables	19 401	45 283	41 819
Other payables	11 305	8 294	7 134
Derivative financial instruments	1 342	2 279	-
Provisions	-	34	34
	41 960	56 114	49 012
<b>Total liabilities</b>	459 317	450 068	265 276
<b>Total equity and liabilities</b>	<b>879 909</b>	<b>873 954</b>	<b>619 712</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(all amounts in EUR '000)	Unaudited three months to 30 September 2009	Unaudited three months to 30 September 2008	Unaudited nine months to 30 September 2009	Unaudited nine months to 30 September 2008	Audited twelve months to 31 December 2008
<b>Cash flows from operating activities</b>					
Profit (loss) for the period	(10,749)	(9,364)	(21,947)	(15,347)	5,832
Adjustments for					
Tax	(4,565)	363	(8,056)	1,895	(13,865)
Depreciation and amortization	9,458	265	25,677	462	5,756
Other non-cash income and expenses	603	922	3,327	2,430	4,780
Interest income	(8,026)	(514)	(15,039)	(2,799)	(9,219)
Fair value gains on financial assets at fair value through profit or loss	10,996	(3,003)	2,806	(7,604)	(24,796)
Interest expense	8,037	4,560	21,834	6,675	12,956
	5,754	(6,771)	8,602	(14,288)	(18,556)
Change in working capital					
Decrease(+)/increase(-) in other receivables	2,533	9,239	9,314	12,537	4,552
Decrease (+)/increase (-) in inventories	(16,404)	(4,803)	(51,122)	(4,803)	(30,661)
Decrease(-)/increase(+) in trade and other payables	1,783	2,154	(24,072)	18,670	23,773
Change in working capital	(12,088)	6,590	(65,880)	26,404	(2,336)
	(6,334)	(181)	(57,278)	12,116	(20,892)
Interest and other finance cost paid	(4,578)	(1,169)	(16,132)	(4,855)	(7,468)
Interest income	52	501	3,430	956	9,581
<b>Net cash used in operating activities</b>	(10,860)	(849)	(69,980)	8,217	(18,779)
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash acquired	(54)	-	(54)	-	-
Purchases of property, plant and equipment	(24,182)	(100,045)	(81,842)	(271,802)	(427,187)
Purchases of biological assets	-	-	(35)	(26)	(26)
Purchases of intangible assets	(133)	(83)	(175)	(1,202)	(1,873)
Proceeds from sale of property, plant and equipment	-	-	9	-	-
Proceeds from sale of intangible assets	-	-	49	-	-
Proceeds from sale of biological assets	104	124	104	251	707
Proceeds from government grant related to tangible assets	-	-	5,000	-	-
Proceeds from government grant related to intangible assets	-	204	13	204	203
Proceeds from sale of available for sale financial assets	-	-	-	26,356	26,356
Purchases of derivative financial instruments	-	-	-	(1,371)	(1,371)
Proceeds from sale of derivative financial instruments	-	-	-	-	-
Proceeds from sale of financial assets at fair value through profit or loss	-	-	-	1,440	1,440
<b>Net cash used in investing activities</b>	(24,265)	(99,800)	(76,931)	(246,150)	(401,751)
<b>Cash flows from financing activities</b>					
Proceeds from share issue net of transaction costs	80,644	-	80,644	-	-
Proceeds from interest-bearing liabilities	-	119,560	53,357	204,460	396,734
Payment of interest-bearing liabilities	(1,154)	-	(1,179)	-	(20,000)
Capital investment by minority shareholders	-	-	-	-	8
<b>Net cash generated in financing activities</b>	79,490	119,560	132,822	204,460	376,742
<b>Net (decrease)/increase in cash and bank overdrafts</b>	44,365	18,911	(14,089)	(33,473)	(43,788)
Cash and bank overdrafts at beginning of the period	24,259	74,117	82,713	126,501	126,501
<b>Cash and bank overdrafts at end of the period</b>	68,624	93,028	68,624	93,028	82,713

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(all amounts in EUR '000)

	Share capital	Share premium	Invested unrestricted equity	Other reserves	Hedge reserve	Retained earnings	Total	Minority interest	Total equity
<b>Balance at 1 January 2008</b>	16	8 086	320 671	1 106	-	-33 423	296 456	18 591	315 047
Total comprehensive income for 1-9/2008	-	-	-	(451)	34 111	(10 975)	22 685	4 154	26 839
Transfers within equity, change of the corporate form	64	-	(64)	-	-	-	-	-	-
Employee share option scheme	-	-	-	1 377	-	-	1 377	-	1 377
- value of employee services	-	-	-	10 894	-	-	10 894	-	10 894
Convertible bond, equity component	-	-	-	-	-	-	-	-	-
Restatement to capital expenditure, which relates to previous year	-	-	-	-	-	278	278	-	278
Minority interest arising from subsidiary	-	-	-	-	-	1	1	-	1
<b>Balance at 30 September 2008</b>	<b>80</b>	<b>8 086</b>	<b>320 607</b>	<b>12 926</b>	<b>34 111</b>	<b>(44 119)</b>	<b>331 691</b>	<b>22 745</b>	<b>354 436</b>
<b>Balance at 31 December 2008</b>	<b>80</b>	<b>8 086</b>	<b>320 607</b>	<b>13 412</b>	<b>72 332</b>	<b>(26 101)</b>	<b>388 416</b>	<b>35 470</b>	<b>423 886</b>
<b>Balance at 1 January 2009</b>	<b>80</b>	<b>8 086</b>	<b>320 607</b>	<b>13 412</b>	<b>72 332</b>	<b>(26 101)</b>	<b>388 416</b>	<b>35 470</b>	<b>423 886</b>
Total comprehensive income for 1-9/2009	-	-	-	-	(51 063)	(18 415)	(69 478)	(16 297)	(85 775)
Share issue, net of transaction costs	-	-	82 691	-	-	-	82 691	-	82 691
External costs directly attributable to the issue of new shares	-	-	(2 047)	-	-	-	(2 047)	-	(2 047)
Acquisition of subsidiary, Hyena Holding AB	-	-	-	-	-	-	-	(54)	(54)
Employee share option scheme	-	-	-	1 891	-	-	1 891	-	1 891
- value of employee services	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2009</b>	<b>80</b>	<b>8 086</b>	<b>401 251</b>	<b>15 303</b>	<b>21 269</b>	<b>(44 516)</b>	<b>401 473</b>	<b>19 119</b>	<b>420 592</b>

## NOTES

### Inventories

(all amounts in EUR '000)

	<b>Unaudited 30 September 2009</b>	<b>Audited 31 December 2008</b>
Raw materials and consumables	8 819	6 655
Ore on leach pads	43 911	22 965
Work in progress	26 225	1 041
Finished products	1 047	-
Advance payments	2 078	1 030
<b>Inventories total</b>	<b>82 080</b>	<b>31 691</b>

### Derivative financial instruments

#### Fair values of the derivative financial instruments

(all amounts in EUR '000)

	<b>Unaudited 30 September 2009</b>		<b>Audited 31 December 2008</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Nickel forwards - cash flow hedges	46 418	-	135 355	-
Nickel forwards - held for trading	7 621	-	3 301	-
Zinc forwards - held for trading	122	940	18 153	-
Interest rate swaps - held for trading	-	3 100	-	2 279
Currency forwards - held for trading	15 643	-	-	-
Currency options - held for trading	-	789	-	1 985
<b>Total</b>	<b>69 804</b>	<b>4 829</b>	<b>156 809</b>	<b>4 264</b>

	<b>Unaudited 30 September 2009</b>		<b>Audited 31 December 2008</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Derivative financial instruments	69 804	4 829	156 809	4 264
<b>Total</b>	<b>69 804</b>	<b>4 829</b>	<b>156 809</b>	<b>4 264</b>
Less non-current portion				
Nickel forwards - cash flow hedges	29 860	-	101 797	-
Nickel forwards - held for trading	-	-	-	-
Zinc forwards - held for trading	9	387	14 207	-
Interest rate swaps - held for trading	-	3 100	-	1 985
Currency forwards - held for trading	9 522	-	-	-
Current portion	30 413	1 342	40 805	2 279

## Quantities of the derivative financial instruments

(all amounts in EUR '000)

	Unaudited 30 September 2009		Total	Audited 31 December 2008		Total
	Current	Non-current		Current	Non-current	
Nickel forwards - cash flow hedges, in tonnes	2 971	8 813	11 784	3 429	12 128	15 557
Nickel forwards - held for trading, in tonnes	1 763	-	1 763	404	-	404
Zinc forwards - held for trading, in tonnes	13 652	19 927	33 579	7 458	30 559	38 017
Interest rate swaps - held for trading, in EUR	-	36 636 000	36 636 000	-	36 636 000	36 636 000
Currency forwards - held for trading, in USD	127 625 000	32 062 500	159 687 500	-	-	-
Currency options - held for trading, in USD	64 000 000	-	64 000 000	209 800 000	-	209 800 000

## Borrowings

(all amounts in EUR '000)

	Carrying amount		Fair value	
	Unaudited 30 September 2009	Audited 31 December 2008	Unaudited 30 September 2009	Audited 31 December 2008
<b>Non-current</b>				
Capital loans	1 405	1 405	1 405	1 405
Project Term Loan Facility	209 656	229 935	209 656	229 935
Senior Unsecured Convertible Bonds	74 813	72 842	74 813	72 842
Railway Term Loan Facility	30 347	25 461	30 347	25 461
Working capital loan	44 403	-	44 403	-
Finance lease liabilities	13 734	1 694	13 734	1 694
Interest Subsidy Loans	4 186	4 182	4 186	4 182
Other	34 308	32 436	34 308	32 436
	<b>412 852</b>	<b>367 955</b>	<b>412 852</b>	<b>367 955</b>
<b>Current</b>				
Finance lease liabilities	1 034	199	1 034	199
Project Term Loan Facility	8 878	-	8 878	-
Other	-	25	-	25
	<b>9 912</b>	<b>224</b>	<b>9 912</b>	<b>224</b>
<b>Total borrowings</b>	<b>422 764</b>	<b>368 179</b>	<b>422 764</b>	<b>368 179</b>

Talvivaara Mining Company Plc

Key financial figures of the Group		Three months to	Three months to	Nine months to	Nine months to	Twelve months to
		30 September 2009	30 September 2008	30 September 2009	30 September 2008	31 December 2008
Operating profit (loss)	EUR '000	(15,303)	(4,955)	(23,208)	(9,576)	(4,296)
Return on equity		-2.7 %	-2.7 %	-5.2 %	-4.6 %	1.6 %
Equity-to-assets ratio		48%	57.2 %	48%	57.2 %	48.5 %
Net interest-bearing debt	EUR '000	354,130	100,131	354,130	100,131	285,467
Debt-to-equity ratio		84.2 %	28.3 %	84.2 %	28.3 %	67.3 %
Capital expenditure	EUR '000	24,315	100,128	82,052	273,030	429,086
Research & development expenditure	EUR '000	-	-	-	-	181
Property, plant and equipment	EUR '000	615,194	401,794	615,194	401,794	552,458
Derivative financial instruments	EUR '000	64,975	74,393	64,975	74,393	152,545
Borrowings	EUR '000	422,764	193,160	422,764	193,160	368,179
Cash and cash equivalents at the end of the period	EUR '000	68,624	93,028	68,624	93,028	82,713
Share-related key figures		Three months to	Three months to	Nine months to	Nine months to	Twelve months to
		30 September 2009	30 September 2008	30 September 2009	30 September 2008	31 December 2008
Earnings per share	EUR	(0.04)	(0.03)	(0.08)	(0.05)	0.03
Equity per share	EUR	1.75	1.49	1.75	1.49	1.74
Development of share price at London Stock Exchange						
Average trading price <sup>1</sup>	EUR	4.27	3.60	3.39	4.27	3.64
	GBP	3.72	2.86	3.00	3.34	2.90
Lowest trading price <sup>1</sup>	EUR	3.70	2.96	1.45	3.01	1.22
	GBP	3.23	2.35	1.29	2.35	0.98
Highest trading price <sup>1</sup>	EUR	4.78	4.45	4.71	5.74	5.64
	GBP	4.17	3.54	4.17	4.49	4.49
Trading price at the end of the period <sup>2</sup>	EUR	4.18	2.97	4.18	2.97	1.25
	GBP	3.80	2.35	3.80	2.35	1.19
Change during the period		11.7 %	-36.4 %	219.1 %	-21.7 %	-60.3 %
Market capitalization at the end of the period <sup>3</sup>	EUR '000	1,023,794	662,796	1,023,794	662,796	278,475
	GBP '000	930,936	523,807	930,936	523,807	265,247
Development in trading volume						
Trading volume	1000 shares	35,736	24,694	119,239	63,463	84,780
In relation to weighted average number of shares		15.5 %	11.1 %	51.9 %	28.5 %	38.0 %
Development of share price at OMX Helsinki						
Average trading price	EUR	4.38		4.19		
Lowest trading price	EUR	3.75		3.05		
Highest trading price	EUR	4.86		4.86		
Trading price at the end of the period	EUR	4.18		4.18		
Change during the period		3.2 %		33.5 %		
Market capitalization at the end of the period	EUR '000	931,708		931,708		
Development in trading volume						
Trading volume	1000 shares	45,054		86,452		
In relation to weighted average number of shares		19.6 %		37.6 %		
Adjusted average number of shares		229,915,326	222,896,718	229,915,326	222,896,718	222,896,718
Number of shares at the end of the period		245,176,718	222,896,718	245,176,718	222,896,718	222,896,718

<sup>1)</sup> Trading price is calculated on the average of EUR/GBP exchange rates published by the European Central Bank during the period

<sup>2)</sup> Trading price is calculated on the EUR/GBP exchange rate published by the European Central Bank at the end of the period

<sup>3)</sup> Market capitalization is calculated on the EUR/GBP exchange rate published by the European Central Bank at the end of the period

<b>Employee-related key figures</b>		<b>Three months to 30 September 2009</b>	<b>Three months to 30 September 2008</b>	<b>Nine months to 30 September 2009</b>	<b>Nine months to 30 September 2008</b>	<b>Twelve months to 31 December 2008</b>
Wages and salaries	EUR '000	3,062	2,722	9,912	6,247	5,756
Average number of employees		277	210	266	158	178
Number of employees at the end of the period		283	229	283	229	239
<b>Other figures</b>		<b>Three months to 30 September 2009</b>	<b>Three months to 30 September 2008</b>	<b>Nine months to 30 September 2009</b>	<b>Nine months to 30 September 2008</b>	<b>Twelve months to 31 December 2008</b>
Share options outstanding at the end of the period		4,334,500	2,285,000	4,334,500	2,285,000	4,442,500
Number of shares to be issued against the outstanding share options		4,334,500	2,285,000	4,334,500	2,285,000	4,442,500
Rights to vote of shares to be issued against the outstanding share options		1.7 %	1.0 %	1.7 %	1.0 %	2.0 %

### Talvivaara Mining Company Plc

#### Key financial figures of the Group

Return on equity	$\frac{\text{Profit (loss) for the period}}{(\text{Total equity at the beginning of period} + \text{Total equity at the end of period})/2}$
Equity-to-assets ratio	$\frac{\text{Total equity}}{\text{Total assets}}$
Net interest-bearing debt	Interest-bearing debt - Cash and cash equivalent
Debt-to-equity ratio	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$

#### Share-related key figures

Earnings per share	$\frac{\text{Profit (loss) attributable to equity holders of the Company}}{\text{Adjusted average number of shares}}$
Equity per share	$\frac{\text{Equity attributable to equity holders of the Company}}{\text{Adjusted average number of shares}}$
Market capitalization at the end of the period	Number of shares at the end of the period * trading price at the end of the period