

Talvivaara's draft restructuring programmes submitted to the District Court of Espoo

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The Administrator of the corporate reorganisation of [Talvivaara Mining Company Plc](#) ("Talvivaara" or "Company") and its operating subsidiary Talvivaara Sotkamo Ltd ("Talvivaara Sotkamo") has today filed the draft restructuring programmes of both companies to the District Court of Espoo.

According to the Administrator, the business operations of both Talvivaara and Talvivaara Sotkamo have proven to be viable during the corporate reorganisation proceedings, and it is possible to make the mining operations in Sotkamo profitable. However, the continuation of the business operations will require that new financing be obtained.

The essential content of the draft restructuring programmes is as follows:

* The starting point for the Administrator's draft restructuring programme is the sale of all of Talvivaara Sotkamo's business operations through a so called realisation restructuring process to a new company established by Talvivaara ("NewCo"). In the same connection, the existing product streaming and product sale and purchase agreements in Talvivaara Sotkamo's name would be transferred on terms to be separately negotiated NewCo. The purchase price received by Talvivaara Sotkamo would be used in full to pay Talvivaara Sotkamo's restructuring debts.

* The Administrator's current understanding is that the realisation restructuring process described herein may, if implemented, also lead to some degree of dilution of the holdings of Talvivaara's current shareholders. As a share issuance can be used in addition to a bond issuance, the dilution of existing shareholdings will to a material extent depend on the amount with which the existing shareholders are willing to participate in such arrangement.

* Under the draft restructuring programme of Talvivaara Sotkamo, a one-off payment would be made to the creditors with the possibility to make supplementary payments, while a customary eight-year restructuring programme can in the view of the administrator be drafted for Talvivaara, provided that financing for the duration of the implementation of the restructuring programme can be secured. No payments will be made to creditors of Talvivaara during the first two years. Thus, the payments to creditors will take place during 2017-2022 so that the creditors will be paid 10% of the capital cut in accordance with the programme during each of the first two years (2017-2018) and 20% thereafter (2019-2022). The secured debts and leasing debts of Talvivaara would be paid off according to the same schedule as the unsecured debts.

* Talvivaara's cash flow during the programme will consist of fees for providing administrative, financing and other group services, rental income, repayment of the amount borrowed to Talvivaara Sotkamo during the reorganisation proceedings and the repayments on Talvivaara Sotkamo's long-term loans through the realisation restructuring process.

* The draft restructuring programmes filed to the District Court do not

provide for more specific details on the structure of, parties to and the other terms and conditions of the potential asset deal and the realization restructuring process. The Administrator proposes that Talvivaara Sotkamo shall sign the agreement implementing or facilitating the realisation restructuring process by 1 December 2014, absent which the Administrator can petition the District Court to interrupt the restructuring proceedings, unless the Administrator has special grounds to grant an extension to this deadline and provided that the District Court has granted a corresponding extension for submission of the creditors' statements.

* The draft restructuring programmes will be supplemented once the method, terms and conditions of the transfer of business operations are known. The supplemented restructuring programmes will be filed to the Espoo District Court in such a way that the creditors have sufficient time to review it and give their statement on the draft.

* The Administrator estimates that the part of all the secured restructuring debt of Talvivaara Sotkamo (in aggregate EUR 130 million) that constitutes financing debt is EUR 53 million after the deduction of liquidation costs. The Administrator proposes that EUR 21.9 million of these secured debts will be payable upon execution of the realisation restructuring process. The secured creditors and the parties to the sale and purchase of Talvivaara Sotkamo's business must agree separately on how the remaining balance of the secured financing debt (EUR 31.1 million) is to be paid. This arrangement will require the consent of all of the secured creditors.

* The Administrator estimates that the amount of debt secured by a floating charge of Talvivaara is EUR 7.5 million and the amount of debt secured by other securities is EUR 3 million after the deduction of liquidation costs.

* The Administrator proposes that the capital of unsecured debts of Talvivaara Sotkamo (in aggregate not less than EUR 956 million) and Talvivaara (in aggregate EUR 478 million) be cut by 99% for Talvivaara Sotkamo and by 97% for Talvivaara. No payments will be made on debts with lowest priority of either of the companies. The convertible bonds and bonds issued by the Company shall be treated as unsecured debt.

* Talvivaara would be entitled to a payment of its EUR 527.8 million unsecured receivable (after set-offs) from Talvivaara Sotkamo in accordance with Talvivaara Sotkamo's restructuring programme. Talvivaara has pledged EUR 300 million of this receivable as security for its own and its subsidiary's debts. Payments of the receivable exceeding the pledge will remain for the benefit of Talvivaara and strengthen the Company's cash reserves.

* The holders of unsecured debt of Talvivaara Sotkamo will be entitled to receive supplementary payments upon NewCo having to pay additional purchase price to Talvivaara Sotkamo or upon Talvivaara Sotkamo being entitled to supplementary payments on the basis of any other undertaking. Under such circumstances Talvivaara's creditors may be entitled to supplementary payments. The duty to make supplementary payments will remain valid for eight years.

The summaries of the draft restructuring programmes are annexed to this release, and links to the complete texts of the programmes can be found at www.talvivaara.com.

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Talvivaara Mining Company is an internationally significant base metals producer with its primary focus on nickel and zinc using a technology known as

bioheapleaching to extract metals out of ore. Bioheapleaching makes extraction of metals from low grade ore economically viable. The Talvivaara deposits comprise one of the largest known sulphide nickel resources in Europe. The ore body is estimated to support anticipated production for several decades. Talvivaara has secured a 10-year off-take agreement for 100 per cent of its main output of nickel and cobalt to Norilsk Nickel and entered into a long-term zinc streaming agreement with [Nyrstar](#) NV. Talvivaara is listed on NASDAQ OMX Helsinki. Further information can be found at www.talvivaara.com.

Talvivaara Mining Co Draft Restructuring Programme SUMMARY:
<http://hugin.info/136227/R/1859534/651620.pdf>

Talvivaara Sotkamo Draft Restructuring Programme SUMMARY:
<http://hugin.info/136227/R/1859534/651621.pdf>

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