

Talvivaara and Terrafame have executed agreements on the sale of mining-related assets to Terrafame

[Talvivaara Mining Company Plc](#) ("Talvivaara" and "Company") and Terrafame Ltd ("Terrafame") have on 30 June 2016 signed agreements, in which the parties agree on the sale of Talvivaara's assets related to the Sotkamo mining operations and settlement of Talvivaara's guarantee liabilities under the Loan and Streaming Holiday Agreement ("Holiday Agreement"), with the principal amount of approximately EUR 14 million (including interest up until 30 June 2016), and the Zinc in Concentrate Purchase Agreement ("Streaming Agreement"), amounting to approximately EUR 203.4 million. The assets sold include, among others, the lime plant needed for the Sotkamo operations, laboratory, as well as rights to the geological, laboratory and production related data associated with the Sotkamo mine. The agreements include a cancellation clause whereby the transactions contemplated by the agreements shall become null and void in the event the extraordinary general meeting of shareholders of Talvivaara to be separately convened to address the matter does not approve the transactions under the agreements.

In addition, the parties have agreed on the transfer of the laboratory personnel to Terrafame as old employees, as well as on the possibility for Terrafame to recruit certain of Talvivaara's personnel currently providing services related to operation of the mine. The parties have agreed to terminate the service agreement and the lime plant lease agreement of 19 November 2014, which were transferred to Terrafame on 14 August 2015 with immediate effect.

The purchase price for the assets sold consists of two components: (i) a full and final settlement of the guarantee liabilities of the Company under the Holiday Agreement and the Streaming Agreement, and (ii) a cash component of EUR 1.4 million payable by Terrafame, which has been paid to the Company at closing.

The extraordinary general meeting of shareholders will be separately convened to address the matter. Certain shareholders of the Company, comprising of Solidium Ltd and Mr. Pekka Perä, CEO of Talvivaara, who together represent approximately 20 per cent of the ordinary shares currently issued and outstanding (excluding 192,883,000 shares held in treasury by the Company not carrying any voting rights), have preliminary agreed to vote in favour of the transaction at the extraordinary general meeting.

Should the general meeting not approve the transactions under the agreements, the agreements will be cancelled and the transactions revoked and, consequently, the parties would resume the positions existing immediately prior to signing the agreements.

Under the agreements, all main assets of Talvivaara previously generating income for Talvivaara have been transferred to Terrafame. However, the arrangement will materially improve the possibility for the completion of Talvivaara's corporate restructuring proceedings and facilitate the development of Talvivaara's new business opportunities. The agreement has no effect on the identified restructuring debts of the Company, including the receivables of certain commercial banks and Finnvera Plc.

Despite the transaction published today, there can to date be no guarantee that Talvivaara will eventually be able to successfully complete the corporate restructuring proceedings.

Enquiries
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