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Status of Talvivaara's reorganization proceedings

The Company has started preparations for the conversion issue in accordance with the restructuring programme

[Talvivaara Mining Company Plc](#) ("Company" or "Talvivaara") announces that today it has received a statement from the Administrator of its corporate reorganization proceedings in which the Administrator gives his view on the status of the fulfillment of the special conditions in the corporate restructuring programme. As part of fulfilling the special conditions of the restructuring programme the Company has started preparations for the conversion issue as set out in the restructuring programme.

The Administrator filed the final draft restructuring programme with the District Court of Espoo on 10 April 2015. The confirmation and entry into force of the draft restructuring programme requires the fulfilment of all of the following special conditions:

1. Talvivaara succeeds in negotiating an agreement with the party that purchases Talvivaara Sotkamo Ltd's mining operations from the bankruptcy estate based on which:
 1. Talvivaara can obtain sufficient cash flow to cover the costs of its business operations if the Company's other assets or other cash flows are not sufficient to cover said costs; and
 2. Talvivaara has the right to make an investment sufficient to acquire a significant minority stake in the company engaging in the mining operations, or the parties complete a different financial and/or operative arrangement that will secure the continuance of the Company's eligible business;
2. The general meeting of shareholders of Talvivaara:
 1. approves the opportunity to be offered to all holders of unsecured restructuring debts to convert the full amount (but not a part thereof) of their unsecured restructuring debt into shares in the Company with due regard to any limitations of prohibitions set by foreign securities laws that would make the offering of the conversion right to certain foreign creditors either illegal or unreasonably difficult to implement. If all unsecured restructuring creditors exercise said opportunity, the percentage of holdings of the Company's current shareholders would be diluted by 70%. The conversion rate would be EUR 0.1144 per share; and
 2. executes or authorises the Company's board of directors to execute a financial arrangement (e.g. issuance of shares or bonds or execution of other financing instrument) to raise the funds needed to execute an arrangement referred to in section a) 2. and/or for paying the remaining restructuring debts and for covering other possible liabilities to the extent the Company's other funds are not sufficient for such purpose;
3. The proceedings for converting the restructuring debts into shares in the Company have been completed in accordance with the section b) 1 above, and the new shares have been registered in the Trade Register.

In addition to the above mentioned special conditions, the confirmation of the programme also requires that other requirements set forth in law are fulfilled and that no obstacles for the entry into force of the programme provided for in the Restructuring of Enterprises Act are at hand. The Administrator shall oversee the fulfillment of the special conditions set for the restructuring programme and once the conditions have been fulfilled inform the District Court thereof. The District Court will decide on the approval of the final restructuring programme.

Today the Administrator has stated that special conditions (b)(2) and (c) of the restructuring programme are currently still to be fulfilled. In addition, according to the Administrator, the fulfilment of all the special conditions and purpose of the Restructuring Act will require that the Company's new business opportunities are sufficiently developed so as to provide more tangible prospects for future viable business operations.

As part of the fulfillment of the special condition of the restructuring programme (special condition (c)) the Company has started preparations for the share issue, whereby the holders of unsecured restructuring debts as defined in the restructuring programme would be offered an opportunity to convert the full amount of their unsecured restructuring debt into shares of the Company ("Conversion Issue"). According to the restructuring programme, the conversion rate of the Conversion Issue shall be EUR 0.1144 per share. The Company continues the preparations and will update the market in due course with regard to the progress of the Conversion Issue.

During the current year, the Company has explored a number of new business ideas and projects, which, if materialized, could

create the Company's new core business or part thereof. The Company continues to investigate and develop selected projects. The new business opportunities currently being explored are not limited to the mining industry, but also include amongst others projects from the recycling and energy saving sectors. At this point it is too early for the Company to take a view on the details of the projects or their likelihood to be successfully realised. The Company will update the market in due course, should the viability of one or more of the projects ultimately be demonstrated.

Enquiries

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