

Talvivaara's Board of Directors approved the closing of the acquisition of energy saving technology

Development of new business opportunities continues

[Talvivaara Mining Company Plc](#)'s ("Talvivaara" or the "Company") Board of Directors has today approved the closing of the acquisition of the energy saving technology. The acquisition of the energy saving technology was announced on 4 October 2016 and the closing of the agreement remained conditional on the approval of the Company's Board of Directors.

The Company's strategic focus has been to establish a sustainable business or businesses that match the expertise inherent in the Company as well as providing the prospect of early cash flow. The new business opportunities investigated by the Company are not limited to the mining industry, but also include projects in the recycling and energy-saving sectors, among others. The Company has thoroughly investigated several new business opportunities and projects, which, if implemented, could form the Company's new core business or a part thereof.

Closing of the Acquisition of the Energy Saving Technology

On 4 October 2016, Talvivaara signed an agreement to acquire the rights to a technology aimed at enhancing energy efficiency in the steel industry. The core of the technology acquired is a new measurement and adjustment system that improves the alternating current electric arc furnace steel making process by reducing energy consumption and stabilizing melting and heating processes.

Energy consumption is one of the largest components of operational expenditure for electric arc furnaces used in the steel making process. Reducing energy costs by just a few percent can materially improve profitability for a steel mill utilising electric arc furnaces. The Company believes that the market potential of its technology is significant.

The object of sale consists of the rights to the system on which the technology is based and the existing equipment utilizing the technology. The assets have been acquired by a wholly-owned subsidiary of the Company, FATB Oy, set up for this purpose.

The purchase price of the technology is five percent of the EBIT generated by the technology in the future. However, the Company has the right to terminate the EBIT based earn-out arrangement by paying a lump sum of EUR 2 million to the seller of the technology. In addition, the Company has paid compensation for the equipment reflecting its reasonable development and manufacturing costs of EUR 160,000.

Talvivaara has continued the development and testing of the technology and has also hired the necessary technical staff to refine the technology and to ready it for deployment in an industrial environment. The aim is to commercialize the technology during the 2017.

Additional Business Opportunities

In addition to the acquired energy saving technology business, the Company has initiated a commercialization project, based on its chemical engineering expertise, focused on developing more efficient use of nutrients and energy production from renewable raw materials related to livestock farming.

Rational and efficient disposal of manure from livestock farming is challenging given geographical balance of livestock density and land availability for manure spreading in many areas in Finland and particularly in Central Europe. Talvivaara is studying possibilities to create processing units to enable the economic extraction of valuable content as commercial products from manure streams while at the same time facilitating the management of the nutrient streams in a way that benefits the livestock farmers. The Company's target is to convert manure to energy fraction and high quality fertilizers and to purify the liquid fraction to a level that allows safe discharge into the environment and recover the nutrients as useful fertilizers.

In addition to the businesses described above, the Company is studying and further developing a number of other opportunities of circular economy related to metallurgy, chemical and construction industry that could meet its investment requirements in the short term.

The Board of Directors has proposed to the Extraordinary General Meeting of Shareholders that it would authorize the Board of Directors to decide on one or several share issues, which in their part would facilitate the further development of the chosen

business opportunities.

While several potential opportunities have been identified it is currently too early for the Company to take a view on the likelihood of any of these projects being successfully realized. The Company will inform the market on the development of its selected businesses and business opportunities in due course.

Enquiries

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