Stock Exchange Release

Ahtium Plc

2 March 2018

Ahtium's Auditors Report for the period 1 January – 31 December 2017

The Auditor's report for the financial period 1 January – 31 December 2017 to the Annual General Meeting of Ahtium Plc is the following:

The following document is an English translation of the Finnish auditor's report.

Auditor's Report
To the Annual General Meeting of Ahtium Plc (former Talvivaara Mining Company Plc)

Report on the Audit of the Financial Statements

Opinion
In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited
We have audited the financial statements of Ahtium Plc (business identity code 1847894-2) for the period 1 January – 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of changes in equity, statement of cash flows and notes.

Basis for Opinion
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 18 to the Financial Statements.

Emphasis of Matter
We draw attention to note 2 in the financial statements, which describes the basis of preparation of the financial statements on a non-going concern basis, as well as the uncertainties relating to the Company's ability to revise its reporting basis and to regain its status as a going concern and to section "Statement of changes in equity" which describes changes in the Company's equity during the financial period and the amount of the equity as at 31 December 2017. Our opinion is not qualified in respect of this matter.

Our Audit Approach

Overview

- Overall group materiality is € 0.1 million, which represents 1 % of borrowings
- Group audit scope includes the parent company
- Key audit matter:
  - Cash flow forecasting process

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality: € 0.1 million

How we determined it: 1 % of borrowings

Rationale for the materiality benchmark applied: We chose borrowings as the benchmark because, in our view, in the absence of business operations and in the circumstances of the group, it is a relevant measure for the readers of the financial statements. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope
We tailored the scope of our audit, taking into account the circumstances and operations of the group.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group and the parent company

Cash flow forecasting process

Refer to the balance sheet and statement of cash flows

As at 31 December 2017, the group's cash and cash equivalents amounted to € 0,4 million. The parent company does not currently have any income generating business and is financing its operations from its cash reserves. If the necessary cash flow is not secured, the parent company may have to file for bankruptcy.

Our audit procedures focused on the cash flow forecast-ing process, as accurate and timely cash forecasts are vital to the group's future.

There are no significant risks of material misstatements referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

How our audit addressed the key audit matter

We reviewed management's cash flow forecasting process and tested the key assumptions as follows:

- We made inquiries with management on their intention of funding and financing new businesses.
- We analysed management's monthly cash flow forecasts and compared them with the actuals.
- We tested mathematical accuracy of the monthly cash flow forecasts.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.

Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed in the financial statements, together with the basis on which the financial statements have been prepared and the reason why the entity is not regarded as going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the basis of accounting on which the financial statements have been prepared.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment
We were first appointed as auditors by the annual general meeting on 9 September 2003. Our appointment represents a total period of uninterrupted engagement of 15 years.

Other Information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the information included in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other Matter
We also draw attention to the disclosure "Risk management and key risks" in the report of the Board of Directors, which describes the parent company's near term risk factors that relate to the continuance of the business operations and to disclosure "Events after the review period" which states that the group's cash and cash equivalents amount approximately euro 0.1 million as at 27 February 2018.

Helsinki 2 March 2018

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