



SOTKAMO SILVER AB
(NGM: SOSI; NASDAQ: SOSI1)

Company Announcement July 28th 2017
Stockholm 8.45 am

SOTKAMO SILVER: TECHNICAL REPORT OF SILVER MINE AND FEASIBILITY STUDY COMPLETED. THE DECISION TO MOVE BLAIKEN CONCENTRATING PLANT TO SOTKAMO IS MADE

Sotkamo Silver has completed the latest Technical Report of the Silver Mine project including updated feasibility study. Based on the economic analysis in this feasibility study, the Silver Mine project is, with current assumptions and knowledge, notably profitable. The Mineral Resources and Ore Reserves in the Technical Report has been prepared and classified in accordance JORC Code, 2012 Edition.

Based on positive results of the updated Technical Report the Board of Sotkamo Silver has decided to move the Blaiken concentrating plant equipment to Silver Mine in Sotkamo as next step in the construction work.

Summary of the Technical Report's economic result:

- **Payback: less than 2 years from start of production**
- **41 % IRR, € 57 million NPV (@ 5 %)**
- **Lom Capex 33 M€, of which 27,4 M€ is initial investment**
- **Revenue (6 years): 228 M€**
- **EBIT 8 (6 years): 101 M€**
- **Cash Cost range 7 – 11 \$/Oz**
- **All-In Cash Cost LOM average is 8,8 \$/oz.**

Used silver price range from 18.6-19.1 \$/Oz Ag during production years and the exchange rate USD/€ is 0.88.

This Technical Report has been prepared at the request of financiers in order to provide updated technical and economic information on the project. Sotkamo Silver has decided to publish this Technical Report also to inform investors, market and shareholders about the current situation and economics of the Silver Mine project.

The scope of the report has been to compile a comprehensive updated Technical Report based on updated Mine Plan, updated Mineral Resource and Ore Reserve estimates. Basic engineering design based on pilot-plant results and updated process flowsheet has been

prepared. Planned process equipment is a combination of new and suitable equipment from the purchased Blaiken concentrating plant.

The Technical Report is available on the company's website at www.silver.fi

Since August 2016 the following investments, construction and infrastructure development works have been completed to prepare the construction start:

- Topsoil removal works from tailings dam area and Open pit area as started by hauling the topsoil to the sound barrier in the north end of Open Pit
- A new access road to the area has been constructed, which will also serve as an access road to the open pit area, and construction of a new road to the tailings management facility area has also commenced. These roads ensure access to the entire area at the site for mine construction.
- Revamp of the decline including scaling, water management (drainage canalization, new pumping arrangements and improvement of pipeline placing) and road surface improvements.
- Pre-drainage of tailings dam area.
- New Electrical 20 kV network with optical fibre & control cable works for the electrification of the Underground Mine.
- Process engineering started in beginning of April, basic engineering has been completed
- Updated water balance model
- Planning of the ventilation, heating, electrification and pumping arrangements of the UG mine completed; updating the quotes from vendors.
- Tailings Management Facility area engineering work for dams and bottom structure has been finalized and the material has been submitted to Dam Safety.
- An Environmental Impact Assessment (EIA) process concerning the updated production plan for the Silver Mine has progressed and the EIA-program to the Coordinating Authority, Kainuu ELY-centre, has already been submitted.
- Updating of the mine plans.
- Assessment of the potential vendors for the mining works.
- Process plant concrete structure engineering started (foundation for building and mills).
- Process plant area civil works engineering was started
- Supporting of the decline by rebar bolting and steel nets in places.
- Strengthening of the organization and continuous improvement of operations

- Completing the operational organization, interviewing potential candidates for the different support positions and optimising of the operational structure (i.e. In-house vs. Contractors for certain key activities like ore mining).
- Recruitment tests of the planned management
- Key positions filled during the period are:
 - General Manager of The Silver Mine
 - Chief Geologist
 - Chief Financial Officer
 - Mine Supervisor
 - Health and Safety

- Final Technical Report of the Silver Mine (Feasibility Study) for the financing purposes and investment purposes. The investment estimate update of this Silver Mine Technical Report 2017 is based on the firm and commercially compliant tenders and budget quotations, quotations received from pre-qualified tenderers referenced against the technical design and calculated quantities of the Project.

Ongoing projects

- Infill drilling campaign of some 1 500 meters to fill the gaps and update the mineral resource/ ore reserve estimates (reporting according to JORC) for later stage production from the mine from year 6.
- Optimisation of the life of mine plans ongoing.
- Assessment of the exploration potential of the vicinity, i.e. depth continuation of the Silver Mine and surrounding greenstone belt to increase LOM beyond Year 10.
- The process plant building engineering has commenced.
- Preparation for transfer of the Blaiken plant equipment to Silver Mine in Sotkamo.
- Ongoing financing negotiations.

“I am very proud of Sotkamo Silver’s own specialists and staff who together with Greg Paholsky from Opcerto Asset Operations, and Pekka Veisto from CTS Engtec have done this excellent work meticulously. I am confident that our shareholders find this Technical Report very encouraging for the future success of the project. Sotkamo Silver is continuing the financing discussions with several potential financiers in positive atmosphere.” Says Dr Timo Lindborg, CEO Sotkamo Silver

This information is information that Sotkamo Silver AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 9:00 CEST on July 28th, 2017.

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Read even the disclaimer in the end of the release.

The official Stock Exchange Releases are given in Swedish and there may be differences in the translated versions.

Stockholm July 28th 2017

Sotkamo Silver AB (publ)

Timo Lindborg, CEO

Disclaimer

All statements other than statements of historical fact included in this report including, without limitation, statements regarding future plans and objectives of Sotkamo, are forward-looking statements. When used in this report, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, metal prices, exchanges rates, and on a number of assumptions regarding future events and actions that are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Sotkamo Silver (Company) that could cause Company's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place any reliance on these forward-looking statements.

Company does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by applicable law and stock exchange listing requirements.

About Sotkamo Silver AB

Sotkamo Silver AB's business concept is to exploit mineral deposits in the Nordic countries with positive social and environmental benefits. Sotkamo Silver owns mineral deposits, which contain silver and gold in Finland as well as zinc and gold in Norway. The Company's main development project is the Silver Mine project in the municipality of Sotkamo.

Sotkamo Silver applies SveMin's & FinnMin's respective rules of reporting for public mining & exploration companies. Sotkamo Silver has chosen to report mineral resources and ore reserves according to the internationally accepted JORC or NI 43-101 code. The company applies International Financial Reporting Standards (IFRS) as approved by the European Union.



The ticker symbol is SOSI in NGM Equity in Stockholm and SOSI1 in NASDAQ OMX Helsinki.
ISIN-code for Sotkamo Silver shares is SE0001057910.

ISIN- code for share warrants series 2016/2017 are SE0008373880

The number of outstanding warrants are 20,643,198. The Warrant gives the right to subscribe for one (1) share at 4 SEK in August 2017

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

Read more about Sotkamo Silver on d or www.silver.fi

The Company's press releases and financial reports are distributed via Cision Sverige and are available on www.silver.fi