



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

Company Announcement 2017-02-01
10.35 a.m. Stockholm

SOTKAMO SILVER HAS AGREED WITH EUROMIN ON THEIR SECOND SUBSCRIPTION AND WITH TRAXYS ON A MARKETING AND FINANCING TERM SHEET, TOTAL EURO 19.3 MILLION.

Sotkamo Silver has agreed with Traxys Europe SA on a marketing and a financing agreement that upon completion will provide the full funding of its Silver Mine project up to production, subject to due diligence and negotiation of documentation.

At the same time, Mining Associates' subsidiary EuroMin Limited, has subscribed for 1,351,533 shares as the Second Subscription in Sotkamo Silver AB. Total amount of the financing raised through the Second Subscription of EuroMin and Traxys' offer is circa Euro 19.3 million.

Traxys' financing will provide up to Euro 16.3 million to the Sotkamo Silver group, that shall be fully dedicated to the construction of the Silver Mine in Finland. In addition, Traxys has offered about Euro 2.5 million in a bespoke working capital facility, to be adjusted as soon as the project has entered into production.

A Marketing Agreement for sale of all silver-lead-gold concentrates (the "Concentrates") produced by the Silver Mine shall also be entered for a period of 60 months of production, pursuant to which Traxys will market the Concentrates. Sotkamo Silver shall have transparency of the marketing process, and any interest in the Concentrates shall be directed to Traxys. The offer is generally agreed in a Term Sheet and a Marketing Agreement.

The financing offered by Traxys will be in three tranches: (i) a 3 year Euro 12 million loan; (ii) a 4 year Euro 4.3 million convertible loan with a strike price of SEK 5.4/share and annual interest of 7 % during the construction year and 6 % thereafter; and (iii) a Euro 2.5 million revolving facility (all the "Financing Transaction"). The parties may agree to change the currency of the financing to US-dollars.

Sotkamo Silver has agreed to grant Traxys a period of exclusivity until March 10th 2017, in order for the parties to complete the due diligence process and negotiate definitive binding agreements and consummate the Financing Transaction.

Mining Associates, a highly respected, independent, international mining Consulting and Investment firm, has by a directed share issue, through its 100% owned subsidiary EuroMin Limited, subscribed for the Second Subscription of 1,351,533 Shares at a price of SEK 3.5/share (circa Euro 500,000) as previously agreed on 16 December 2016.

The Board has jointly agreed with Mining Associates to offer Mr Greg Paholski (Operations Director of Mining Associates) to be the Technical Director of the Silver Mine project during the construction and commissioning period, instead of becoming a member of the Board. Mr



Paholski has significant technical expertise in mine development and mine operations.

Mining Associates' decision to subscribe for a smaller amount of the shares instead of the fully offered amount and completion of the subordinate loan as originally contemplated, is done in mutual acceptance with Sotkamo Silver AB, Mining Associates and Traxys Europe SA (the "Companies"). The Companies have decided together that the financing solution offered by Traxys is more attractive for Sotkamo Silver and would be less dilutive to shareholders and would provide Sotkamo Silver with full funding needed to bring its Silver Mine Project into production during 2018H1.

MMG Capital Limited has acted as Corporate Finance Advisor to Sotkamo Silver for the Financing Transaction with Traxys and for the Second Subscription of EuroMin.

"Both Traxys and Sotkamo Silver are looking forward to concluding a mutually acceptable transaction from the Transaction Documents. I am very satisfied to have reached this solution and the offer from Traxys. The Financing Transaction is important to secure the complete financing package and to bring the Silver Mine into production during the first half of 2018. With this Financing and Marketing Agreement, we will be able to secure financing at lower costs, minimise dilution for our shareholders and secure sale of the first 5 years of our lead-silver-gold production while fully controlling the marketing process. We are very grateful that we can utilise Mr Greg Paholski's and Mining Associates' experience in the construction of the Silver Mine" comments by Timo Lindborg, CEO of Sotkamo Silver AB

Stockholm, 1th February 2017

Timo Lindborg, CEO

Sotkamo Silver AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act.

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

About Mining Associates:

Mining Associates is a leading global geological, resource and mining consultancy, headquartered in Hong Kong, with offices in Australia, United Kingdom and Canada. Mining Associates' Consulting Business provides expert technical advice across a wide range of mineral commodities, geological settings and mining methods on a diverse range of projects globally. Our technical skills range from exploration to full feasibility studies, mine development, mining operations and closure.

Mining Associates capital arm seeks projects where we see capital value growth opportunities or short paths to production and cash flow. Mining Associates unlocks value in mineral assets by expanding resources, merging assets, solving technical roadblocks or revising development concepts.



The final Implementation Plan for the Sotkamo Silver mine developed jointly with Mining Associates will be made available on the Company's web-page.

About Traxys:

The Traxys Group, headquartered in Luxembourg, is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 300 employees, in over 20 offices worldwide, and its annual turnover is in excess of \$6 billion. Traxys' focus is primarily on the marketing and sourcing of base metals and concentrates, minor and alloying metals, industrial minerals and chemicals, and materials for steel mills and foundries, and the management of all parts of the supply chain, from producer to consumer, worldwide.

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

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

Read more about Sotkamo Silver on www.sotkamosilver.com or www.silver.fi

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

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