



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

Company Announcement 2nd, March 2018
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SOTKAMO SILVER: AN ADDITIONAL FINANCING PACKAGE OF AT LEAST EUR 20 MILLION FOR SILVER MINE PROJECT

Sotkamo Silver AB and its subsidiary Sotkamo Silver Oy has decided to implement additional financing in the aggregate amount of EUR 20 to 25 million for the construction of the Silver Mine project and completion of the investments. The contemplated financing package consists of approximately EUR 18 million conditional financing commitments and of previously obtained EUR 2 million investment grant decision. The aim is to receive and accept the final subscriptions by 31 March, at the latest.

The contemplated financing package is divided into four parts, the first three of which are directed mainly to Finnish institutional investors: (1.) an approximately EUR 9.25–15 million 4-year bond by Sotkamo Silver Oy; (2.) an approximately EUR 4 million directed share issue by Sotkamo Silver AB and (3.) an approximately EUR 5 million 4.5-year convertible bond by Sotkamo Silver AB. In addition, the package includes (4.) a EUR 2 million grant by the Employment and Economic Development Centre for Northern Ostrobothnia (ELY Centre) to Sotkamo Silver Oy for the investment and development of the Silver Mine.

The contemplated bond issue would be secured. As part of the collateral, Sotkamo Silver AB would provide a guarantee undertaking and pledge the shares in its subsidiary. Sotkamo Silver Oy would, on its behalf, pledge its mining rights under the mining project, real property and assets chargeable under business mortgage. The coupon rate of the bond would be 10%, and the entirety of the loan would be repaid at maturity by a single instalment.

The contemplated directed share issue would comprise a maximum of 11,931,369 (approximately 10% of the current issued and outstanding shares) new shares of the company. The subscription price is determined to be EUR 0.34 per share. The contemplated directed share issue is based on the authorisation granted by the Annual General Meeting of the shareholders held on 27 March 2017. According to the resolution by the Annual General Meeting, the issue is directed to investors who are not current shareholders of the company.

As a part of the financing package Sotkamo Silver AB has received an offer for a convertible bond issue. The coupon rate for the convertible bond would be 8.0 % p.a., the maturity of the loan would be 4.5 years and the entirety of the loan would be repaid at maturity by a single instalment. The subscription price for each share to be subscribed under the convertible bond would be 15% higher than the three months volume weighted average stock exchange price of the share between 15 December 2017 and 1 March 2018. In the event the holders of convertible bond do not exercise the subscription right, the loan will be repayable in full at maturity. The convertible bond is conditional upon (i) the Annual General Meeting to be held on 15 March 2018 resolving on the authorization to the Board of Directors to implement a directed share issue of 10% in accordance with item 19 of the agenda for the Annual General



Meeting and (ii) the resolution of the Board of Directors to be elected by the Annual General Meeting to issue the convertible bond.

Subscriptions in the share issue and the bond issue are conditional upon the issuance of the convertible bond, which in turn is conditional upon the decision by the Annual General Meeting to be held on 15 March 2018 and the decision by the Board of Directors elected by the Annual General Meeting. The issue of convertible bond is intended to take place after the Annual General Meeting. The Board of Directors of Sotkamo Silver AB considers that the offer concerning the convertible bond is market-based.

In relation to the contemplated bond issue Sotkamo Silver Oy has received subscription commitments in the aggregate of EUR 9.25 million by 1 March. Sotkamo Silver AB has received the aggregate of approximately EUR 4 million of subscription commitments for the contemplated share issue and offers for the contemplated convertible bond amount to approximately EUR 5 million. Subscription commitments for the share issue have been made by, among others, three funds managed by SP-Rahastoyhtiö Oy and also by Visio Varainhoito Oy, Taaleri Finland Value Equity Fund, Petter and Margit Forsström Foundation and Norvestia Oyj.

The grant by ELY Centre granted in 2016 amounts to maximum of EUR 2 million. The aggregate amount of the above-described financial package, taking into account the subscription commitments and offers for the convertible bond received by 1 March, is approximately EUR 20 million.

In addition, Tekes has granted to Sotkamo Silver Oy an Innovation Finance Loan of EUR 6.1 million, from which the first instalment of EUR 2.8 million can be raised by the company in accordance with Tekes' decision.

The liquid assets of the group were EUR 16.6 million as of the year-end when the mine was already under construction.

Alexander Corporate Finance Oy acts as advisor to the company in the financial transaction.

"I'm really pleased that we have now finally been able to inform the market of the financial package, which has now been achieved with the assistance of Alexander Corporate Finance Oy. I believe we have found a win-win alternative to the negotiations and the many financial solutions that we have been offered and evaluated. We have trusted in finding a funding solution and have already in the past started the construction phases that are important for the timetable. Our goal is to be able to launch the production in the beginning of 2019", says Timo Lindborg, the CEO of Sotkamo Silver AB.

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Timo Lindborg, CEO



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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, on March 2nd, 2018, at 08.45 CET.

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

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.

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

The ticker symbol is SOSI in NGM Equity in Stockholm and SOSI1 in NASDAQ Helsinki.

ISIN-code for Sotkamo Silver shares is SE0001057910.

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