



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

Stock Exchange Release 2015-08-12
Stockholm 9.00 A.M.

SUMMARY OF INTERIM REPORT JANUARY - JUNE 2015

- Net profit was KSEK -6,205 (-2,573) and earnings per share to SEK -0.30 (-0.15).
- The Group sale was KSEK 442 (528).
- Cash and cash equivalents was KSEK 12,581 (21,339) at June 30th 2015.
- Investments were during period KSEK 3,464 (3,662).
- Equity was 130,108 kSEK (136,561) at June 30th 2015.

- High silver- and goldvalues were encountered in drilling at the deep extension of the Silver Mine deposit.
- Excellent exploration targets in Mo i Rana in Norway.
- The Annual General Meeting was held on Monday 23 March 2015.

THE CURRENT PERIOD (3 months, April - June)

- Net profit was -1,624 KSEK (-356) and earnings per share -0.08 SEK (-0.02).
- Group sale was 433 KSEK (99).
- Investments during the period April – June were 1,981 KSEK (1,855).
- The Company signs an option agreement to purchase the concentration plant from the Blaiken mine

SUMMARY OF SIGNIFICANT EVENTS AFTER THE BALANCE

- Sotkamo Silver has purchased The Blaiken Concentration Plant.
- A 9.4 M€ financing offered from TEKES as a development loan

The comparative numbers relates to the corresponding period of the previous year's income statement and cash flow items and December 31st 2014 for Balance Sheet items.



MESSAGE FROM THE CEO

Metal prices are cyclical and I believe that prices are approaching a cyclical bottom. Both metal prices and the valuations of mining companies are low to-day and the situation begins to look like it was 2008, when stock markets in the US and Sweden still went relatively well, before valuations began to decline.

When metal prices are turning it is usually the precious metals, which turns first. The price of silver and gold was not particularly high in 2008, but increased significantly in 2009 and continued so until 2012. At the same time increased the willingness to invest in mining and several new mining projects started worldwide.

Silver prices have declined since the Q1 report, and that complicates the investment climate. However, we can still see that our project is positive and gives good yield, even with today's silver prices. For us it is important what the silver price is within two or three years from now, when we plan to be in production, while today's prices often only determines the attractiveness of investors, who often act without longer-term objectives. If the silver price will be higher than today, the project is very profitable, but the Company is doing financially well even with today's lower prices.

The perception that loaned money is available in abundance with low interest is false. There are very favourable borrowing opportunities for households and real estate investments, but not for industry investments, especially not for investments with price risk in commodities, currencies, etc. It's like two different worlds.

Time has been difficult for industrial investment in recent years, especially within the EU, due to the established risk and capital management requirements such as Basel Rules established for banks. Banks are reluctant to finance industrial projects. Money must instead be obtained from the market, either as equity, bond or other complex financing instruments. Therefore, we work actively with a total financing package, which consist of several parts, to reach a good solution for our shareholders.

Financing and Supply Agreement regarding the design and turnkey delivery of electrification, automation and instrumentation with ABB Oy Finland is extended until the end of 2015. The agreement covers engineering, design, delivery and supply of electrification, automation and instrumentation for the Silver Mine. The value of the delivery is about 5 million euro.

The Company has acquired the concentrator at Blaiken. The complete concentrator for base metals is to be moved to Sotkamo Silver's Silver mining project in Finland. The acquisition is expected to reduce the Silver Mine's capital requirements with EUR 7 million, which corresponds to approximately SEK 65 million and improve the project's profitability further.

TEKES - the Finnish Funding Agency for Innovation, has granted Sotkamo Silver a possibility to additional financing with a development loan of EUR 9,4 million, corresponding to approximately SEK 85 million.

TEKES loan will be used to improve the profitability of the Silver Mine. The project also entails costs, but I believe that the loan will strengthen the Company's ability to finance the Silver Mining Project. Even an ore-sorter will improve the project's profitability significantly, when it will be introduced in the production after the ramp-up period.



Efforts to navigate to a total financing solution is priority one for management and the board. The silver price trend during the next months are very important, but by the actions taken and assumed results of the project, we have improved the economic sustainability of the project against current silver prices.

Dr. Timo Lindborg, CEO

Reporting Dates

- Interim report Q3 - November 13th 2015.
- Year End Report 2015 - February 12th 2016.
- Annual General Meeting – March 17th 2016.

Share data

The share capital amounted to SEK 141,596,341.47. Number of shares and votes are 20 643 198. Quota value was SEK 6.86.

A complete Year End Report in Swedish can be downloaded from:
<http://www.silver.fi/sivu/se/delarsrapporter/>

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 slight differences in the translated versions

Stockholm, 12th Augusty 2015

Sotkamo Silver AB

Timo Lindborg, CEO

The Company's press releases and financial reports are distributed via NGM and are available on www.silver.fi For further information please contact Timo Lindborg, CEO on +46-8-304920.

About Sotkamo Silver AB:

Sotkamo Silver AB's business concept is to exploit mineral deposits in the Nordic countries with regards to human society and environment. Sotkamo Silver owns, through its subsidiary mineral deposits, which



contains silver and gold in Finland. 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.

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

For further information: Timo Lindborg, CEO, tel. +358 40 508 3 507

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