

UPDATED FEASIBILITY STUDY COMPLETED FOR THE SILVERMINE

- **35 % IRR, 30 M€ NPV (@ 8 %) (calculated with a silver-price of \$ 21,5 /Oz Ag)**
- **LOM CAPEX 32 M€ inclusive capacity-increase during year 3**
- **The Mine: 3.3 million tons mineral reserves**
- **Payback: less than 3 years from production-start**
- **Expected Life-Of-Mine-according to the today's reserves: 8-10 years**
- **EBITDA-margin 46 % (first 4 years)**

Sotkamo Silver (NGM: SOSI) has completed an updated Bankable Feasibility Study for the company's Silver Mine-project in Sotkamo, Finland. The study shows acceptable profitability, even at silver-prices under current levels. Production is expected to start late 2015 or early 2016. Calculations are based on new information of ore-reserves, present costs, new mining-schedule and on latest quotes from suppliers and construction- and entrepreneurial-companies.

According to cash flow forecast, which is based on an average silver- price of \$ 21.5 / Oz between the years 2016-2025, the Mine's project IRR is estimated to 35% and NPV to 30 million (@ 8%). Pay-back period from production-start is estimated to be less than 3 years.

Ore reserves are total 3.36 million tons with an average silver-content of 102 g/ton. The silver-content during the first four planned production-years will be between 120-130 g/ton and the gold-content will be about 0.4 g/ton. During the third production-year capacity will be increased from 350,000 to 450,000 tons per annum in conjunction with the updated environmental-permit.

If the silver-price 28 \$/oz is used, the estimated IRR is 61 % and NPV is 59 million € (@ 8%). With silver-price 15 \$/oz, the estimated IRR is 8% and NPV is 0,2 million € (@ 8%).

The updated study has been prepared, compiled, evaluated and approved by the independent consultant-group, CTS Engtec Oy.

Jouni Kankkunen MSc (Mining), MAusIMM, has compiled the mining plan and ore-reserve estimate. Outotec (Finland) Oyj has, carried out a review on the mine-technology, the Silver Mine's mine-plan and the mineral-reserve estimates for the Feasibility Study. This review was performed by Pekka Loven, MSc (Mining), MAusIMM (CP) at Outotec (Finland) Oyj. He is a Competent Person under the Joint Ore Reserves Committee (JORC, 2012). The updated mineral reserves (ore) are based on information from the completed Bankable Feasibility Study and information from Sotkamo Silver.

MINERAL RESERVES

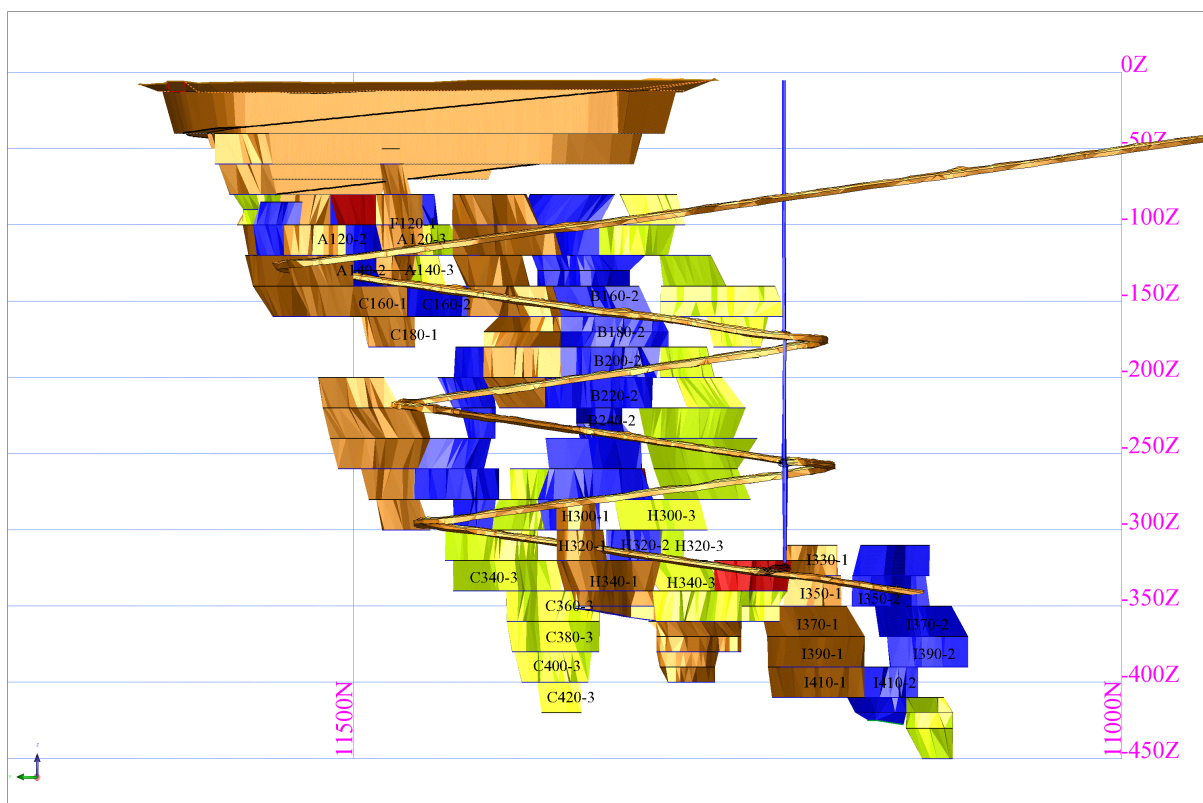
Mineral-reserves were estimated for each stope in conjunction with the mine-planning, and by applied the economic factors that show a profitable production. A summary of the ore-reserves are shown in the table below.

Ore reserves of Sotkamo Silver's Silver Mine Project, Marc 2014, In Accordance with JORC Code (2012)									
Ore Reserves Categori	Mt	Silver		Gold		Zinc		Lead	
		Grad (g/t)	Metal (oz)	Grad (g/t)	Metal (oz)	Grade (%)	Metal (t)	Grade (%)	Metal (t)
Proven	1.8	98	5 671 406	0.29	16 782	0.69	12 420	0.33	5 940
Probable	1.536	106	5 234 669	0.29	14 321	0.74	11 366	0.36	5 529
Proven + Probable	3.336	102	10 940 026	0.29	31 103	0.71	23 786	0.34	11 469

Mineral-reserves (ore) in the category of Known and Probable are 3.336 million tons with a silver-grade of 102 g/t Ag. The calculation follows the Australian JORC Code (2012).

In comparison with the previous mineral-reserve estimate total, amount of silver in proven and probable mineral-reserves have increased by 33 percent to 10,940,026 troy ounce silver, which means 12 % increase in tonnage and 18 % in silver-content. The silver- content during the planned first four production-years will be between 120-130 g/ton and the gold-content will be about 0.4 g/ton. During the third production-year capacity will be increased to 450 000 tons per year in conjunction with the updated environmental-permit.

Figure below: The ore-reserves and mining-plan.



A summary of the economic calculation (consensus pricing) are presented in the table below:

Silver Mine Economic Summary 24.03.2014		
Parameter	Units	Value
Ore Mined LOM	kt	3 350
Zinc Recovered	t	21 800
Lead Recovered	t	9 400
Gold Recovered	oz	28 250
Silver Recovered	1 000 oz	9 500
Total Tax LOM (base case)	€M	9
Total Operating Costs LOM	€M	123
Total Capital Expenditure LOM	€M	32
Silver Price Forecast 15 \$/Oz		
Total Revenue (NSR) LOM	€M	156
Operating Free Cash Flow LOM	€M	32
EBITDA first 4 years average/y	€M	7
EBITDA first 4 years average	%	31
NPV 8% (before tax)	€M	0.2
IRR (before tax)	%	8
Payback Period	Years	-
Silver Price Forecast 21,5 \$/Oz		
Total Revenue (NSR) LOM	€M	198
Operating Free Cash Flow LOM	€M	75
EBITDA first 4 years average/y	€M	14
EBITDA first 4 years average	%	46
NPV 8% (before tax)	€M	30
IRR (before tax)	%	35
Payback Period	Years	2
Silver Price Forecast 28 \$/Oz		
Total Revenue (NSR) LOM	€M	241
Operating Free Cash Flow LOM	€M	117
EBITDA first 4 years average/y	€M	17
EBITDA first 4 years average	%	53
NPV 8% (before tax)	€M	59
IRR (before tax)	%	61
Payback Period	Years	1.5

The calculations are done with a "cut-off" of 35 €/ton in underground-mining and 25 €/ton in open-pit mining. The ore-reserve has a recovery of 90 % with a waste-rock dilution of 15 % in underground-mining and 10% in open-pit mining. The silver-content in the diluted side-rock has been estimated to 31.3 ppm Ag.

"This update of the feasibility study along with the increase in ore reserves, the amount of silver in the ore, and our new mining-schedule, increase the project's resistance in periods of low silver-prices. The report also shows that it is relatively easy to increase high content ore-reserves from inferred to probable mineral recourses. As to this background, I look positively towards the nearest future and I am confident that we can achieve the plans that have been resolved", says Timo Lindborg, CEO.



Stockholm 24th March 2014

Sotkamo Silver AB (publ)

Timo Lindborg, CEO

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 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

The official Stock Exchange Release is given in Swedish and there may be slight differences in the translated versions.