

UPDATED FINANCIAL FORECAST FOR TAIVALJÄRVI SILVER MINE

- **72 % IRR, NPV 73 M€ (@ 8%) (consensus pricing)**
- **Initial CAPEX: 30,5 M€, total of 36 M€ during 8 years**
- **EBITDA margin 59 % (first 5 years, consensus pricing)**
- **Environmental investments of 3.9 M€, 12% of initial capex**
- **Production begins with open pit mining**

The independent consulting company KPMG Oy Ab was commissioned by Sotkamo Silver to make a financial cash-flow forecast based on the published Bankable Feasibility Study and technical the mining-review from Outotec (Finland) Oy.

At an average silver-price of 33.9 USD/oz from 2014 to 2022 (consensus pricing), the IRR is estimated to 72 % and NPV € 73 million (@ 8 %). Initial capital-cost is estimated to 30.6 million €, inclusive environmental investments of 3.9 million € (12 %). Total required funding inclusive working capital is estimated to approximately 40 million €. Pay-back period from production-start is estimated to less than 2 years.

At a silver-price of \$ 28/oz (conservative pricing), the IRR is estimated to 43 % IRR and NPV € 41 million (@ 8 %). Pay-back from start of production is 2 years.

A summary of the estimations are presented in the table below:

Taivaljärvi Silver Mine Economic Summary		
Parameter	Units	Value
Ore Mined	<i>kt</i>	2 972
Zinc Recovered	<i>t</i>	17 468
Lead Recovered	<i>t</i>	7 564
Gold Recovered	<i>oz</i>	23 116
Silver Recovered	<i>oz</i>	7 386 148
Total Operating Expenses	€k	115
Total Capital Expenditure	€k	30 517
Consensus Case Price Forecast		
Total Revenue	€M	254
Operating Free Cash Flow	€M	109
EBITDA	€M	139
NPV 8%	€M	73
IRR	%	72
Payback Period	<i>Years</i>	Less than 2
Conservative Case Price Forecast		
Total Revenue	€M	211
Operating Free Cash Flow	€M	66
EBITDA	€M	97
NPV 8%	€M	41
IRR	%	43
Payback Period	<i>Years</i>	2



A summary of KPMG's report you can find on Company's website www.silver.fi.

"KPMG's update shows that the Taivaljärvi Silver-mine project is able to provide an excellent financial result and have a good estimated EBITDA-level. The report shows that the Company's valuation is very low at the moment compared to future expectations, even with conservative silver-price estimates. The market valuations of companies in connection with divestitures are usually estimated 4-7 times annual EBITDA, which would give a good appreciation for investors in this case." Comments Timo Lindborg, CEO of Sotkamo Silver AB

This summary and press release contains forward-looking statements, forecasts and estimates. Indications of, and guidance on future earnings and financial position and performance are also forward-looking statements. The statements and estimations are subject to risk factors associated with the mining industry. These forward-looking statements, opinions and estimates are not guarantees of future performance.

Stockholm, 5th May 2012

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 Taivaljärvi Silver Mine.

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 shares are traded at the Burgundy market place and NGM Equity in Stockholm. The ticker symbol is SOSI.

ISIN-code for Sotkamo Silver shares is SE0001057910.

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

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Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies, which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance.

