



SOTKAMO SILVER AB, (NGM:SOSI)

Press release 2012-03-29

BANKABLE FEASIBILITY STUDY COMPLETED FOR TAIVALJÄRVI SILVER MINE

- **43% IRR, NPV 51 M€ (@ 8%) (consensus pricing)**
- **Initial CAPEX: 25,8 M€**
- **Mine Life (3,1 Mt reserver) CAPEX: 32 M€**
- **Payback: 2 years from the start of production (consensus pricing)**
- **EBITDA margin 51% (first 5 years) (consensus pricing)**

Sotkamo Silver (NGM: SOSI) can announce the completion of its bankable feasibility study for the Company's 100%-owned Taivaljärvi Silver-mine project, Finland. The study shows good profitability even at silver prices below present levels.

Production is expected to start in late 2013 or early 2014.

At an average silver price of \$ 33,9/oz between 2014-2023 (consensus pricing), the IRR of the project is 46% and the NPV € 51 million (@8 %). Initial capital-costs are estimated as 25,8 million €. Total financing is estimated to be in the range 35-40 million €. Payback period from start of production is 2 years.

At a silver-price of \$ 28/oz between 2014-2023 (conservative pricing), the IRR is 26% and the NPV € 26 million (@8 %). Pay-Back from start of the production is 3 years.

Of the previously announced 3,5 million tonnes of Measured and Indicated Mineral Resources, the bankable feasibility study has placed 3,1 million tonnes into the Proven and Probable ore reserve categories for a mine-life of 10 years, which gives a mine-life of 10 years, instead of earlier communicated 7 years..

The study has been compiled, assessed and approved by the independent consultancy-group Wardell Armstrong International (WAI), England in association with a specialist-engineering department at the Geological Survey of Finland. The ore-reserves, mine-design and scheduling was prepared by WAI. CTS Engtec Oy provided together with Geological Survey of Finland, a detailed Mineral Processing equipment-list and processing Capex and Opex cost-estimates. CTS Engtec also prepared mine-area infrastructure, water-treatment, electricity delivery-plan and heating infrastructure-plans with cost-estimates for each.

The feasibility study includes a production plan for 2013 – 2023, at a rate of 350,000 tonnes of ore annually. The Company expects to receive the environmental-permit for mining- and processing-activities during 2012.

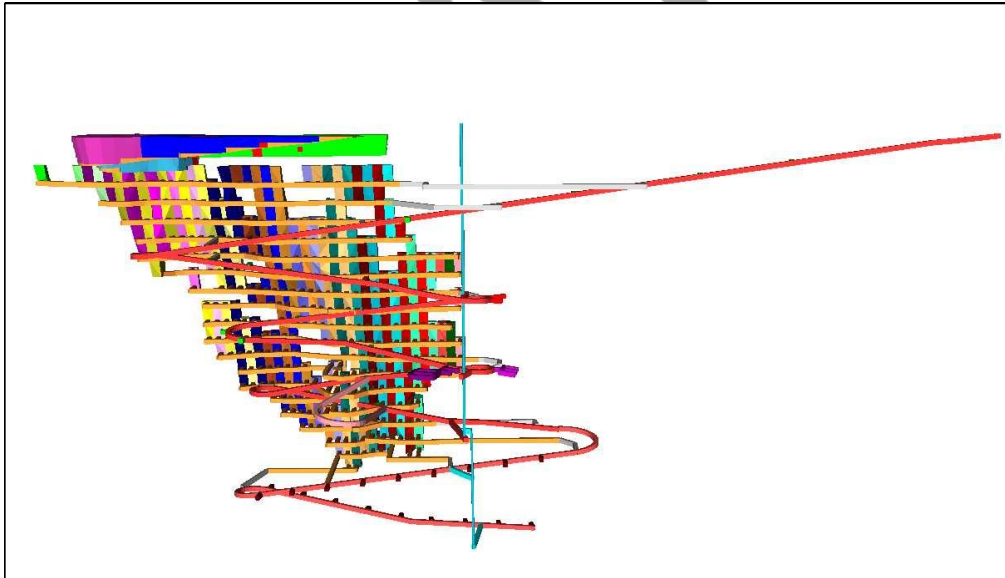
ORE RESERVE ESTIMATE

Ore Reserves were estimated by WAI for each deposit in conjunction with a mine-design, and by applying economic factors to the Mineral Resources to demonstrate their economic viability. A summary of the Ore Reserves are presented in the Table below

Table Fe! Ingen text med angivet format i dokumentet..1: WAI Ore Reserve Statement for the Taivaljarvi Silver Mine (in Accordance with the Guidelines of the JORC Code (2004))									
Category	Ore Tonnes	Zinc		Lead		Gold		Silver	
		Grade	Metal	Grade	Metal	Grade	Metal	Grade	Metal
	Mt	(%)	t	%	t	g/t	oz	g/t	oz
Proven	1,33	0,56	7 457	0,29	3 870	0,20	8 710	79,69	3 414 237
Probable	1,75	0,58	10 138	0,28	4 948	0,20	11 254	70,30	3 959 058
Total Proven & Probable	3,08	0,57	17 595	0,29	8 818	0,20	19 964	74,36	7 373 295

*Dilution of 10% and losses of 5% applied

The mineable deposit is approximately 420m long, and extends approximately 550m vertically. The deposit will be mined using transverse bench and fill stoping, with cemented rock fill, and will be mined upwards from the base of reserves.



A summary of the Economic calculation is presented in the Table below:

Taivaljärvi Silver Mine Economic Summary		
Parameter	Units	Value
Ore Mined	kt	3 093
Zinc Recovered	t	15 860
Lead Recovered	t	8 040
Gold Recovered	oz	20 728
Silver Recovered	oz	6 628 660
Total Tax	€k	0
Total Operating Costs	€k	114 727
Total Capital Expenditure	€k	25 584*
Consensus Case Price Forecast		
Total Revenue	€M	228
Operating Free Cash Flow	€M	88
EBITDA	€M	113
NPV 8%	€M	50
IRR	%	43 %
Payback Period	Years	2
Conservative Case Price Forecast		
Total Revenue	€M	192
Operating Free Cash Flow	€M	51
EBITDA	€M	77
NPV 8%	€M	24,5
IRR	%	24,4%
Payback Period	Years	3



Timo Lindborg, CEO Sotkamo Silver, says: "We have now passed another important milestone on the way to full production of silver-concentrate at the Taivaljärvi Silver Mine. The task of finalizing the financing is now on top of management's priority list and we believe that we are soon able to finish this work. The result of the feasibility study shows that the Taivaljärvi Silver Mine project is an attractive investment, even at prices lower than today."

Stockholm, 29th March 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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