



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

Press release February 21, 2018
Stockholm, CET 08.45

SOTKAMO SILVER: SUMMARY OF THE YEAR-END REPORT 2017

THE FOURTH QUARTER

- Net result was – 0.1 MSEK (-6.0) and earnings per share -0.00 SEK (-0.06).
- Group sale was 0 KSEK (50).
- Investments during the period were 4.5 KSEK (6.7).
- The Company decided to start the planning and construction of the building of the concentrator plant to the Silver Mine. The size of the decided investments is approximately 64 MSEK (EUR 6.5)
- Sotkamo Silver has during 2017 kept continuous negotiations with financiers to ramp up the building of the mine with enough cash to finance the capital investments needed, without the need for a refill funding. We work with various opportunities and is in advanced talks with several financiers.

THE FISCAL YEAR

- Net result of the year was -15.2 MSEK (-10.0) and result per share was -0.14 SEK (-0.17).
- Other income amounted to 78 MSEK (52).
- As of December 31, 2016, Cash and cash equivalents amounted to 164.2 MSEK (156.5).
- As of year-end 2016 the Equity amounted to 328.5 MSEK (287.9), 2.75 SEK (2.79) per share.
- The investments in Sotkamo Silver Oy in 2017 amounted to 25.7 MSEK (13.2).
- Equity/assets ratio was 96% (96%).
- EuroMin Limited subscribed for the First Subscription of 1,398,572 Shares in December 2016 and subscribed for another 1,351,533 Shares in February
- Paul Johnsson was appointed as CFO in May, when Agnetha Pernerklint was retired
- Arto Soukas was appointed to Mine Director in June
- Groundwork continued with road construction and Construction planning begun for the processing plant.
- The company have aquired the planning and construction of the concentrator plant building at the Silver mine site. The size of the investment is ca. 6.5 million euros.

- Total shareholders' equity at December 31st 2017 was 328.5 MSEK (287.9).
- An updated Technical Report of the Silver Mine was completed in July, that amongst other shows a Payback of less than two years from start of production
- The Board decided to move the Blaiken plant to Sotkamo, Finland
- August was the subscription period for the warrants TO4, the subscription price was 4 SEK or 0.42 EUR if the warrant is traded on Nasdaq Helsinki, Finland and a total of 13,347,599 shares was subscribed and the Company was supplied with 53.4 MSEK before issue costs of 3.2 MSEK.
- The assays of the infill drilling program that was completed during May and June was ready in August and gave good results and enhanced the view of a potential towards the deep
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- The Board will not suggest any dividend at the General Annual Meeting on March 15th

SUBSEQUENT EVENTS AFTER THE YEAR END

- Sotkamo Silver entered an agreement with Outotec (Finland) Oy on the delivery of a grinding mill circuit to the Silver Mine project, the value of the order is about 2.0 MEUR (20 MSEK)
- Sotkamo Silver has agreed with the local construction company RPK Rakennus Kempainen Oy about the foundation of the concentrator plant and related civil works. The value of the delivery is about 2.1 MEUR (21 MSEK).



CEO LETTER

Sotkamo Silver has used the year 2017 for further negotiations with the financiers. During the last year, the Company has had several negotiations on financing, and they are continuing. We work with many alternatives and are having advanced discussions with a number of financing contributors. This has taken much longer time than earlier was expected and will continue to do so. I am optimistic that Sotkamo Silver can find a win-win solution among those several financing alternatives that are being negotiated or evaluated by us.

Including the already started infrastructure investment and construction of the concentrating plant building, preparations are in full swing to start the production during the first quarter of 2019. To keep this schedule, the Company reached at the turn of the year an agreement for the delivery of the mill circuit to the silver mine. The agreement means that the two mills included in the mill circuit will be delivered during the autumn of 2018.



At the end of the quarter, Tekes (the Finnish Funding Agency for Technology and Innovation) gave a decision that we meet the necessary financial requirements to start our latest Tekes-project. The project introduces a production process for the ore pre-sorting, and a maintenance program based on modern remote controlled technology. This is an independent system in the production process, and it deploys Big Data, industrial intranet and remote process control.

The Tekes project is a subset of the construction of the mine and the development of the production process. It will increase the material efficiency and energy efficiency of the mine and reduce carbon dioxide emissions and water consumption and will thus strengthen the prospects of Silver Mine and improve our ability to respond to the metal price fluctuations.

To support of the funding of this project for technology and development, Tekes has granted a development and innovation loan of EUR 6.1 million (60.4 MSEK) to our Finnish subsidiary. The development project will have a duration of 2-3 years, and its investment volume will be EUR 8.7 million (86.1 MSEK) including the Tekes loan.

The company also has other technology and development projects. We participate in an Interreg project "Baltic Sea Underground Innovation Network, BSUIN". The project will investigate and develop opportunities to use underground mining installations for scientific purposes or other production purposes. In our project area, we will investigate the possibility to deploy empty mining tunnels as energy storage using compressed air. We are also looking for opportunities for using tailings sand as a raw material for geopolymers in various applications, and for using solar and wind energy as an energy source in mining production.

Next year we plan to activate our exploration and research work in the vicinity of the Silver Mine and locations in Norway and Sweden. We have several interesting targets with good prospects to be minable silver-zinc-lead-gold deposits in the vicinity of the Silver Mine. The most promising is Hietajärvi-deposit with several silver and gold indications and nickel indications. Silver-copper indications are located east of the Silver Mine. Mo i Rana area in Norway is favourable for rich and large massive sulphide deposits, so-called VMS (Volcanic-hosted Massive Sulphides). In Sweden, we have applied for seven prospecting licenses in Bergslagen area around the known mineralisations and historic mining sites where there is a great potential for tungsten deposits and future mining production. We aim to communicate the value of these deposits more visibly to the Company's owners and the general public and to attract partners for the continued development of these promising deposits and areas.

Stockholm den 21 February 2018
Timo Lindborg, VD

REPORTING DATES

- Publication of the Annual report, February 22, 2018.
- Annual General Meeting – March 15, 2018, 10⁰⁰ am, at Jernkontoret, Kungsträdgården 10, Stockholm
- Interim report Q1 - May 10, 2018.
- Interim report Q2 - August 23, 2018.
- Interim report Q3 - November 15, 2018.



- Year End Report 2015 - February 22, 2019.
- Annual General Meeting – April 19, 2019.

SHARE DATA

The share capital amounted to SEK 163,679,896.48. Number of shares and votes are 119,313,694. Quota value was SEK 1.37. On the last trading date, December 29, 2017, the market capitalisation was 458 MSEK at closing-date at a price per share of 3.84 SEK.

ANNUAL REPORT AND FINANCIAL REPORTS

A complete Quarterly Report of the forth Quarter and other financial reports in Swedish can be downloaded from:

<http://www.silver.fi/sivu/se/delarsrapporter/>

Contact Person

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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, at 08:45 CET on February 21st, 2018.

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.

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

ISIN-code for Sotkamo Silver shares is SE0001057910.

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

Read more about Sotkamo Silver on www.silver.fi