



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

Company Announcement 2016-12-16
12.00 p.m. Stockholm

SOTKAMO SILVER HAS RESOLVED TO DIRECT 10,311,277 SHARES (EURO 3.6 MILLION) TO EUROMIN LIMITED, WHICH HAS ALSO UNDERTAKEN TO LEND A EURO 2 MILLION SUBORDINATED LOAN SUBJECT TO AGREED LOAN DOCUMENTATION, TOTALLING EURO 5.7 MILLION

Mining Associates, a highly respected, independent, international mining Consulting and Investment firm, has completed its technical due diligence and an extensive independent review of the economic model of the Silver Mine Project, including its CAPEX and OPEX costs. Mining Associates has concluded that the Sotkamo Silver project has a reliable economic model and a clear plan for mine development.

After the successful completion of its technical due diligence, Mining Associates has decided, via its 100% owned subsidiary EuroMin Limited, to subscribe shares in Sotkamo Silver AB (the "Company") through a directed share issue of Euro 0.5 million ("First Subscription"). Additionally, by 31st January 2017, through a subsequent directed share issue, EuroMin can invest Euro 3.2 million ("Second Subscription"). The subscription price of each share is SEK 3.50 (circa Euro 0.35) in both Subscriptions, totalling SEK 36,089,469.5 (Euro 3.7 million) of equity investment ("Equity Investment").

Following the fully subscribed Equity Investment, the Company's Nomination Committee will propose to the Annual General Meeting the nomination of Mr. Greg Paholski to the Board of Sotkamo Silver AB. Mr. Paholski has significant technical expertise in mine development and mine operations. Sotkamo Silver Oy has also accepted Greg as Head of the Technical Steering Committee (the "TSC") being created to oversee the construction of the Silver Mine. The TSC will report to the Board of Sotkamo Silver Oy, the Finnish operating subsidiary of the Company.

In addition to the Equity Investment, Mining Associates has undertaken to provide a subordinated Euro 2 million loan, latest 20 March 2017, as described below, subject to agreed loan documentation.

The Directed Share Issue

The Board of Directors of the Company has on this day resolved, under an authorization granted by the Annual General Meeting on 17 March 2016 and registered at the Swedish Companies Registration Office on 24 March 2016, to issue 10,311,277 shares to EuroMin Limited. The right to subscribe for the shares shall, with derogation from the shareholders' pre-emption rights, only vest in EuroMin Limited.



EuroMin Limited aims to own about 9.1 % of the shares outstanding and respective voting rights after the Equity Investment and the registration of the new shares issued to EuroMin Limited.

The subscription price of each share in both tranches is SEK 3.50 (circa Euro 0.35), in total SEK 36,089,469.5 (Euro 3.7 million) with fully subscription. The investment can be made in two subscriptions:

- First Subscription: EuroMin Limited has subscribed for 1,398,572 Shares at a price of SEK 3.5/share for a total investment of SEK 4,895,002 to be paid to the Company before 23rd December 2016; and
- Second Subscription: EuroMin Limited aims to subscribe for 8,912,705 shares at a price of SEK 3.5/share for a total investment of SEK 31,194,467.5, to be subscribed on or before 31st January 2017, and paid to the Company at latest on 8 February 2017.

Both EuroMin Limited, and its parent company Mining Associates Limited, are registered in Hong Kong, where Mining Associates is headquartered.

The main motivation for the Equity Investment is that it is deemed important and in the Company's interests to bring one new major shareholder with extensive global mining knowledge into the Company and to secure financing necessary for the development of its Silver Mine. The Board of Directors of the Company and Mining Associates believe that the subscription price corresponds to the shares market value before the investment.

The Subordinated Loan Agreement

Mining Associates has undertaken to lend the Company Euro 2,000,000, by 20 March 2017, conditional on the parties agreeing on loan documentation.

The Subordinated Loan (the "Loan") shall carry an annual interest equal of twelve (12%) percent; the interest will be paid on a semi-annual basis. The Loan has a maturity of three (3) years after the Drawdown.

MMG Capital Limited ("MMG Capital") acted as Corporate Finance Advisor to Sotkamo Silver AB on the Equity Investment and on the Loan.

"After the Mining Associate's detailed review of our Feasibility Study and its economic model and their positive conclusions reconfirming the attractiveness and the merits of our Silver Project, I am very confident to complete the construction phase of the Silver Mine project as planned. This confidence is reinforced by the investment decision of Mining Associates, and we are delighted to have Mining Associates as a new major shareholder and technical support in the Company. We are encouraged that Mining Associates' broad technical mining knowledge and global experience brings additional value to our operations going forward.

Our ambition is that all building and construction works shall be completed by the end of 2017, with the aim to reach full production during the first half of 2018". Says Timo Lindborg, CEO of Sotkamo Silver AB



"After a detailed study over 6 months of Sotkamo Silver's plans and the economic model of their Silver Mine project, Mining Associates has decided to invest in the Company. We are delighted to have reached a binding agreement with the Company. Mining Associates Director of Operations has spent November 2016 working with the Company to create a detailed "Implementation Plan" for the construction of the Sotkamo Silver mine. Through this investment Mining Associates is gaining exposure to a very attractive mining project, and Sotkamo Silver can draw upon the collective experience of dozens of highly experienced mining professionals. We look forward to becoming active part of the Management Team of the company and to bringing our core technical expertise, gained through mining projects completed around the world, to support the development and future operation of the Sotkamo Silver mine." Says Tony Page, CEO of Mining Associates.

About Mining Associates:

Mining Associates is a leading global geological, resource and mining consultancy, headquartered in Hong Kong, with offices in Australia, United Kingdom and Canada. Our Consulting Business provides expert technical advice across a wide range of mineral commodities, geological settings and mining methods on a diverse range of projects globally. Our technical skills range from exploration to full feasibility studies, mine development, mining operations and closure.

Mining Associates capital arm seeks projects where we see capital value growth opportunities or short paths to production and cash flow. Mining Associates unlocks value in mineral assets by expanding resources, merging assets, solving technical roadblocks or revising development concepts.

The final Implementation Plan for the Sotkamo Silver mine developed jointly with Mining Associates will be made available on the Company's web-page.

Stockholm, December 16th 2016

Timo Lindborg, CEO

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 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.

Number of shares and votes are 103,215,990 before the registration of this issue at the Swedish Companies Registration Office. Number of shares and votes after the registration of this issue is 113,527,267.

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

ISIN-code for Sotkamo Silver shares is SE0001057910.

ISIN- code for share warrants series 2016/2017 are SE0008373880

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

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

Read more about Mining Associates on www.miningassociates.com