



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

Press release 2016-03-03
Stockholm kl. 9.00 a.m.

UPDATED ECONOMIC ESTIMATES OF THE SILVER MINE PROJECT

Base case

- 36 % IRR, € 50 million NPV (@ 5 %) (calculated with a consensus silver price of \$14,9-20,0/Oz Ag)
- LOM CAPEX 40 M€ inclusive ore-sorting and capacity increase during year 3 and ore-sorter
- Payback: less than 3 years from start of production
- Expected Life-of-Mine according to today's reserves: 6 years
- 6 years's EBITDA: € 95 million

Alternative silver prices

- 85 % IRR, € 124 million NPV (@ 5 %) (silver price of \$28/Oz Ag)
- 11 % IRR, € 9 million NPV (@ 5 %) (silver price of \$12.7/Oz Ag)

Management view estimate

- 40 % IRR, € 103 million NPV (@ 5 %) (calculated with a consensus silver price of \$ 14,9-20,0/Oz Ag)
- LOM CAPEX € 44 million inclusive underground ore-sorting and capacity increase during year 3 with ore-sorter
- Payback: 3 years from start of production
- Estimated Life-of-Mine: 11 years (mineral reserves + 5 years from Exploration Potential)
- 11 year's EBITDA: € 194 million

Alternative silver prices

- 86 % IRR, € 223 million NPV (@ 5 %) (silver price of \$ 28/Oz Ag)
- 15 % IRR, € 22 million NPV (@ 5 %) (silver price of \$ 12.7/Oz Ag)

Base case

According to cash flow forecast, which is based on an average silver price of \$ 14,9 – 20,0 / Oz between the years 2016-2022, the Mine's IRR is estimated to 36% and NPV to € 50 million (@ 5%). Payback period from start of production is estimated to be less than 3 years.

Table below: Estimated economic results according different metal price estimates; 6 year's production time. (CTS Engtec, 2016)

		SILVER MINE - AVG (2016-2022)/case Mining Plan 160107		
		Low Price	Consensus Price	High Price
USD/EUR		0,92	0,92	0,92
Ag \$/oz		12,70	14,9-20,0	28,0
Au \$/oz		1200	1124-1256	1500
Zn \$/t		1785	2787-1256	2800
Pb \$/t		1757	1760-2072	2500

		Base Case -- 6 Years Operation Base Case: LOM = Mineral Reserves		
		Low Price Silver Mine	Consensus Price Silver Mine	High Price Silver Mine
Mill Feed tonnes		2 443 314	2 443 314	2 443 314
LOM years		6	6	6
Revenue		153 748	204 263	292 644
Capex (LOM)		40 564	40 564	40 564
Initial Capex		29 629	29 629	29 629
Opex (LOM)		110 114	110 114	110 114
EBITDA		44 085	94 600	182 981
EBITDA first 4 years		30 489	59 714	120 996
NPV (5% before tax)		8 883	50 008	124 382
IRR (before tax)		11,2 %	36,4 %	85,4 %
Payback		5,1	2,7	1,2

If the silver price 28 \$/Oz is used, the estimated IRR is 85 % and NPV is € 124 million (@ 5%). With silver price 12.7 \$/Oz, the estimated IRR is 11% and NPV is € 9 million € (@ 5%).

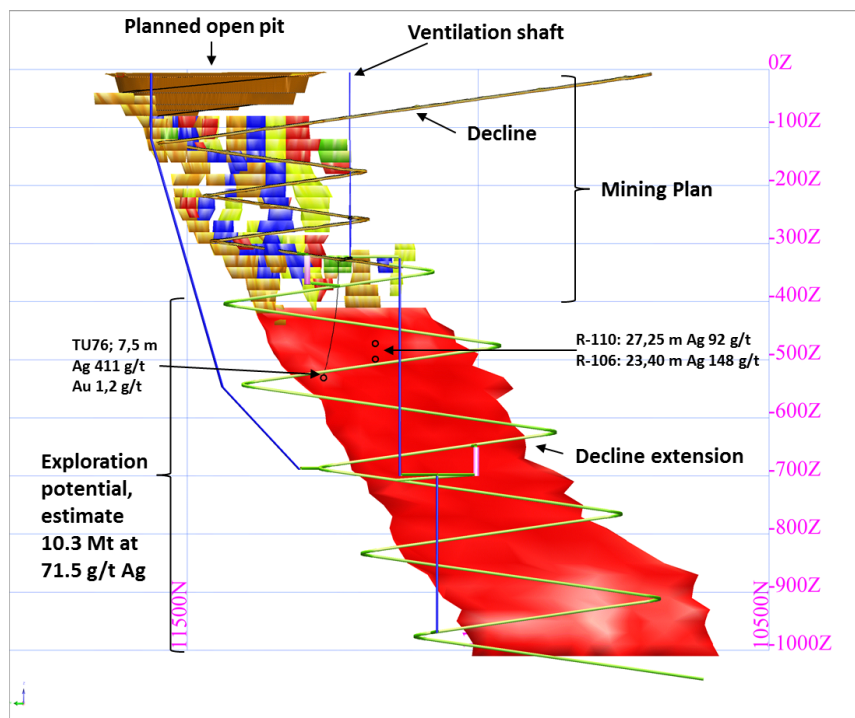
MINERAL RESERVES

The mineral reserves were estimated for each stope in conjunction with the mine planning and the economic factors that was used showed a profitable production. A summary of the mineral reserves are shown in the table below.

Mineral reserves of Sotkamo Silver's Silver Mine Project, January 2016, In Accordance with JORC Code (2012)									
Ore Reserves		Silver		Gold		Zinc		Lead	
Categori	Mt	Grade (g/t)	Metal (oz)	Grade (g/t)	Metal (oz)	Grade (%)	Metal (t)	Grade (%)	Metal (t)
Proven + Probable	2,76	124	11 003 272	0,41	36 382	0,9	24 840	0,43	11 868

Mineral reserves (ore) in the category of Proven and Probable are 2.76 million tonnes with a silver grade of 124 g/t Ag. The calculation follows the Austral-Asian JORC Code (2012).

Figure below: The mineral reserves, Exploration Potential and mining-plan.



From these reserves mill-feed are 2.443 million tonnes and 312 tonnes remains in stockpile as safety stock. The silver-content during the first two planned production years will be about 143 g/t and the gold- content will be about 0.4 g/t. During the third production year capacity will be increased from 350,000 to 450,000 tonnes per annum in conjunction with the updated environment permit.

Compared to previous estimate of the mineral reserves the silver grades have increased with 22%. The amount of tonnage has decreased with 17 %, which decreases the treatment costs per produced silver-ounce and makes the project more robust against silver price variations.

Estimates are done with a “net smelter return cut-off” of 30 €/t for underground-mining and 60 €/t for ore-feed. Ore- recovery in mining is estimated to be 90 %. A side--rock dilution of 15 % in underground and 10 % in open-pit mining have been applied.

Management’s view and guesstimation

The Management’s case is based on the expectations of the Exploration Potential below the current reserves. This guesstimation is based on geological and geophysical information. However, it also includes a large amount of uncertainties and can only be seen as an uncertain projection of the future.

The Exploration Potential presented in the above picture has been modelled from results of an electromagnetic SAMPO geophysical survey down to 1 000 meters. Existing diamond-drillings with high metal-contents on 500 and 550 meter levels support this Exploration

Potential, which has been estimated to be 10.3 million tonnes at 71.5 g/t Ag. Tentative grade-estimate and the mining-plan have been created by using existing drill-hole data. A rough estimate is that from this Exploration Potential area amount of mill feed could totally be 2.25 million tonnes with a grade of 144 g/t Ag. This would add another five production years into the mining-plan, on top of existing mineral reserves.

According to cash flow forecast, which is based on an average silver price of \$ 14.9 – 20.0 / Oz between the years 2016-2022, the Mine's project IRR is estimated to 40% and NPV to € 103 million (@ 5%). Payback-period from the start of production is estimated to be 3 years.

Table below: Estimated economic results according different metal price estimates; 11 year's production time. (CTS Engtec, 2016)

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Management View Case -- 11 Years Operation: LOM = Mineralreserves + 5 years from Exploration Potential			
	Low Price Silver Mine	Consensus Price Silver Mine	High Price Silver Mine
Mill Feed tonnes	4 693 314	4 693 314	4 693 314
LOM years	11	11	11
Revenue	301 926	418 183	582 797
Capex (LOM)	44 090	44 090	44 090
Initial Capex	29 669	29 669	29 669
Opex (LOM)	223 925	223 925	223 925
EBITDA	78 002	194 258	358 873
EBITDA first 4 years	27 823	57 048	118 330
NPV (5% before tax)	22 432	103 210	223 129
IRR (before tax)	15,0 %	40,0 %	85,6 %
Payback	5,9	3,0	1,3

If the silver price 28 \$/Oz is used, the estimated IRR is 86 % and NPV is € 223 million (@ 5%). With silver price 12,7 \$/Oz, the estimated IRR is 15 % and NPV is € 22 million (@ 5%).

The updated economic figures have been prepared, compiled, evaluated and approved by the independent consulting company, CTS Engtec Oy.

Jouni Kankkunen MSc (Mining), MAusIMM, and Ilkka Tuokko, MSc (Geology), MAusIMM have compiled and reviewed the plans and estimated the figures for the Management's view. Ilkka Tuokko is one of the Management team and is not an independent consultant.



"During the last two years we have been active and implemented measures to respond to requirements that the new silver price level sets for the Silver Mine project. I am pleased to be able to present updated economic figures based on mineral reserves along with the Management's estimate for the project. The figures show the increase the project's resistance in periods of low silver prices.

The report also shows the Management's view about the future for the Silver Mine's project after Proven and Probable mineral reserves have been mined during the first six production years.

The Management look positively towards the future of Silver Mine and I am confident that we can achieve the plans that have been set for us", says Timo Lindborg, CEO.

Stockholm 3th March 2013

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 mineral 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

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