



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

Press release 2016-03-22
Stockholm kl. 9.15 a.m.

UPDATED FEASIBILITY STUDY COMPLETED FOR THE SILVER-MINE

- **Cash Cost will be 6,6 \$/Oz during the first 6 years**
- **All-In Cash Cost will be 8,7 \$/Oz**
- **Payback: less than 3 years from start of production**
- **36 % IRR, € 50 million NPV (@ 5 %) (calculated with a consensus silver-price of \$14,9-20,0/Oz Ag)**
- **LOM CAPEX 40 M€, of which 29,6 M€ is initial investment**

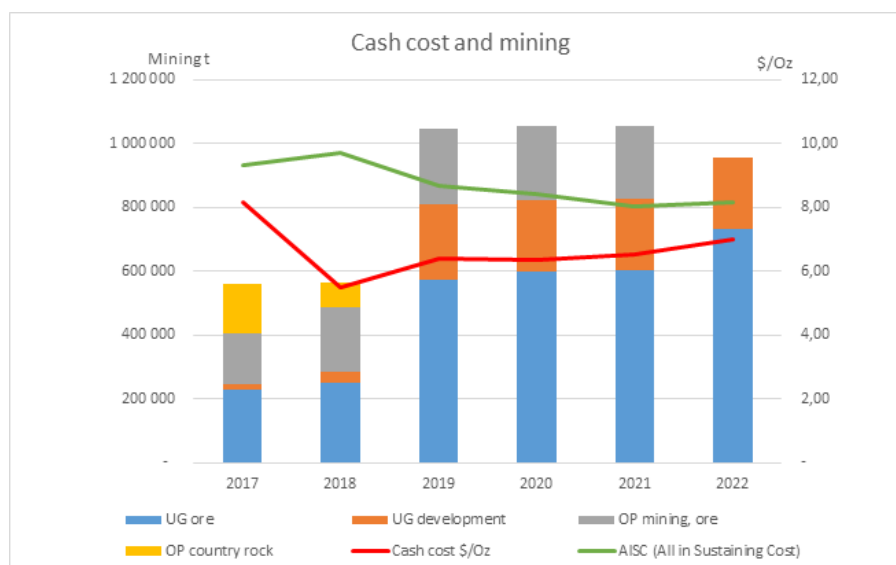
Sotkamo Silver has updated the Bankable Feasibility Study for the Company's Silver Mine-project in Sotkamo, Finland. The study shows good profitability, even at silver-prices under current levels. Production is expected to start late 2017 or early 2018. Calculations are based on new information of the ore-reserves, ore-sorting, present costs, new mining-schedule and latest quotes from suppliers, construction- and entrepreneurial-companies.

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

The Cash Cost was calculated to find the minimum average silver-price required, to achieve positive cash flow. If the revenues from the by-products lead, zinc and gold besides silver are used the cash cost will be 6,6 €/Oz during the first 6 production-years.

At the All in Cash Cost, sustaining investments during production years are taken into consideration. The All-In Cash Cost is 8,7 \$/Oz.

Cash Cost and the annual ore and country rock mining from open pit as well as underground ore and development mining are presented in figure below.





The Ore Reserves are estimated to be totally 2.76 million tons with an average silver-content of 124 g/ton. The estimation has been done according to the Australasian JORC Code (2012). During the third production-year, feed capacity will be increased from 350,000 to 450,000 tons per annum in conjunction with the updated environmental-permit.

If the silver-price 28 \$/Oz is used, the estimated IRR is 85 % and NPV is 124 million € (@ 5%). With a silver-price of 12,7 \$/Oz, the estimated IRR is 11% and NPV is 9 million € (@ 5%).

The updated study has been prepared, compiled, evaluated and approved by the independent consultant-group, CTS Engtec Oy.

Jouni Kankkunen MSc (Mining), MAusIMM, has compiled the mining plan and ore-reserve estimate. Outotec (Finland) Oyj has, carried out a review on the mine-technology, the Silver Mine's mine-plan and the mineral-reserve estimates for the Feasibility Study. This review was performed by Pekka Loven, MSc (Mining), MAusIMM (CP) at Outotec (Finland) Oyj. He is a Competent Person under the (JORC, 2012). The updated ore reserves are based on information from the updated Bankable Feasibility Study and information from Sotkamo Silver.

The updated financial 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 he is not an independent consultant.

""This update of the Feasibility study shows that new mining plan and pre-concentrating with ore sorter have increased amount of silver in the ore-feed to the mill which increases resistance against periods of low silver-prices. The results also show that the measures and investments we have undertaken during recent years have been successful.

The "Cash Cost" and "All-In Cash Cost" have reduced significantly. As to this, I look positive towards the nearest future and I am confident that we will achieve the targets which we have set", says Timo Lindborg, CEO.

Stockholm 22th March 2016

Sotkamo Silver AB (publ)

Timo Lindborg, CEO

The official Stock Exchange Release is given in Swedish and there may be slight 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 regards to human society and environment. Sotkamo Silver owns, through its subsidiary mineral deposits, which contains silver and gold in Finland and exploration-potential targets of zinc, lead, copper 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 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 at NGM and SOSI1 in NASDAQ OMX Helsinki.

ISIN-code for Sotkamo Silver shares are SE0001057910.

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

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