



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

Press release 2016-05-06
Stockholm 08.45 A.M

SOTKAMO SILVER AB ANNOUNCES RIGHTS ISSUE OF 186 MSEK.

The Board of Directors of Sotkamo Silver AB (publ) ("Sotkamo Silver or the "Company") has resolved, subject to approval on an Extra Shareholders meeting on June 7th 2016, on a rights issue of shares of approximately 186 MSEK and warrants of approximately 82 MSEK (the "Issue")

Notice for the Extra Shareholders meeting is published today in a separate release.

Shares in Sotkamo Silver is traded on NGM Equity in Stockholm and on Nasdaq Helsinki.

Summary

- Shareholders in the Company have a pre-emptive right to subscribe for one (1) unit consisting of four (4) shares and one (1) warrant of series 2016/2017, for each shares held on the record-date June 9th 2016
- The subscription price for each Unit is 9 SEK (corresponding to 2,25 SEK for each new share)
- The Warrant gives the right so subscribe for one (1) share at 4 SEK in August 2017
- The Company will receive about 186 MSEK, before issue costs, if the Issue is fully subscribed and, in addition, about 82 MSEK if the Warrant is fully subscribed for.
- A Prospectus for the Issue will be published on June 14th 2016.
- The Proceeds from the Issue will be used for completion of the plant and commence production in the Companies Silver mine in Sotkamo.
- The Company has received conditional underwriting commitments from a group of qualified investors of 50 % of the Issue. The underwriting commitment is subject to that the Company receives pre signed subscription-commitments of 20 % of the Issue from the three major shareholders, whereby 70% of the Issue is planned to be guaranteed from pre-subscription and underwriting commitments.
- The Issue is subject to approval on the Extra shareholders meeting on June 7th 2016.
- Subscription period is June 15th to June 29th 2016

Background and rationale

Sotkamo Silver'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 zinc in Norway. The Company's main development-project is the Silver Mine in Sotkamo.



The Board of Directors of Sotkamo Silver has resolved on a rights issue of shares of approximately 186 MSEK (before issue costs) and warrants of approximately 82 MSEK in order to finance completion of the plant and commence production in the Companies Silver Mine in Sotkamo. Total Capital Expenditure is expected to be about 320 MSEK, of which 186 MSEK is covered by this proposed Rights Issue. The Company expects that the remaining part of financing needs is covered by debt instruments, loan and vendor-financing.

Issue with pre-emptive right for shareholders

On May 4th 2016 the Board of Directors resolved, subject to approval on the extra shareholders meeting on June 7th 2016, to increase the Company's share capital with maximum 232 235 977,50 SEK by issuing maximum 82 572 792 new shares and maximum 20 643 198 warrants. One warrant gives the right to subscribe for one new share.

Shareholders of the Company registered in the share register kept by Euroclear Sweden on June 9th 2016 shall have pre-emptive right to subscribe for the new shares in relation to the number of shares they own. The shareholders will for every share they own in the Company receive one Unit right. One Unit right will entitle to subscribe for one Unit consisting of four (4) shares and one (1) free warrant 2016/2017. The price for each Unit is 9 SEK (corresponding to SEK 2.25 per share).

Subscription for new shares by simultaneous cash payments shall be made during the period June 15th – June 29th 2016. Subscription for Units not based on Unit Rights shall be made on a separate Subscription form. Payment for Units without unit rights shall be made within two banking days after notification of the allocation of Units has been sent to the subscriber. The Board of Directors will have the right to prolong the Subscription period and the time for payment.

Should not all Units be subscribed for with Unit rights, the Board of Directors will resolve on allocation of Units subscribed for without Unit rights. Allocation will then be made firstly to those who have subscribed with Unit rights, regardless whether the subscriber was a shareholder on the record day or not, and, in case of over-subscription, in relation to the number of Unit rights used for subscription and, if this is not possible, by drawing of lots. Secondly, allocation will be made to others who have subscribed for Units without Unit rights and, if they cannot receive full allocation, in relation to the number of shares notified for subscription by each one of them, and, if this is not possible, by drawing of lots. Lastly, any remaining Units shall be allocated to the guarantors who have undertaken to subscribe for shares. Allocation shall in such case be made in accordance with such guarantee undertaking.

The Board of Directors has also resolved to present proposal at the Extra Shareholders Meeting to resolve on necessary changes in the Company's Articles of Association etc. in connection with the rights issue.

Other information

The proposed Issue is subject to approval by the shareholders at an Extra Shareholders meeting on June 7th 2016 at 10.00 a.m. at Blasieholmens Restaurang & Konferens, Blasieholmsgatan 4 C in Stockholm. Notice for the Extra Shareholders meeting is published today in a separate release and on the Company's website www.silver.fi. Notice will also be published in Post- och Inrikes Tidningar on Tuesday May 10th 2016 and an advertisement that notice has been issued will be published in Dagens Nyheter the same day.

Guarantee commitments

The Company has received conditional underwriting commitments from a group of qualified investors of 50% of the Issue. The underwriting commitment is subject to that the Company



receives pre-signed subscription-commitments of 20 % of the Issue from the three major shareholders, whereby 70 % of the Issue is planned to be guaranteed from pre-subscription and underwriting-commitments

Preliminary time table for the Rights issue (all dates 2016)

7 June –	Extra shareholders meeting to approve the Boards resolution for the Issue
7 June –	Last day of trading in the shares including Unit rights
8 June –	Trading in the Company's shares without Unit Rights
9 June –	Record date for allocation of Unit Rights
14 June –	Prospectus is published
15 - 27 June	Trading in Unit rights on NGM Equity
15- 22 June	Trading in Unit rights on Nasdaq Helsinki
15- 29 June	Subscription period (subscription in cash payment based on Unit rights)
15 June –	Trading in Units starts on NGM Equity and Nasdaq Helsinki. Trading will continue until registration of the Issue at the Swedish Companies Registration Office is completed.
1 July –	Preliminary outcome of the Issue

Advisors

Stockholm Corporate Finance is acting as financial advisor, A1 Advokater and DLA Piper legal advisors to Sotkamo Silver. Aqurat Fondkommission och S-Bank Ltd are acting as Issuing agents in this Issue.

Sotkamo Silver AB (publ) discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Financial Instruments Trading Act.

The official Stock Exchange Releases are given in Swedish and there may be slight differences in the translated version.

Stockholm May 6 th 2016

Sotkamo Silver AB (publ)

Timo Lindborg, CEO

Important information

Information in this press release is not an offer to acquire, subscribe for or otherwise trade in shares or other securities in Sotkamo Silver. Invitation to interested persons to subscribe for shares in Sotkamo Silver will only be made through the prospectus that Sotkamo Silver expects to publish around June 14th 2016.

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No interim shares or shares issued by Sotkamo Silver ("Securities") have been or will be registered under the United States Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered, pledged, sold, resold, delivered or otherwise transferred, directly or indirectly, in the United States or to US persons as defined in Regulation S under the Securities Act ("Regulation S"). Securities are being offered outside the United States pursuant to Regulation S. There will be no any offer of Securities in the United States or to United States persons.

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