



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

Press release 2016-06-14
Stockholm 3.30 P.M

SOTKAMO SILVER AB PUBLISHES PROSPECTUS FOR THE 186 MSEK RIGHTS ISSUE

The Board of Directors of Sotkamo Silver AB (publ) ("Company") has prepared a prospectus regarding the upcoming rights issue of shares, which today has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen). The prospectus has also been passported to Finland.

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

Prospectus, present documents and technical reports

Copies of the prospectus, technical reports, annual reports including audit reports and interim reports are made available in electronic form on the Company's website

<http://www.silver.fi/sivu/en/prospectus/>

and

www.silver.fi/sivu/en/reports_and_drilling_results

- PROSPECTUS
- Sotkamo Silver, Silver Mine Bankable Feasibility Study Update, March 22nd 2016, CTS Engtec Oy
- Review of the Sotkamo Silver Mining Plan and Mineral Reserves February 2016
- Mineraltillgångsuppdatering "Sotkamo Silver Ag-Zn-Pb-Au Deposit: Mineral Resource Estimate Update, 2014"
- Sotkamo Silver, Silver Mine Bankable Feasibility Study Update, March 25th 2014, CTS Engtec OY

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 has been published on June 14th 2016.
- Subscription period is June 15th to June 29th 2016

Background and rationale

The Extra Shareholders meeting of Sotkamo Silver AB (publ) ("Sotkamo Silver or the "Company") decided to approve the Board's resolution 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 Company's 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 will be covered by debt instruments, loan and vendor-financing. In addition, negotiations are underway regarding the potential sale of assets in order to speed up the start of the construction process. The Company's expectation regarding the remaining part of the financing requires that a total financing package can be implemented before the end of the year 2016.

Guarantee commitments

The Company has received underwriting commitments from a group of qualified investors of 10 M€ of the Issue. The Company has received pre signed subscription-commitments of 4 M€ of the Issue from the three major shareholders, whereby 14 M€, which is about 70% of the Issue, is guaranteed from pre-subscription and underwriting commitments.

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

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|--------------|---|
| 14 June – | The 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 versions.

Stockholm June 14th 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.

This press release may not, directly or indirectly, be released or published or distributed in or into the United States, Canada, Japan, Australia or any other jurisdiction where participation would require further prospectus, registration or other measures than those required by Swedish law. The Offer is not being made to, and acceptance forms will not be accepted from, subscriber (including shareholders), or persons on behalf of the subscriber, in these countries or persons in any other country where the application for subscription of preference shares would contravene applicable laws or regulations or require that additional prospectuses, or registration or other measures in addition to those required by Swedish law. The information in this press release may not be forwarded or reproduced in ways that conflict with such restrictions or would such claims. Actions contravene the restrictions may constitute a violation of applicable securities laws.

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