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SOTKAMO SILVER ANNOUNCES THE INTENDED FINAL TERMS OF THE PLANNED SHARE ISSUES

Sotkamo Silver AB (“Sotkamo Silver” or the “Company”) announced on 28 November 2022 that the Board of Directors of the Company proposes a share issue with preferential rights for existing shareholders (the “Rights Issue”) as well as a directed share issue (the “Directed Issue” and jointly with the Rights Issue, the “Share Issues”). The Share Issues are to be resolved upon by an extraordinary general meeting to be held on 28 December 2022. The Board of Directors has today resolved upon the intended final terms of the Share Issues, subject to a formal resolution to be taken on 28 December 2022 following the EGM.

The Share Issues and their intended final terms in brief

- The planned Share Issues consist of a Rights Issue of approximately EUR 12.0M and a Directed Issue of approximately EUR 2.0M, providing the Company with gross proceeds of approximately EUR 14.0M upon full subscription.
- The proceeds from the Share Issues will be used to increase the working capital and for the Company’s future investment needs, especially the core drilling and development program to extend the life of the mine until and beyond 2030.
- The Directed Issue will be directed to a limited number of institutional investors and holders of the convertibles of series 2022/2026 (with an aggregate nominal amount of EUR 6.4M), who wish to set off their claim against new shares.
- The maximum number of new shares to be issued is 601,098,633 in the Rights Issue and 100,000,000 in the Directed Issue, in total a maximum number of 701,098,633 new shares.
- The record date for the right to receive subscription rights will be 4 January 2023. Those who are registered as shareholders on the record date shall receive three (3) subscription rights for each share held in Sotkamo Silver. One (1) subscription right entitles to subscription for one (1) new share in the Company.
- Completion of the Share Issues is conditional upon that the cash proceeds received through the Share Issues amount to at least SEK 38.5M or EUR 3.5M before transaction costs. The Company estimates that the aforementioned proceeds would cover the working capital need arising around March 2023. The condition is therefore a protection mechanism for participating shareholders and investors. If the Company receives cash proceeds amounting to less than SEK 38.5M or EUR 3.5M in the Share Issues, the Share Issues will not be executed. Subscribers having subscribed and paid for shares in the Share Issues will have the subscription price repaid.
- The subscription price is EUR 0.02 or SEK 0.22 per share in the Rights Issue and the Directed Issue.
- The subscription period for the Share Issues will commence on 9 January 2023 and end on 23 January 2023.
- The Share Issues are subject to approval by the EGM on 28 December 2022.
- The Board of Directors’ formal decision on the final terms on the Share Issues will be taken on 28 December 2022 following the EGM.
- A prospectus regarding the Share Issues will be published around 4 January 2023.

Background and reasons

The prevailing general economic and market situation has had an impact on the Sotkamo Silver's operations and profitability during 2022. The sharply increased prices of energy and consumables and the simultaneous decline of the metal prices, as well as the great uncertainty and volatility associated with them, has required measures to ensure the profitability of production and the continuity of operations. The Company therefore needs to strengthen its financial position and requires additional working capital to meet the variations. In addition, the planned Share Issues would enable the Company to finance its future investment needs, especially the core drilling and development program to extend the life of the mine beyond 2030.

Intended final terms of the Rights Issue

The subscription period for the Rights Issue will commence on 9 January 2023 and end on 23 January 2023. The record date for the right to receive subscription rights will be 4 January 2023. Subscription rights will be allocated in proportion to the number of shares in Sotkamo Silver held on the record date. The subscription rights will be admitted to trading on NGM Main Regulated and Nasdaq Helsinki during the period 9 January–18 January 2023. Those who are registered as shareholders on the record date shall receive three (3) subscription rights for each share held in Sotkamo Silver. One (1) subscription right entitles to subscription for one (1) new share in the Company. The subscription price is EUR 0.02 or SEK 0.22 per share. The maximum number of new shares to be issued is 601,098,633 in the Rights Issue, providing the Company with gross proceeds of approximately EUR 12.0M upon full subscription, before the deduction of transaction related costs. The minimum number of new shares to be issued corresponds to the number of shares required in order for the Company to receive cash proceeds that correspond to at least SEK 38.5 M or EUR 3.5 M before transaction costs in the proposed Share Issues. If the Company receives cash subscriptions amounting to less than SEK 38.5M or EUR 3.5M in the Share Issues the Share Issues will not be executed.

Intended final terms of the Directed Issue

The Directed Issue is directed to a limited number of institutional investors and holders of the convertibles of series 2022/2026 (with an aggregate nominal amount of EUR 6.4M), who wish to set off their claim against new shares. The subscription period for the Directed Issue will commence on 9 January 2023 and end on 23 January 2023. The subscription price is EUR 0.02 or SEK 0.22 per share. The maximum number of new shares to be issued is 100,000,000 in the Directed Issue, providing the Company with gross proceeds of approximately EUR 2.0M upon full subscription, before the deduction of transaction related costs. The minimum number of new shares to be issued corresponds to the number of shares required in order for the Company to receive cash proceeds that correspond to at least SEK 38.5 M or EUR 3.5 M before transaction costs in the proposed Share Issues. If the Company receives cash subscriptions amounting to less than SEK 38.5M or EUR 3.5M in the Share Issues the Share Issues will not be executed.

The Board of Directors' standpoint is that a key element for the Company's operations is to ensure a continued solid financial position for the Company. The Board of Directors have considered a larger Rights Issue to further secure the Company's long-term needs. However, the Board of Directors deems that a directed share issue to the holders of the convertibles of series 2022/2026 is the most cost-efficient way to repay the debt to convertible holders and simultaneously decrease the Company's debt and interest costs, compared to other possible financing options. Furthermore, other reasons for deviating from the shareholders' preferential rights are to further strengthen the shareholder base with institutional investors.

The subscription price in the Directed Issue has been set through negotiations with certain holders of convertibles of series 2022/2026 and corresponds to the subscription price in the Rights Issue. By enabling holders of convertibles of series 2022/2026 to set off their claims for new shares in the Company at the same price as in the Rights Issue, the holders of convertibles will benefit from the same discount as the shareholders in the Company and that would otherwise result in a recalculation of the terms of the convertibles of series 2022/2026. The Board of Directors considers the favourable price necessary in order to successfully carry out the Directed Issue, especially considering current volatile

and challenging market conditions. The overall assessment is that the Directed Issue is performed in the interest of the Company and its shareholders.

Dilution

If the Rights Issue is fully subscribed, and the EGM, to be held on 28 December 2022, resolves upon the proposals in the notice to the EGM, the Company's share capital will increase by SEK 32,614,163.955144, from SEK 10,871,387.985048 to SEK 43,485,551.940192, through the issuance of 601,098,633 shares. For shareholders who decide not to exercise their subscription rights, the Rights Issue, if fully subscribed, will result in a dilution of approximately 75.0 percent based on the total number of shares and votes in the Company after the Rights Issue.

If the Directed Issue is fully subscribed, and the EGM, to be held on 28 December 2022, resolves upon the proposals in the notice to the EGM, the Company's share capital will increase by SEK 5,425,759.129142, from SEK 10,871,387.985048 to SEK 16,297,147.114190, through the issuance of 100,000,000 shares. If fully subscribed the Directed Issue will result in a dilution of approximately 33.3 percent based on the total number of shares and votes in the Company after the Directed Issue. If both Share Issues are fully subscribed this will result in a dilution of approximately 77.8 percent based on the total number of shares and votes in the Company after the Share Issues.

Extraordinary General Meeting, formal decision on the final terms and prospectus

The Board of Directors has given notice to the EGM to be held on 28 December 2022 to resolve upon the Share Issues. The Board of Directors' formal decision on the final terms on the Share Issues will be taken on 28 December 2022 following the EGM. Sotkamo Silver will prepare a prospectus regarding the Share Issues. Sotkamo Silver intends to publish the prospectus around 4 January 2023.

Important information regarding potential cancellation of the Share Issues in the event of insufficient subscription rate

If the Company receives cash subscriptions amounting to less than SEK 38.5M or EUR 3.5M before transaction costs in the Share Issues, the Share Issues will not be executed. The Company estimates that the aforementioned proceeds would cover the working capital need arising around March 2023. The condition is therefore a protection mechanism for participating shareholders and investors. In the event that the Share Issues are cancelled in accordance with the foregoing, subscribers having subscribed and paid for shares in the Share Issues will have the subscription price repaid. It should be noted however that the subscription rights will become worthless (without compensation) in the event of cancellation of the Share Issues.

Preliminary timetable for the Share Issues

- 28 December 2022: EGM to resolve upon, inter alia, the Share Issues
- 2 January 2023: Last day of trading in shares including right to receive subscription rights
- 3 January 2023: First day of trading in shares excluding right to receive subscription rights
- Around 4 January 2023: Publication of the prospectus
- 4 January 2023: Record date for right to receive subscription rights in the Rights Issue
- 9 January – 18 January 2023: Trading in subscription rights in Sweden and Finland
- 9 January–23 January 2023: Subscription period in the Share Issues
- Around 26 January 2023: Estimated date for publication of final results of the Share Issues (including information regarding whether the Share Issues will be completed)

For more information, please contact:

Mikko Jalasto, CEO, tel. +358 50 482 1689

This information is information that Sotkamo Silver AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above on 23 December 2022, at 8:30 CET.

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

About Sotkamo Silver AB

Sotkamo Silver's business concept is to develop mineral deposits with regards to human society and environment. The Company owns the Silver Mine in Sotkamo which started production in March 2019. In addition, the Company holds mining and exploration rights to precious and base metal deposits in Finland.

The Company applies International Financial Reporting Standards (IFRS) as approved by the European Union.

The ticker symbol is SOSI on NGM Main Regulated in Stockholm and SOSI1 on Nasdaq Helsinki.

ISIN-code for Sotkamo Silver shares is SE0001057910.

Legal Entity Identifier (LEI): 213800R2TQW1OZGYDX93

Read more about Sotkamo Silver on www.silver.fi

The Company's press releases, and financial reports are distributed via Cision Sverige and are available on www.silver.fi

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