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SOTKAMO SILVER'S BOARD OF DIRECTORS HAS RESOLVED UPON SHARE ISSUES OF IN AGGREGATE A MAXIMUM OF APPROX. EUR 5M, CONDITIONAL UPON THE EGM'S APPROVAL

The Board of Directors of Sotkamo Silver AB ("Sotkamo Silver" or the "Company") has today resolved on 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") in order to strengthen the Company's financial position. The Share Issues are conditional upon the approval of an extraordinary general meeting to be held on 16 February 2023. The final terms for the Share Issues will be communicated around 10 February 2023.

The Share Issues in brief

- Based on feedback from the Company's shareholders, the Board of Directors has resolved upon significantly smaller share issues than previously communicated. According to the Company's understanding, certain shareholders considered the size of the previously proposed share issues to be too large, considering e.g. the favourable development of the silver price during the past months. The primary aim of the smaller share issues, together with other possible financing measures, is therefore to meet the working capital need arising around March 2023.
- Upon full subscription, the Share Issues will provide Sotkamo Silver with gross proceeds of a maximum of approximately EUR 5M before deduction of transaction related costs. The proceeds from the Share Issues will be used to increase the Company's working capital.
- The Directed Issue will be directed to a limited number of institutional investors.
- The final terms of the Share Issues, including the subscription price and the number of shares to be issued will be announced around 10 February 2023.
- Shareholders representing approx. 8.5 percent of the shares and the votes in the Company have preliminarily indicated that they intend to vote in favour of the Share Issues at the EGM.
- The subscription period for the Rights Issue will commence on 22 February 2023 and end on 8 March 2023.
- The record date for the right to receive subscription rights will be 20 February 2023. Subscription rights will be allocated in proportion to the number of Sotkamo Silver shares held on the record date.
- The Share Issues are conditional upon the approval of an extraordinary general meeting of Sotkamo Silver, which will be held on 16 February 2023 (the "EGM"). A notice of the EGM will be announced separately.

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, as well as the great uncertainty and volatility associated with energy and metal prices, 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.

The Share Issues

Upon full subscription, the Share Issues will provide Sotkamo Silver with gross proceeds totalling a maximum of approximately EUR 5M before deduction of transaction related costs.

The subscription period for the Rights Issue will commence on 22 February 2023 and end on 8 March 2023. The record date for the right to receive subscription rights will be 20 February 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 22 February–3 March 2023.

The Directed Issue will be directed to a limited number of institutional investors. The reason for the deviation from the shareholders' preferential rights is that the Company needs to strengthen its financial position. The Board of Directors has considered a larger rights issue to further secure the Company's needs. However, the Company has received indications from its shareholders that they are not willing to participate in a larger rights issue (a larger rights issue was proposed at the extraordinary general meeting held on 28 December 2022 but was not approved by the shareholders). The Board of Directors is therefore of the opinion that it is in the Company's and the shareholders' best interest to have a separate directed share issue to enable participation from non-existing shareholders at higher amounts than what may potentially not be picked up by existing shareholders in the Rights Issue. Another reason for the deviation from the shareholders' preferential rights is to further strengthen the shareholder base with institutional shareholders.

Pursuant to the Board of Directors' resolution, the Board of Directors is authorised to resolve on the lowest and the highest amount by which the Company's share capital shall be increased, the lowest and the highest number of shares which shall be issued and the amount to be paid for each new share in the Rights Issue and Directed Issue, respectively. Such final terms of the Share Issues will be announced around 10 February 2023.

The possibility for the Board of Directors to determine the lowest number of shares in the Share Issues means that completion of the Share Issues may be conditional upon that a certain level of subscription is achieved in the Share Issues. If such level of subscription is not achieved, the Share Issues will not be executed. Upon such cancellation of the Share Issues, subscribers having subscribed and paid for shares in the Share Issues will have the subscription price repaid. It should be noted however that any subscription rights received or acquired will become worthless (without compensation) in the event of cancellation of the Share Issues.

Extraordinary General Meeting
Through a separate press release, the Board of Directors will give notice of an EGM to be held on 16 February 2023 to resolve upon the approval of the Share Issues.

In addition to the Share Issues, the notice of the EGM will include proposals to, *inter alia*, decrease the share capital, resolve upon a bonus issue and make adjustments to the articles of association, which are necessary to carry through the proposed Share Issues.

Shareholders representing approx. 8.5 percent of the shares and the votes in the Company have preliminarily indicated that they intend to vote in favour of the Share Issues and the adjacent proposals at the EGM.

Prospectus
Sotkamo Silver will prepare a prospectus regarding the Share Issues. Sotkamo Silver intends to publish the prospectus around 17 February 2023.

Preliminary timetable for the Share Issues
- Around 10 February 2023: Announcement of the final terms, including the subscription price and the number of shares to be issued under the Share Issues, subject to approval by the EGM
- 16 February 2023: EGM to resolve upon, inter alia, approval of the Share Issues
- 16 February 2023: Last day of trading in shares including right to receive subscription rights
- 17 February 2023: First day of trading in shares excluding right to receive subscription rights
- Around 17 February 2023: Publication of the prospectus
- 20 February 2023: Record date for right to receive subscription rights in the Rights Issue
- 22 February–8 March 2023: Subscription period in Share Issues

- Around 10 March 2023: Estimated date for publication of final results of the Share Issues

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 17 January 2023, 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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