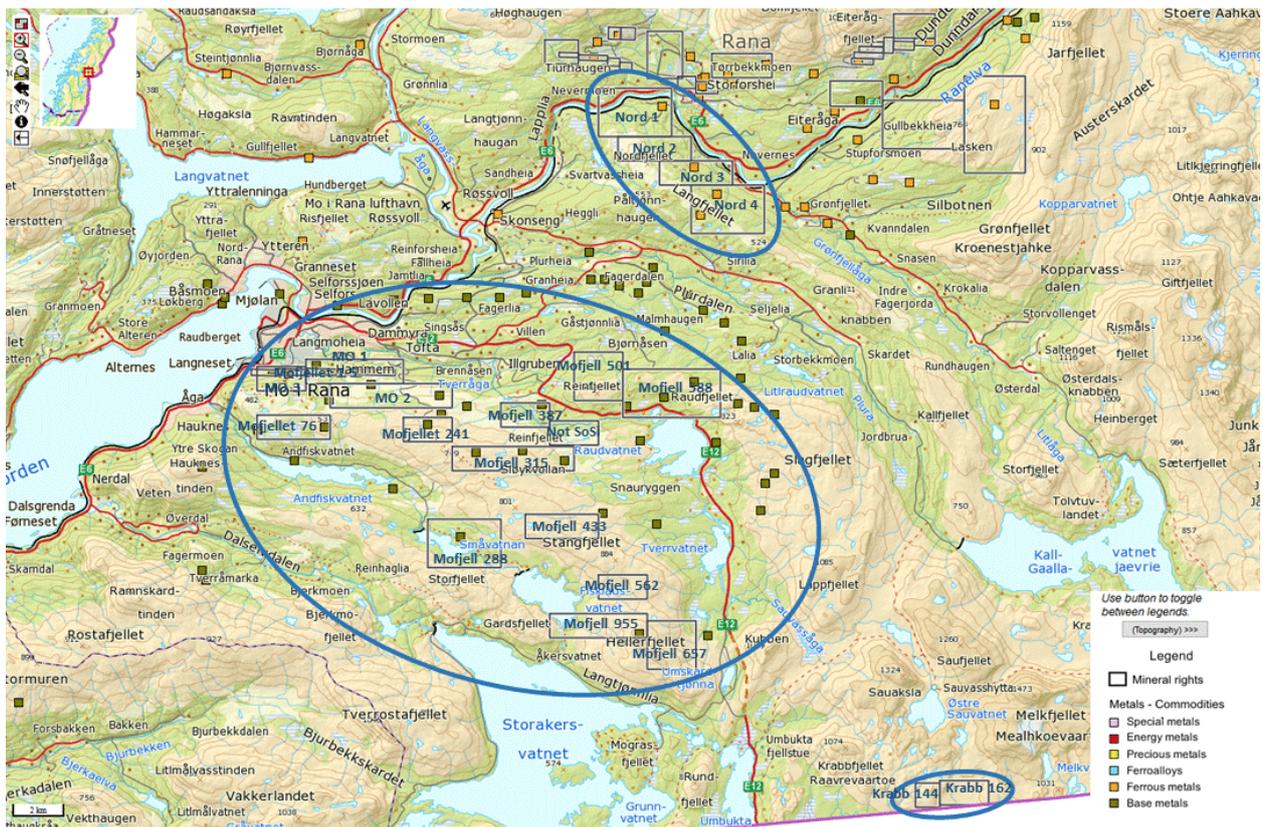


Mofjell Mine and surrounding Exploration Licenses of Sotkamo Silver in Norway

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Summary

Sotkamo Silver has leased five mining concessions from The Norwegian State and additionally holds twenty exploration licenses near Mo I Rana in Nordland County. Sotkamo Silver received targets initially as a part of merger with Norwegian exploration company "Gexco".

The mining concessions (Mofjellet 1-5) cover the area of historic Mofjell mine which was in operation from 1928 to 1987. The mine produced 4.35 Mt of ore with average grades of 3.61 % Zn, 0.71 % Pb and 0.31 % Cu. The remaining mineral resource in the Mofjell mine is estimated to be 3,16 Mt at average grades of 2,5% Zn, 0,4% Pb and 0,3% Cu; there are also indications of significant Au concentrations associated with the mineralization. The mine infrastructure is in a good shape and under maintenance as Terrateam AS is depositing industrial waste and fly ash into old stopes. Total length of the access tunnels is about 4 km.

Sotkamo Silver holds a total of 20 exploration licenses in the Mo I Rana area. MO and Mofjellet named license areas (14) are based on the Zn, Pb, Ag and Au -potential and are situated in the Mofjellet area. Exploration licenses Nord 1-4 are situated near Storforshei and are potential to host iron formation hosted gold deposits while two exploration licenses (Krabb 144, 162) are situated near the Swedish border and are potential for Ni and PGM.

Geology

Geologically, The Mofjellet area belongs to the Mofjell Group which consists dominantly of grey gneisses, amphibolites and biotite-/muscovite schists and is situated in the Uppermost Allochthon of the Scandinavian Caledonides. Rock assemblage has originally deposited in the island arc to back-arc setting and consists dominantly of felsic and mafic volcanic rocks which have been deformed and metamorphosed during the Caledonian orogeny. Bimodal volcanic suite which is mixed with sediments is favourable for the massive sulphide deposits. Studies have shown that the deposits in the Mofjell are volcanogenic massive sulphide (VMS) deposits which are genetically associated with the volcanism of the area. There are nine several kilometres long sulphide-mineralized zones which have been subject to folding and other tectonic post-mineralization processes causing discontinuity of sulphide zones or even accumulation of sulphides. Volcanogenic massive sulphide (VMS) deposits are in the most cases related to the quartz muscovite- and biotite schists. Pyrite, pyrrhotite and sphalerite are the most common sulphide minerals.

Nord 1-4 exploration license areas are situated in Storforshei where banded magnetite-hematite ore is related to Örtfjell group's sedimentary rock sequence. Banded iron formations are known to be potential to gold mineralization.

Krabb 144 and 162 exploration licenses are in the area of the Umbukta gabbro complex. Geological setting is favourable for the Ni and PGE mineralization.

Mining Concessions (leased from the state)

Name	Reg_no	Metals	Area (ha)	Granted	Expires
Mofjellet 1	0004/1-1982-NB	Zn, Cu, Pb, Ag, Au	28	7.9.1982	-
Mofjellet 2	0005/1-1982-NB	Zn, Cu, Pb, Ag, Au	30	7.9.1982	-
Mofjellet 3	0006/1-1982-NB	Zn, Cu, Pb, Ag, Au	30	7.9.1982	-
Mofjellet 4	0007/1-1982-NB	Zn, Cu, Pb, Ag, Au	24	7.9.1982	-
Mofjellet 5	0008/1-1982-NB	Zn, Cu, Pb, Ag, Au	30	7.9.1982	-

Exploration licenses

Name	Reg_no	Metals	Area (ha)	Granted	Expires
Nord 1	0057-1/2013	Au (FeOx)	600	5.6.2013	5.6.2020
Nord 2	0058-1/2013	Au (FeOx)	300	5.6.2013	5.6.2020
Nord 3	0059-1/2013	Au (FeOx)	600	5.6.2013	5.6.2020
Nord 4	0060-1/2013	Au (FeOx)	300	5.6.2013	5.6.2020
Krabb 144	0061-1/2013	Ni+PGM	100	5.6.2013	5.6.2020
Krabb 162	0062-1/2013	Ni+PGM	200	5.6.2013	5.6.2020
MO 1	0063-1/2013	Zn, Pb, Ag, Au	400	5.6.2013	5.6.2020
MO 2	0064-1/2013	Zn, Pb, Ag, Au	500	5.6.2013	5.6.2020
MO 3	0065-1/2013	Zn, Pb, Ag, Au	200	5.6.2013	5.6.2020
Mofjellet 76	0066-1/2013	Zn, Pb, Ag, Au	300	5.6.2013	5.6.2020
Mofjellet 241	0067-1/2013	Zn, Pb, Ag, Au	200	5.6.2013	5.6.2020
Mofjell 288	0068-1/2013	Zn, Pb, Ag, Au	600	5.6.2013	5.6.2020
Mofjell 315	0069-1/2013	Zn, Pb, Ag, Au	500	5.6.2013	5.6.2020
Mofjell 387	0070-1/2013	Zn, Pb, Ag, Au	200	5.6.2013	5.6.2020
Mofjell 433	0071-1/2013	Zn, Pb, Ag, Au	300	5.6.2013	5.6.2020
Mofjell 501	0072-1/2013	Zn, Pb, Ag, Au	400	5.6.2013	5.6.2020
Mofjell 562	0073-1/2013	Zn, Pb, Ag, Au	200	5.6.2013	5.6.2020
Mofjell 588	0074-1/2013	Zn, Pb, Ag, Au	800	5.6.2013	5.6.2020
Mofjell 657	0075-1/2013	Zn, Pb, Ag, Au	400	5.6.2013	5.6.2020
Mofjell 995	0076-1/2013	Zn, Pb, Ag, Au	400	5.6.2013	5.6.2020

Exploration to date

In general, the area is known to host numerous Zn, Pb, Cu, Au deposits and having potential to host Au- and Ni-PGM -deposits. High grade Au concentrations were discovered during the last years of Mofjell mine from the diamond drill core samples. Au was related to weak base metal mineralization beside the main ore zone. Later, NGU discovered high Au concentrations also from the other known deposits and occurrences from the area. This encouraged MoMin AS to investigate Au potential of the area in more detail. The work carried out by MoMin was continued by Gexco after mid-2000's. In 2007 Gexco conducted a high resolution TEM survey by helicopter covering an area > 450 km². The total cost of the helicopter survey has been about 5 million NOK (ca. 600 000 EUR). In 2008 Nordland County, NGU (Norwegian Geological Survey) and Gexco Norge AS started an exploration co-operation project which focused on sulphide deposit exploration in the Mofjellet and Plurdalen area. The work included drill



testing of the anomalies detected by the TEM survey and follow-up of the earlier detected Au anomalies. The most of the field work was commenced in 2008-2009. Gexco encountered financial difficulties and external funding was ended in 2009. However, NGU finalized the work and completed the reporting of the works and results. At least 147 holes totalling 16 406 meters have been drilled to the project area. Estimated total expenditure to the exploration at the Mofjellet area is in the 2000's is almost 15 million NOK (1,5 million EUR).

This work and collected databases form a good basis for further exploration and development of the assets.

Work by Sotkamo Silver 2015-2016 and plan for 2017 and forward

Work by previous exploration companies and projects form a sound basis for further exploration and development of the asset. During years 2015-2016 Sotkamo Silver has set up a drill hole database and has conducted preliminary evaluation and prioritisation of the targets. Data can be visualised and modelled in 3D in Gemcom Surpac software which enables modelling of the structure and shape of the mineralization. Reports and existing data from the previous works have been reviewed to support the evaluation.

In 2017 Sotkamo Silver will continue work with the database and modelling of the deposits. Site visits, field work and further sampling of the prospects are planned for the field season 2017. Ground and/or drillhole geophysical surveys are planned to be conducted prior to drill testing of the targets. NGU's National Core Archive will be visited to examine the historic drill core and need for re-assaying of the core will be evaluated. Company will also seek partners for the exploration and development of the deposits in the Mo I Rana area.