

Our Ref: ZT610783/R001/V1/NS/ES

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Your Ref:

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Dear Ilkka

Sotkamo Silver AB, Resource Statement December 2011

During the last quarter of 2010 resource modelling for the Taivaljärvi deposit held by Sotkamo Silver AB (Sotkamo) was undertaken by Jyrki Parkkinen Ph.D (Parkkinen GeoConsulting). A site visit was undertaken by Wardell Armstrong International Ltd (WAI) in October 2011 to review the deposit geology, exploration works to date, quality control and quality assurance, permitting, licencing and the resource estimation work undertaken by Parkkinen. The resource estimates are based on three phases of exploration drilling works carried out since 1989. The latest drilling programme was carried out by Sotkamo in 2010 and 2011 providing an additional 11 surface holes (2000m) and 28 underground holes (2450m).

Modelling of the mineralisation has been carried out based on a silver metal equivalent (Ageq) the parameters used to derive the Ageq are shown below in Table 1, equivalent factors were derived using the formula:

$$eq \text{ Factor} = (\text{metal unit price} * (\text{metal recovery}/100)) / (\text{Ag unit price} * (\text{Ag recovery}/100))$$





Table 1: Sotkamo Ag Equivalent Parameters

Metal	Metal Price (US\$)	Recovery (%)	Unit Price (US\$)	Metal Equiv Factor
Ag	28/Oz	85	0.90/g	1
Au	1200/Oz	90	38.58/g	45.38
Pb	2000/t	80	20.00/%	20.91
Zn	2100/t	85	21.00/%	23.18

The actual Ag_{eq} values were calculated into the drill hole database and the subsequent block model based on the formula:

$$Ageq = Ag + (Au * Au \text{ factor}) + (Pb * Pb \text{ factor}) + (Zn * Zn \text{ factor})$$

Resources estimated and reported herein are based on the Resource model produced by Parkkinen but audited and reviewed by WAI in the fourth quarter of 2011 and takes into account material extracted at the Taivaljärvi deposit up until December 2011.

Total Project resources as of 14 December 2011 are shown in Table 2 at 50g/t Ag_{eq} cut-off grade and Table 3 at 80g/t Ag_{eq} cut-off grade below.

Table 2: Mineral Resource Estimate for the Taivaljärvi Ag-Zn-Pb-Au Deposit as at 14/12/11 (in accordance with the Guidelines of the JORC Code (2004)) (50g/t Ag_{eq} COG Applied)

JORC Classification	Volume (m ³)	Ore Tonnes (kt)	Density (t/m ³)	Ag_{eq} (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
<i>Measured</i>	490,889	1,374	2.8	133.24	96.06	0.36	0.70	0.30
<i>Indicated</i>	767,303	2,148	2.8	122.68	87.18	0.34	0.73	0.25
<i>Measured + Indicated</i>	1,258,193	3,523	2.8	126.80	90.65	0.35	0.72	0.27
<i>Inferred</i>	529,035	1,481	2.8	128.70	95.93	0.26	0.70	0.25

Table 3: Mineral Resource Estimate for the Taivaljärvi Ag-Zn-Pb-Au Deposit as at 14/12/11 (in accordance with the Guidelines of the JORC Code (2004)) (80g/t Ag_{eq} COG Applied)

JORC Classification	Volume (m ³)	Ore Tonnes (kt)	Density (t/m ³)	Ag_{eq} (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
<i>Measured</i>	366,429	1,026	2.8	155.92	112.79	0.42	0.79	0.36
<i>Indicated</i>	512,396	1,435	2.8	151.52	108.02	0.42	0.87	0.32
<i>Measured + Indicated</i>	878,825	2,461	2.8	153.36	110.01	0.42	0.84	0.33
<i>Inferred</i>	332,228	930	2.8	167.24	125.80	0.31	0.85	0.33



Note:

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Mark Owen, who is a Chartered European Geologist and a Chartered Geologist with the Geological Society of London both 'Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX. Mark Owen is employed full time by Wardell Armstrong International. Mark Owen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Owen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours sincerely

for Wardell Armstrong International Ltd

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