



January 10, 2018

KOOTENAY PROVIDES 2018 EXPLORATION PLANS & REVIEW OF 2017 ACTIVITIES

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to provide its exploration strategy for 2018 and a review of its exploration programs and corporate activities during the prior year.

Kootenay President and CEO James McDonald states, “As we prepare for an exciting year ahead of drilling in 2018, we are pleased to provide a review of activities detailing many of Kootenay’s significant achievements in 2017. Supported by an established NI 43-101 silver asset base of over 140 million ounces of silver equivalent*, we will focus our resources on accelerating the growth of this asset base in 2018. Our top priority remains the advancement of our flagship La Cigarra silver project, located in the Parral mining district in Chihuahua, Mexico. Ongoing exploration in 2018 will include drill testing of high-grade structures extending from La Cigarra’s existing silver resource, drill testing several new priority targets and the advancement of two recent discoveries on the project. We look forward to providing further updates on activities as they develop.”

2018 Upcoming work programs and news flow:

- In 2018, Kootenay will place a major emphasis on advancing the La Cigarra project. The first three weeks of the program will focus on selection and prioritization of drill targets and include some additional mapping in preparation of drill site selection.
- Focus will be on:
 - Commencement of drilling at La Cigarra
 - Drilling on strike to expand resource both north and south
 - High grade structures and zones
 - Drilling of new targets with priority on grade
 - Drilling of new gold bearing structures in first quarter
 - Follow up of the strong mineralization and veining at Las Venadas
- Priority will be given to:
 - Higher grade structures and mineral domains
 - Expansion of the resource with focus on the best grading domains
 - New discoveries with priority on best grading targets
 - Shallower targets over deeper ones
- Anticipated news flow items:
 - Final results from 2017 La Cigarra drilling
 - Final results from 2017 Promontorio/La Negra drilling from partner Pan American Silver
 - Commencement of drilling at La Cigarra
 - Ongoing results of 2018 drilling program on La Cigarra
 - Initial results from Cervantes drilling from partner Aztec Minerals
 - Updates on work programs on projects optioned out to third parties.

The Company anticipates drilling will commence at the beginning of February 2018. Drill meters with sequencing and prioritization of the various targets will be segmented into resource expansion (La Borracha), follow up drilling of recent discoveries (La Venadas and RAM) and testing new undrilled targets (southern extension). A map of the Cigarra Resource and potential growth areas can be viewed [here](#). Details on meters and areas to be drilled will be released in late January.

Project and Corporate Highlights:

La Cigarra Silver Project, Chihuahua State, Mexico (100% owned by Kootenay)

- Completed 37 core drill holes at La Cigarra resulting in two significant silver discoveries in the RAM and La Venadas zones.
- Re-logged entire La Cigarra silver deposit to define geologic controls on high grades.
- Mapping and sampling of Las Venadas, La Borracha, Navidad East and Navidad West, Soledad and Las Chinas zones as well as extension of Nogalera Zone southward into valley gravels.
- Extensive surface sampling along the numerous mineralized trends.
- Recognized various mineral zones north and south of the La Cigarra resource form a continuous and contiguous zone of alteration and anomalous silver mineralization for upwards of 9 kilometers.
- Discovered new mineralized structures that may be the southern extension of the RAM to Nogalera trend.
- New drill discoveries include Las Venadas located 800 meters south of the resource boundary and RAM approximately 1,000 meters west of the resource. Both zones are open along both strike directions and dip.
 - Las Venadas drilling intersected more than 250 meters in core length of quartz-calcite and quartz vein breccia and veining within altered sediments. Hole CC-17-26 in particular bottomed in veining with samples grading as high as 799 gpt silver over 1.1 meters and 692 gpt silver over 1 meter in two different zones indicating excellent grade potential. The widest weighted average intervals is 91.32 gpt silver over 29.5 meters. A second hole intercepted the interval 140 meters along strike and about 60 meters deeper with similar results.
 - RAM drilling included multiple intercepts of silver mineralization confirmed over 400 meters of strike length including 89.83 gpt silver over 18.0 meters; including 190 gpt silver over 3.0 meters. This system remains open along strike to the north and south for up to 3,400 meters and down dip to the west.

La Negra Silver Discovery, Sonora State, Mexico (100% Kootenay owned and optioned to Pan American Silver)

- Announced the results of 26 holes from an infill drill program on La Negra silver discovery being operated by Pan American Silver. Drill results at La Negra include 529 gpt silver over 7.5 meters within 194 gpt silver over 40.8 meters. Further drill results from this program will be announced once received from Pan American and is expected during January 2018.

Silver Fox Project, British Columbia, Canada (100% owned by Kootenay & optioned to Antofagasta PLC)

- Commenced a 3,000 meter diamond drill program at its 100% owned Silver Fox Project, located in south eastern British Columbia. The target is a large sediment hosted copper-silver deposit such as those hosted in the same rock formations to the south in Montana, U.S.A., where deposits can reach into the 200 million ounces of silver size. This program is fully funded by a wholly-owned subsidiary of Antofagasta PLC under its earn-in agreement for the Silver Fox project. Results will be announced following meetings with Antofagasta in late January 2018.

Mark Project, British Columbia, Canada (100% owned by Kootenay & optioned to Antofagasta PLC)

- Extensive mapping and sampling of the property in search of a sediment hosted copper-silver deposit such as those hosted in the same rock formations in Montana, U.S.A. The program was designed to define the size and intensity of mineralization previously discovered and to establish drill targets. Results will be announced following meetings with Antofagasta in late January 2018.

Cervantes Project, Sonora State, Mexico (100% owned by Kootenay and optioned to Aztec Minerals)

- Announced that exploration partner Aztec Minerals identified encouraging gold and copper mineralization on the Company's 100% owned Cervantes project. Aztec commenced a 14 to 17 hole core drill program on the Cervantes gold-copper porphyry property late 2017, with results expected in Q1 2018.

Closed financing in Q4 2017

- Raised \$4,000,000 by closing a non-brokered private placement. Net proceeds will be used to fund the exploration and development of the Company's La Cigarra project in Chihuahua State, Mexico, possible new acquisitions and for general working capital purposes.

***Resource Estimates for La Cigarra and Promontorio**

La Cigarra currently hosts a resource estimate of 18.54 million tonnes containing 51.47 million ounces of silver in the Measured & Indicated categories grading 86.3 gpt silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 gpt silver. Resource Statement for the La Cigarra silver project located in Chihuahua State, Mexico: GeoVector Management Inc., Effective Date January 14, 2015.

The Promontorio Silver Resource currently hosts a resource estimate of 44.5 million tonnes containing 92 million ounces of silver equivalent in the Measured & Indicated categories grading 64.3 gpt silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 gpt silver equivalent. Resource Statement for the Promontorio Deposit, Sonora State, Mexico: SRK Consulting (U.S.) Inc., Effective Date March 31, 2013.

The Promontorio and La Cigarra NI 43-101 technical reports, including the assumptions therein, are filed on SEDAR at: www.sedar.com, and are also available on the Company's website www.kootenaysilver.com.

Qualified Persons

The Kootenay technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 (Standards of Disclosure for Mineral Projects) and reviewed on behalf Kootenay by James McDonald, P. Geo, President, CEO & Director for Kootenay, a Qualified Person.

Sampling and QA/QC at La Cigarra

All technical information for the La Cigarra exploration program is obtained and reported under a formal quality assurance and quality control ("QA/QC") program. Samples are taken from core cut in half with a diamond saw under the direction of qualified geologists. Samples are then labeled placed in plastic bags, sealed and with interval and sample numbers recorded. Samples are delivered by the Company via courier to ALS Minerals ("ALS") in Chihuahua. The samples are dried, crushed and pulverized with the pulps being sent airfreight for analysis by ALS in Vancouver, B.C. Systematic assaying of standards, blanks and duplicates is performed for precision and accuracy. Analysis for silver, zinc, lead and copper and related trace elements was done by ICP four acid digestion, with gold analysis by 30-gram fire assay with an AA finish. All drilling will be with HQ core and has been contracted to BD Drilling from Guadalajara, Mexico.

About Kootenay Silver Inc.

Kootenay Silver Inc. is an exploration company actively engaged in the discovery and development of mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. Supported by one of the largest portfolios of silver assets in Mexico, Kootenay continues to provide its shareholders with significant leverage to silver prices. The Company remains focused on the expansion of its current silver resources, new discoveries and the near-term economic development of two of its priority silver projects located in prolific mining districts in Sonora, State and Chihuahua, State, Mexico, respectively.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

The information in this news release has been prepared as at January 9, 2018. Certain statements in this news release, referred to herein as "forward-looking statements", constitute "forward-looking statements" under the provisions of Canadian provincial securities laws. These statements can be identified by the use of words such as "expected", "may", "will" or similar terms.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Kootenay as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Many factors, known and unknown, could cause actual results to be materially different from those expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, Kootenay expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Kootenay's expectations or any change in events, conditions or circumstances on which any such statement is based.

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