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KOOTENAY REPORTS ON 2020 MILESTONES AND OUTLINES STRATEGIC PLANS FOR 2021

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) recaps a busy 2020 and provides a general look ahead for an exciting 2021 exploration season. Details related to the Company’s plans for 2021, will be announced in the coming weeks in addition to assay results received from the remaining 17 holes drilled at the Columba high grade silver project. During the past year, the Company completed two large drill programs totaling over 13,000 meters, collectively on the Columba and Copalito properties. Based on the results seen to date, both projects hold great promise for the discovery and development of a classic high-grade silver or silver and gold vein deposits, respectively.

Milestones Achieved in 2020

Columba Project, Chihuahua

- Initiated and completed the second drill program comprised of 43 holes, totaling over 9,114 meters designed as a follow up the initial 41 holes completed in 2019.
- Targeted infill and step out drilling within the high-grade F vein at the site of historical mining
- Further drill tested higher grade intercepts encountered in 2019 on other veins (such as the J & Z Veins) and tested previously undrilled veins mapped by the Kootenay geologic team.
- Discovered the J-Z vein - an area that hosts a different geological structure composed of veins and breccia as opposed to the classic epithermal veins present in the F vein.
- Intercepted additional high-grade silver mineralization within the F vein, which included an impressive hanging wall structure parallel to the F vein that was not apparent from surface.
- Drill highlights included:
 - CDH-20-045: 0.5 meters of 974 gpt silver; F Vein
 - CDH-20-046: 0.6 meters of 1,585 gpt silver and 1.4 meters of 911 gpt silver; F Vein
 - CDH-20-049: 2.8 meters of 762 gpt silver including 1.0 meter of 2,010 gpt silver; hanging wall structure
 - CDH-20-051: 2.0 meters of 865 gpt silver; hanging wall structure
 - CDH-20-060: 11.0 meters of 361 gpt silver including 5 meters of 608 and 1.0 meter of 1160; hydrothermal breccia and stockwork
 - CDH-20-066: 1.5 meters of 773 gpt silver; hydrothermal breccia
- Assays from the remaining 17 holes are being analyzed and interpreted with results to be released once completed.

Copalito Project, Sinaloa

- Completed the first drill program to ever be conducted on the property consisting of 40 holes totaling over 4,100 meters
- Intercepted high-grade mineralized intersections with the following drill highlights:
 - BDH-20-001: 369 gpt silver equivalent (“AgEq.”); 250 gpt silver and 0.247 gpt gold over 5.0 meters; 360 gpt silver and 0.1 gpt gold over 1.0 meter within 272 gpt AgEq.

- *BDH-20-002*: 179 gpt AgEq.; 1.69 gpt gold over 4.3 meters and 274.8 gpt AgEq.; 3.02 gpt gold over 1.7 meters
- *BDH-20-004*: 1,323 AgEq.; 1,297 gpt silver and 0.285 gpt gold over 3.2 meters
- *BDH-20-009*: 1,047 gpt AgEq.; 936 gpt silver, 0.29 gpt gold and 3.31% lead+zinc (“Pb+Zn”) over 1.0 meter
- *BDH-20-015*: 394 gpt AgEq.; 51 gpt silver, 2.28 gpt gold, 6.18 % Pb+Zn over 1.2 meters
- *BDH-20-033*: 1,210 gpt AgEq.; 59 gpt silver, 7.05 gpt gold, 13.55 % Pb+Zn over 0.2 meters
- *BDH-20-037*: 1,261 gpt silver AgEq. over 1.0 meter consisting of 846 gpt silver, 3.11 gpt gold and 6.15% lead plus zinc; 5 Senores vein
- *BDH-20-040*: 933 gpt AgEq. over 2.25 meters consisting of 6.65 gpt gold, 335 gpt silver 1,813 gpt AgEq. over 0.51 meters consisting of 16.95 gpt gold, 369 gpt silver and 3.74% lead plus zinc including:
 - 1,813 gpt AgEq. over 0.51 meters consisting of 16.95 gpt gold, 369 gpt silver and 3.74% lead plus zinc 5 Senores vein (one of the deepest holes drilled to date)

Complete drill results for both Columba and Copalito can be found on our company website. AgEq. based \$24/oz silver \$1900/oz gold, \$1/lb zinc, \$0.8/lb lead. Estimated true widths range from 65 to 90% of drilled widths depending on dip of the vein and inclination of the hole. All AgEq. And silver composites rounded to the nearest whole number.

Cervantes Project, Sonora

- Completed a joint venture (“JV”) agreement with Aztec Minerals Corp. in respect of the Cervantes porphyry gold-copper project in Sonora, Mexico.
- Aztec Minerals completed the earn-in to acquire 65% interest in Cervantes with Kootenay retaining the remaining 35%. Both companies will hold interests in the Property indirectly through share ownership in the JV company, Aztec Minerals (Mexico) JV Corp.

La Cigarra Project, Chihuahua

- Initiated the relogging of drill core from within the resource to work conducted in 2015, to create a new geological model better fitting the geology of the resource to potentially optimize grade and increase economic favourability.

Financings

- Closed a major financing in August with leader broker Mackie Research Capital Corporation for gross proceeds of \$7 million. Each \$0.40 unit was comprised of one share and one-half of one common share purchase warrant exercisable at \$0.55 until August 25, 2022. Eric Sprott, through 21764123 Ontario Ltd. maintained his proportionate equity interest in Kootenay.
- Received cash proceeds of \$2.5 million during Q4, 2020 from the exercise of 8,478,150 warrants exercised at \$0.30.

Strategic Plans Developing for 2021

Columba and Copalito

Significant drilling is planned at both Columba and Copalito. Planning meetings are being held in the next two weeks after which details of these programs will be finalized. An announcement outlining the programs will be issued thereafter.

La Cigarra

Continued geologic modeling will be completed with modeling to date tested to see if mineralization within the deposit may possibly exist within a more constrained area resulting in a higher-grade resource. Upon

positive findings, a small drill program will be conducted to confirm the model is predictive (reliable and accurate) after which a decision will be made on if a new resource update is supportable or required. The over-arching objective is to optimize the resource and advance it to a PEA study.

La Negra, Sonora

Examination of the extensive drill data is underway to determine if a resource calculation is warranted. Following a positive outcome, a NI43-101 maiden resource estimate will be prepared on the project.

Cervantes

Once a budget has been approved by the JV committee, details of an exploration program will be provided in a news release. Cervantes is host to gold-copper porphyry type mineralization and has promise for both open pit heap leach gold and a larger gold-copper porphyry deposit.

Other

Introducing the Top 25th Percentile Search

In addition to the extensive drilling in 2020 Kootenay continued its grass roots exploration efforts with the initiation of two programs aimed specifically at the discovery of large silver-base metal deposits in the top 25 percentile of size. One such program is focused in the famous Purcell Basin in southeastern B.C. that is host to billions of ounces of silver in the Coeur D'Alene, Montana Copper-Silver and Sullivan mining districts. The second is focussed on the discovery of Carbonate Replacement Deposits ("CRD") deposits in northern Mexico which make up some of the biggest and longest producing silver-base metal deposits in Mexico.

Moyie Anticline Program – Southeast B.C.

- This program was stimulated by the alignment of several fortuitous events. Firstly, for the first time in over 50 years a large land package of prospective geology was open and available for staking; secondly the advancement of deep penetrating geophysical methods to see buried ore bodies and Kootenay's long-term association with the Kennedy Exploration Group and their deep knowledge and understanding in the area has resulted in identifying targets based on geology/mineralization.
- The program was kicked off in 2020 with the acquisition of nearly 35,000 hectares at an up -front cost of less than \$60,000. The Company's next steps will involve detailed geologic mapping and prospecting combined with deep seeing geophysics and then drilling.

CRD Program – Northern Mexico

- CRD's in Mexico are well known for being some of the biggest and longest-lived silver and base metal producers in the world's largest silver producing country. In the last quarter of 2020 Kootenay designated a team dedicated to the identification and acquisition of projects with CRD discovery potential. An extensive database has been compiled and priorities identified with numerous prospects visited. This will be an ongoing concentrated effort that will take time but given the target size, the Company believes it is worth the effort.

Kootenay's technical team will continue to advance our grass roots projects, look for new acquisitions and seek partners to advance the properties we currently own.

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 and approved on behalf of Kootenay by James McDonald, P.Geo, President, CEO & Director for Kootenay, a Qualified Person.

Sampling and QA/QC at Columba

All technical information for the Columba 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 and engineers. Samples are then labeled, placed in plastic bags, sealed and with interval and sample numbers recorded. Samples are delivered by the Company 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 reported is HQ core and has been contracted to Globexplore Drilling from Hermosillo, Mexico.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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 junior 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 its priority silver projects located in prolific mining districts in Sonora, State and Chihuahua, State, Mexico, respectively.

For additional information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

The information in this news release has been prepared as at January 11, 2021. 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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2021 number 01