



KOOTENAY SILVER ANNOUNCES EFFECTIVE DATE OF SPIN-OUT TRANSACTION

Vancouver, BC – October 27, 2021 – Kootenay Silver Inc. (“**Kootenay**” or the “**Company**”) (TSXV: KTN) is pleased to announce that further to its press releases dated August 10, 2021 and September 17, 2021, the Company intends to make the previously announced spin-out transaction of the Company effective at 12:01 a.m. (Vancouver time) on October 29, 2021 (the “**Effective Date**”). The Company has received a final order from the Supreme Court of British Columbia dated September 21, 2021, and shareholder approval pursuant to an annual and special meeting of the Company held on September 15, 2021, to implement the spin-out of 80% of the Company interest in mineral exploration assets located in Canada to its shareholders by way of a share capital reorganization effected through a statutory plan of arrangement (the “**Arrangement**”) with Kootenay Resources Inc. (“**Spinco**”), a wholly-owned subsidiary of the Company. Pursuant to the Arrangement, the holders of common shares of the Company on October 28, 2021 will receive one new common share of the Company (each, a “**Kootenay Silver Share**”) and 0.04 common shares of Spinco (each, a “**Spinco Share**”). The existing common shares of the Company are expected to be delisted from the TSX Venture Exchange (the “**TSXV**”) at the close of business on October 28, 2021. The Kootenay Silver Shares are expected to commence trading on the TSXV at the market open on October 29, 2021. The CUSIP numbers of the Kootenay Silver Shares and the Spinco Shares will be 500583703 and 50058V107, respectively.

Computershare Investor Services Inc. (“**Computershare**”) will forward replacement share certificates or electronic statements to each registered Company shareholder that is entitled to receive them, representing their allotted number of Kootenay Silver Shares and Spinco Shares in accordance with the Arrangement. Letters of transmittal have been mailed to registered holders of common shares of the Company, which must be completed and returned to Computershare together with the share certificates of the Company at the address specified in the letter of transmittal, in order for Company shareholders to receive Kootenay Silver Shares and Spinco Shares following the Effective Date. A copy of the letter of transmittal is also available under the Company’s profile on SEDAR at www.sedar.com.

For further details of the Arrangement, please refer to the Company’s management information circular dated August 12, 2021, which is filed on SEDAR under the Company’s profile. The Arrangement remains subject to the final approval of the TSXV.

About Kootenay Silver Inc.

Kootenay 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.

On behalf of the board of directors of the Company:

James McDonald,
CEO and President

For additional information, please contact:

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Certain statements in this press release may be considered forward-looking information. These statements can be identified by the use of forward-looking terminology (e.g., “expect”, “estimates”, “intends”, “anticipates”, “believes”, “plans” or variations of such words and phrases or statements that certain actions, events or results “will” occur). Forward-looking statements in this press release include, but are not limited to, statements regarding the completion of the Arrangement, the Effective Date and the Company obtaining final TSXV approval to the Arrangement.

Such forward-looking information involves known and unknown risks -- including the Company not obtaining the final approval of the TSXV; the Arrangement not being completed; the availability of funds; the results of financing and exploration activities; unanticipated costs, expenses, or liabilities associated with the Arrangement; the interpretation of exploration results and other geological data; or unanticipated costs and expenses and other risks identified by Kootenay in its public securities filings that may cause actual events to differ materially from current expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Kootenay does not undertake to update any forward-looking statements, except as may be required by applicable securities laws.