

# SILVER ASSET DEVELOPMENT NEW DISCOVERIES CONSOLIDATION

## PROMONTORIO



## LA NEGRA



## LA CIGARRA



# FORWARD LOOKING STATEMENTS



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This presentation may contain “forward-looking statements” with the meaning of Canadian securities legislation. These statements can be identified by the use of words such as “expected”, “may”, “will” or similar terms.

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## QUALIFIED PERSON STATEMENT

The Kootenay technical information in this presentation 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.

## CAUTION TO U.S. INVESTORS CONCERNING MEASURED, INDICATED or INFERRED RESOURCES

We advise U.S. investors that while the terms “measured resources”, “indicated resources” and “inferred resources” are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize these terms. U.S. investors are cautioned not to assume that any part or all of the material in these categories will be converted into reserves. It should not be assumed that any part of an inferred mineral resource will ever be upgraded to a higher category.

# INVESTMENT HIGHLIGHTS



## LARGE DIVERSIFIED RESOURCE BASE

- +144 Moz AgEq M&I with 35Moz Ag Eq Inf. – provides strong leverage to silver price

## CAPITAL STRUCTURE

- \$7.0M cash to execute business plan over next 12 to 18 months
- Strategic shareholders: Pan American, Coeur, Agnico, Gold 2000, Sprott

## PATH TO PRODUCTION – FUTURE CASH FLOW

- Promontorio & La Negra optioned to Pan American Silver – Carried to Production Interest

## DISCOVERY UPSIDE

- Creating value with the drill bit on highly prospective green field targets
- Aggressive drilling and development plan underway at La Cigarra & La Negra
- Discovery through multiple joint ventures partners with PROSPECT GENERATOR PORTFOLIO

## PLATFORM FOR AGGRESSIVE GROWTH

- Continued pursuit of other acquisition/ consolidation opportunities

# MILESTONES - PAST 36 MONTHS



- 2013Q2 - UPDATED RESOURCE CALCULATION ON PROMONTORIO - 92Moz AgEq in M&I categories with 24.3Moz AgEq INF.
- 2014Q3 - DRILLING CONFIRMS 2<sup>nd</sup> NEW SIGNIFICANT SILVER DISCOVERY ON PROMONTORIO MINERAL BELT – (La Negra Silver Discovery)
- 2015Q1 - ACQUIRES 52 Moz Ag M+I and 11 Moz Ag Inf. - Merger with Northair Silver; Creating A Leading Mexican Silver Consolidator
- 2016Q1 - PATHWAY TO PRODUCTION – Options Promontorio Mineral Belt to Pan American; KTN retains 25 % CARRIED TO PRODUCTION INTEREST
- 2016Q2 - ACQUIRES 2.5% NSR from Coeur Capital on La Cigarra Project
- 2016Q3 - Pan American Begins 3,400m Drill Program on La Negra
- 2016Q3 - CLOSES C\$6M in Financings – Includes Participation by Pan American to maintain 10% Interest
- 2016Q3 - INITIATES 3,000m Drill Program at La Cigarra Silver Project

# GOALS - NEXT 18 MONTHS

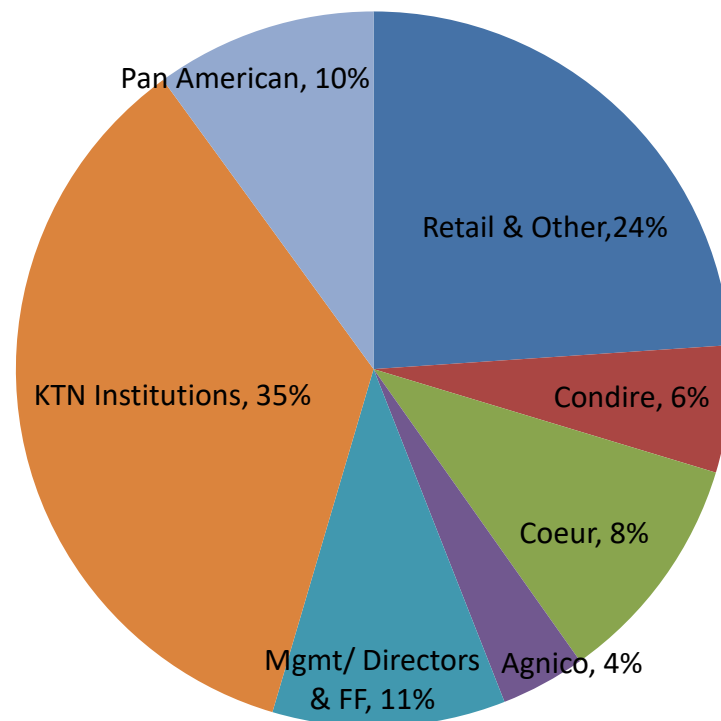


- RESOURCE EXPANSION
  - with drilling underway at La Negra and La Cigarra testing 12 targets in total
- INITIAL RESOURCE CALCULATION on La Negra
- RESOURCE UPDATE & ECONOMIC ASSESSMENT on La Cigarra
- RESOURCE ADDITION via acquisition/consolidation
- ATTAIN new high impact early stage projects via prospect generation
- GENERATE RESULTS from Joint Venture Partners

# CAPITAL STRUCTURE

Exchange (Tier 1)	TSX.V ("KTN")
Issued & Outstanding <sup>(1)</sup>	174.39m
Options	9.66m
Warrants	57.11m
Fully Diluted <sup>(1)</sup>	244.16m
Current Market Cap <sup>(2)</sup>	CAD ~\$76.52m
KTN (shares 52-week High/Low)	C \$0.60/ \$0.165
Average Daily Volume <sup>(3)</sup>	~206,057
Cash Position	~\$7.0m

KTN.WT (Warrants 52 week High/Low)	C \$0.15/ \$0.40
Average Daily Volume <sup>(3)</sup>	~20,000



<sup>(1)</sup> Shares issued and outstanding as at Oct. 21, 2016

<sup>(2)</sup> Slide assumes closing price of C\$0.42 per share, Oct. 21, 2016

<sup>(3)</sup> Average daily volume last 30 days

# BOARD AND MANAGEMENT TEAM FROM DISCOVERY TO OPERATIONS



## MINE BUILDING

- James McDonald - Alamos
- Dick Whittington – Farallon
- Andrea Zaradic - Diamet

## FINANCE & LEGAL

- Jon Morda - Alamos
- Joe Giuffre - Nevsun
- Raj Kang - Salares

## FINANCE & MARKETING

- Ken Berry - Northern Vertex
- Tony Reda - Kaminak Gold

## EXPLORATION

- Tom Richards - Teck, Mansfield, Newmont

# CONSOLIDATION STRATEGY



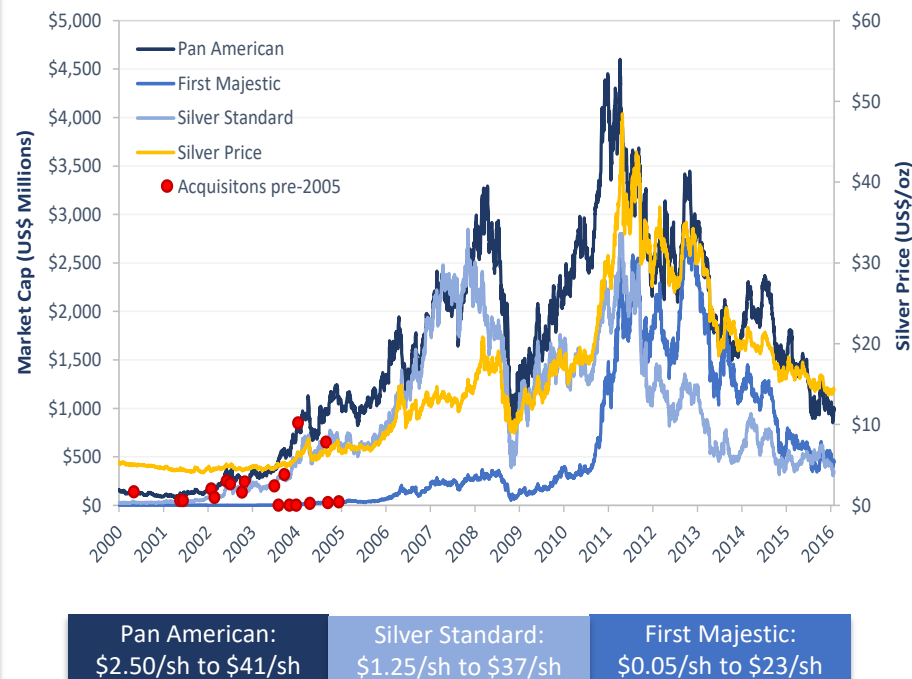
## CONSOLIDATION THESIS

- Purchasing silver resources at less than finding costs provides an efficient way to build a large resource base and leverage to silver price
- Opportunity to consolidate silver exploration & development assets among a highly fragmented peer group
- KTN's Projects provide a large resource base and upside in Mexico
  - 144Moz Ag Eq. of M+I and 35 Moz Ag Eq of Inferred with Good Upside - excluding La Negra<sup>(1)</sup>

(1) Refer to slides 11 and 16 for the required NI 43-101 Technical disclosure related to breakdown of resources in the M, I and I categories, including tonnes, grades and metals. Which assumes 100% recovery of all metals.

## CONSOLIDATION PRECEDENT

### HISTORIC SECTOR PERFORMANCE



- ***Kootenay is pursuing strategic acquisitions and partnerships in the current low silver price environment***



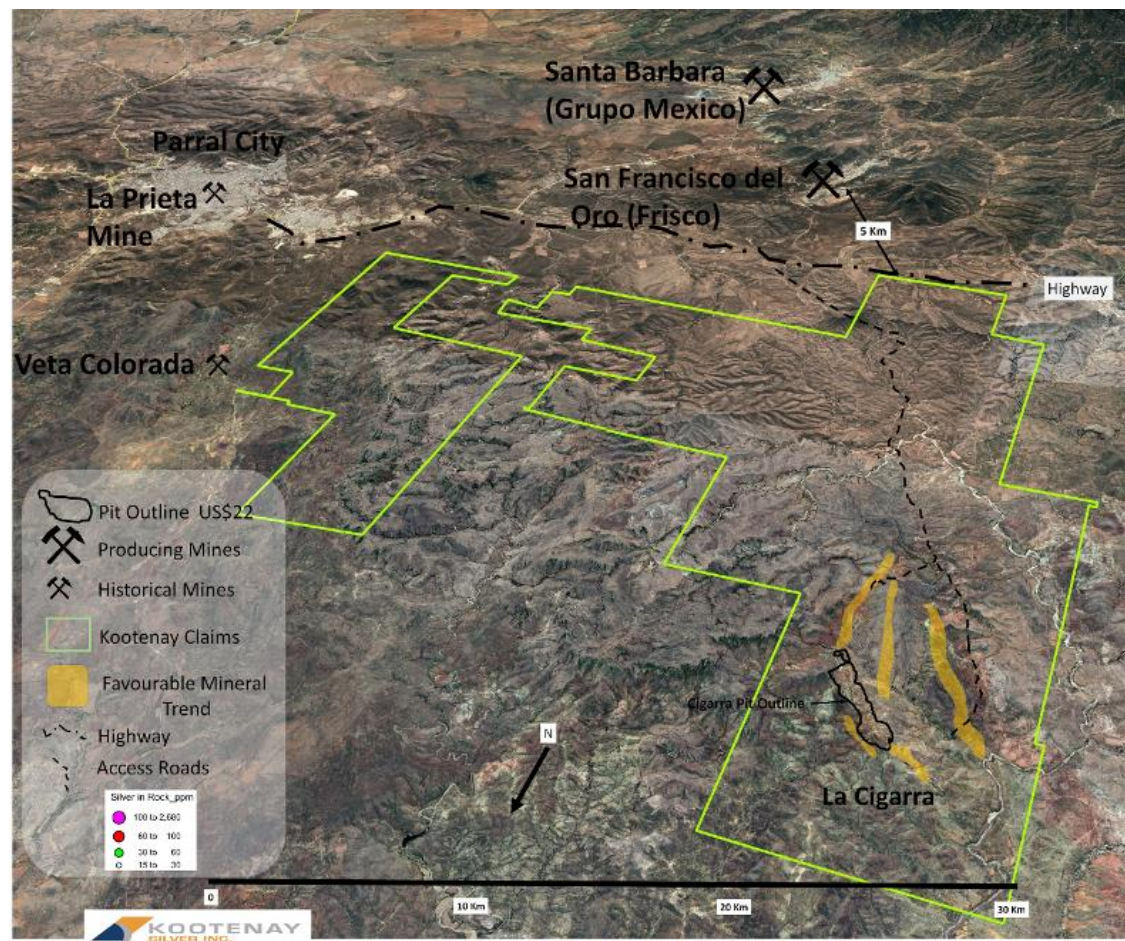
# PROJECTS PROVIDE OPPORTUNITIES FOR DISCOVERY, DEVELOPMENT & CONSOLIDATION



- DISCOVERY in prospect generator portfolio
- RESOURCE DEVELOPMENT at La Cigarra
- PATH TO PRODUCTION with carried interest at Promontorio & La Negra

# LA CIGARRA OVERVIEW

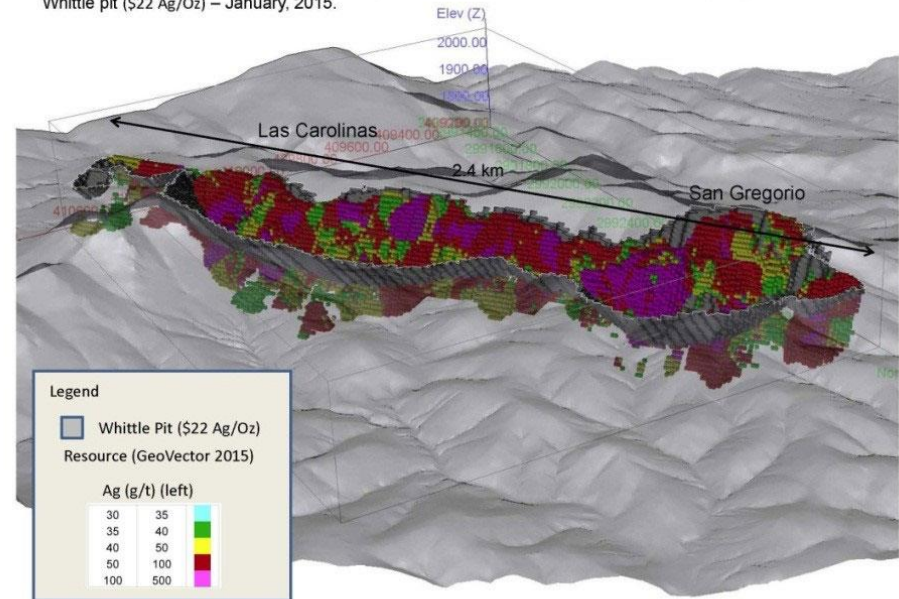
- Located in Chihuahua State, Mexico, within the Historic Parral Silver District
  - over 18,000 hectares in size
  - 26 Km from the city of Parral close to power, rail and highway
- 100% owned with surface rights obtained for mining operations
- Excellent relations with local community and Ejido



# LA CIGARRA RESOURCE

- Resource estimate incorporates data from 156 of 173 drill holes
- Pit constrained, potentially surface minable area comprised of the San Gregorio and Las Carolinas mineralized zones
- Significant expansion potential; open along strike at both ends and at depth
- PEA level metallurgy study shows up to 88% silver recoveries and excellent concentrate grades

3D view looking southwest of the San Gregorio/Las Carolinas resource blocks (>35 g/t Ag), Whittle pit (\$22 Ag/Oz) – January, 2015.



La Cigarra (2015)*	Tonnage	Grade	Contained
<b>Resources</b>			
• M&I	18.5 Mt	86.3 g/t Ag	51.5 Moz Ag
• Inferred	4.5 Mt	80.0 g/t Ag	11.5 Moz Ag

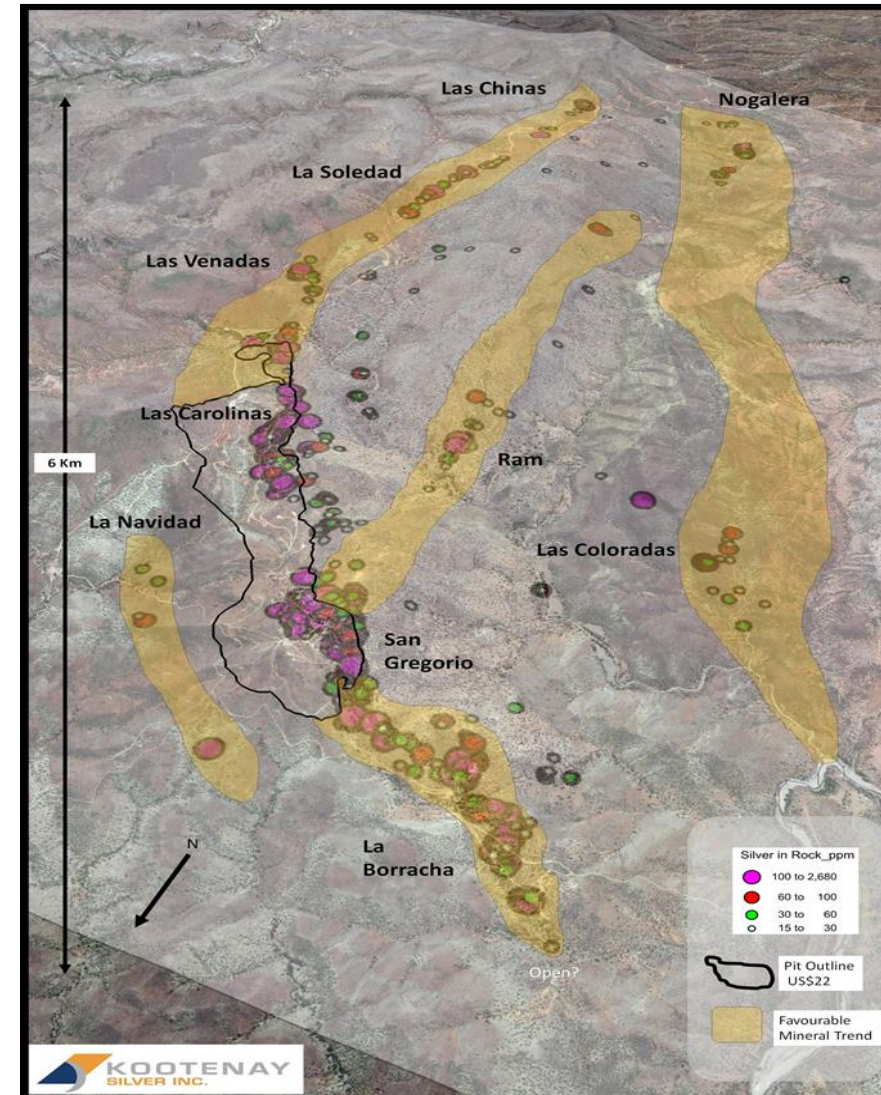
(1) "NI 43-101 Technical Report on the Updated Mineral Resource Estimate on the San Gregorio/Las Carolinas Zones, La Cigarra Silver Project, Chihuahua, Mexico", effective date January 14, 2015 prepared by GeoVector Management Inc.. Mineral resources are reported in relation to a conceptual pit shell at a silver cut-off grade and a \$22/oz silver price.



# LA CIGARRA EXPLORATION POTENTIAL

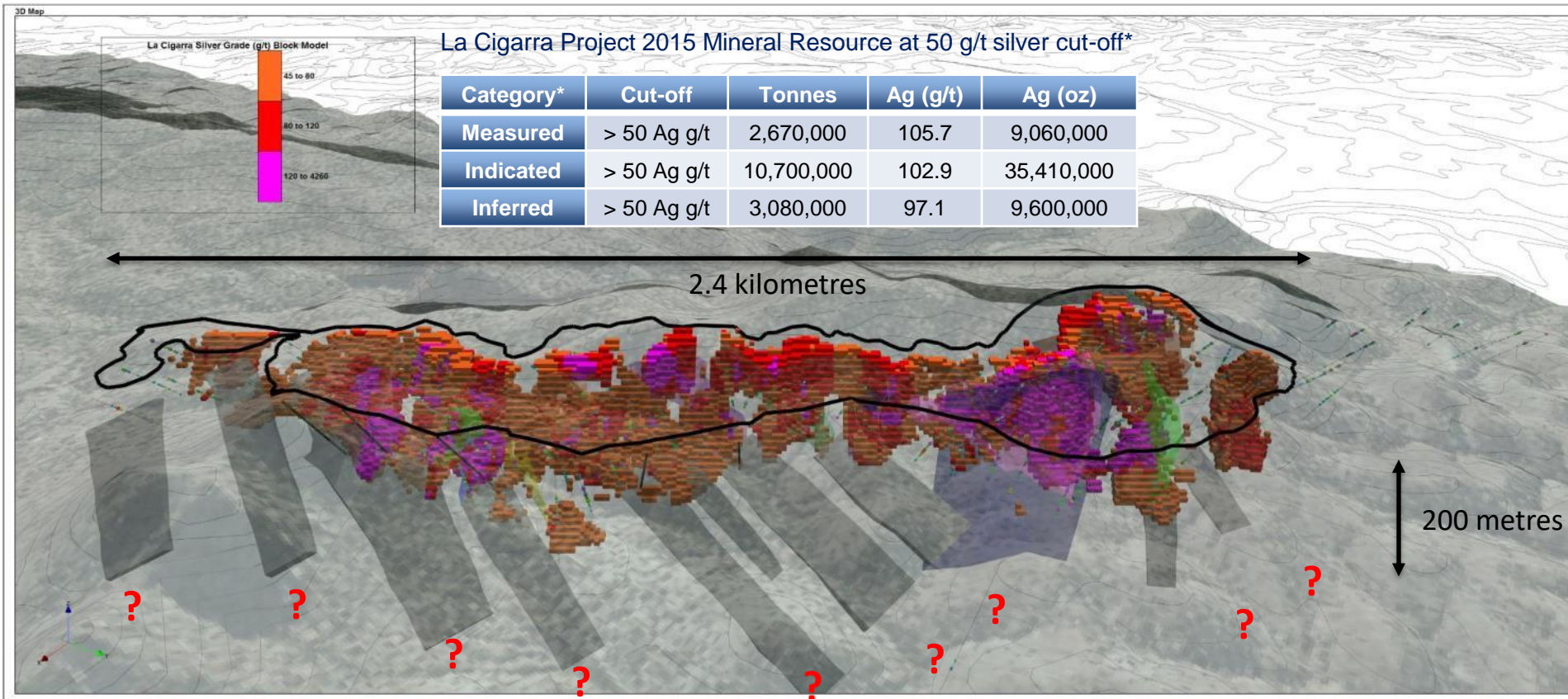


- Numerous targets provide potential to increase resource and grade
- Mineralized structure over 6 km of strike
  - Hosts La Cigarra Resource
- Deposit remains open along strike to the NW and SE, and at depth
- Undrilled targets include:
  - RAM Zone
  - La Soledad Zone
  - La Navidad Zone
  - La Colorada Zone
  - Nogalera Zone
- Multi-phase drill program underway



# HIGH GRADE POTENTIAL

Geological modeling to evaluate potential to expand higher grade zones and improve grade  
(Resource blocks shown below are modeled above a 50 gpt silver cutoff)

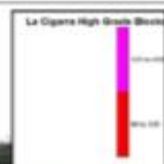


Note: \* Values in this table are reported in relation to a conceptual pit shell at a \$22/oz silver price and for cut-off grades above 35 g/t silver should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.



# HIGH GRADE POTENTIAL

Higher cut offs show continuity of blocks and potential for expansion.  
(Resource blocks shown below are modeled above a 75 gpt silver cutoff)



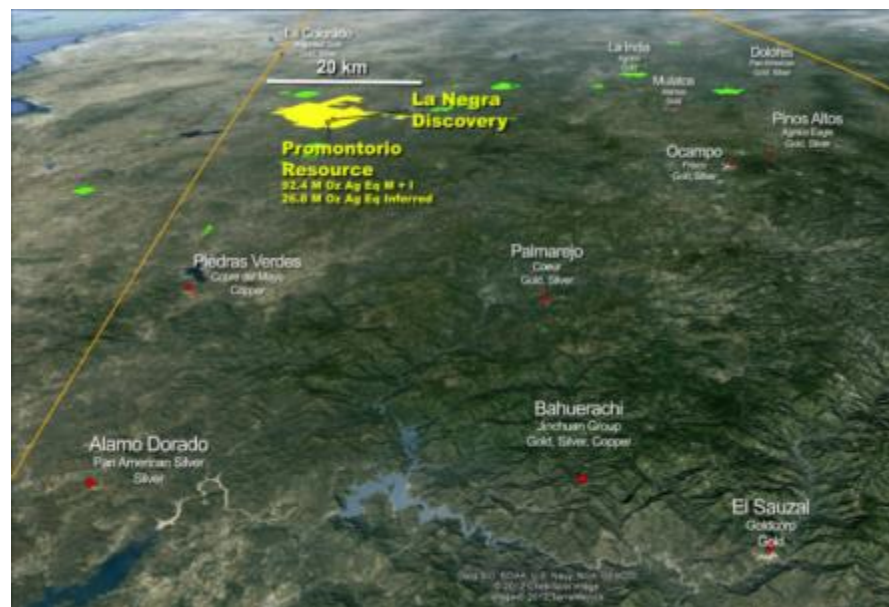
2.4 kilometres

200 metres

Note: \* Values in this table are reported in relation to a conceptual pit shell at a \$22/oz silver price and for cut-off grades above 35 g/t silver should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.

# PROMONTORIO MINERAL BELT

- Optioned to Pan American Silver
- Hosts two major silver discoveries: Promontorio & La Negra
- New high-grade La Negra silver discovery
- Numerous additional targets within a 6.5km x 15km area, including the Cameron-Vania trend
- Pan American to spend 32% or US\$3.7M of its 2016 exploration budget on greenfield and Joint Venture projects such as La Negra

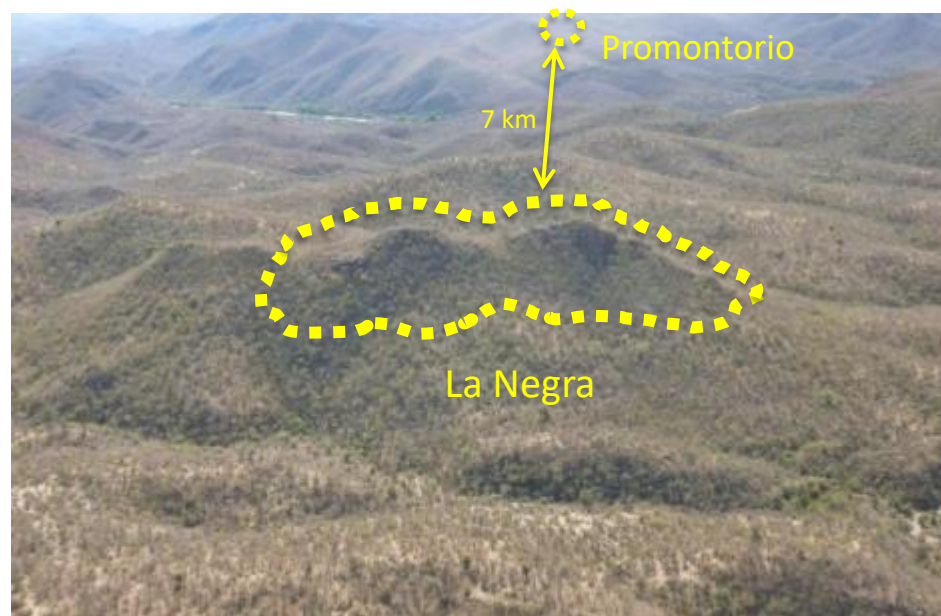


Promontorio (2013)*	Tonnage	Grade	Contained
<b>In-Pit Resources</b>			
• M&I	44.5 Mt	64.3 g/t AgEq	92.0 Moz AgEq
• Inferred	14.6 Mt	52.0 g/t AgEq	24.3 Moz AgEq
<b>Underground Potential</b>			
• M&I	0.2 Mt	57.0 g/t AgEq	0.4 Moz AgEq
• Inferred	1.3 Mt	61.1 g/t AgEq	2.5 Moz AgEq

(1) "NI 43-101 Technical Report on Resources, Promontorio, Mexico", Report by SRK Consultants Inc. Effective date March 31, 2013. Calculated at a pit-constrained cut-off of 20 g/t AgEq, and an underground cut-off of 45 g/t AgEq using a \$31/oz silver price. AgEq calculated using \$31/oz Ag, \$1,650/oz Au, \$0.96/lb Pb, \$0.89/lb Zn, assuming 100% recovery of all metals.

# LA NEGRA DISCOVERY

- High-grade silver intercepts to 300m vertically from surface
- Open Pit Low Cost Potential
- Surface footprint of ~500m x 200m
- Metallurgy indicates potential for leach extraction in 80 to 90% Range
- 5,400m diamond drill program underway by Pan American



## High-grade drill results to date

- |                        |                        |
|------------------------|------------------------|
| ■ 3,040 g/t Ag over 1m | ■ 420 g/t Ag over 50m  |
| ■ 1,338 g/t Ag over 6m | ■ 213 g/t Ag over 28m  |
| ■ 468 g/t Ag over 18m  | ■ 156 g/t Ag over 200m |



# LA NEGRA RECENT DRILL RESULTS



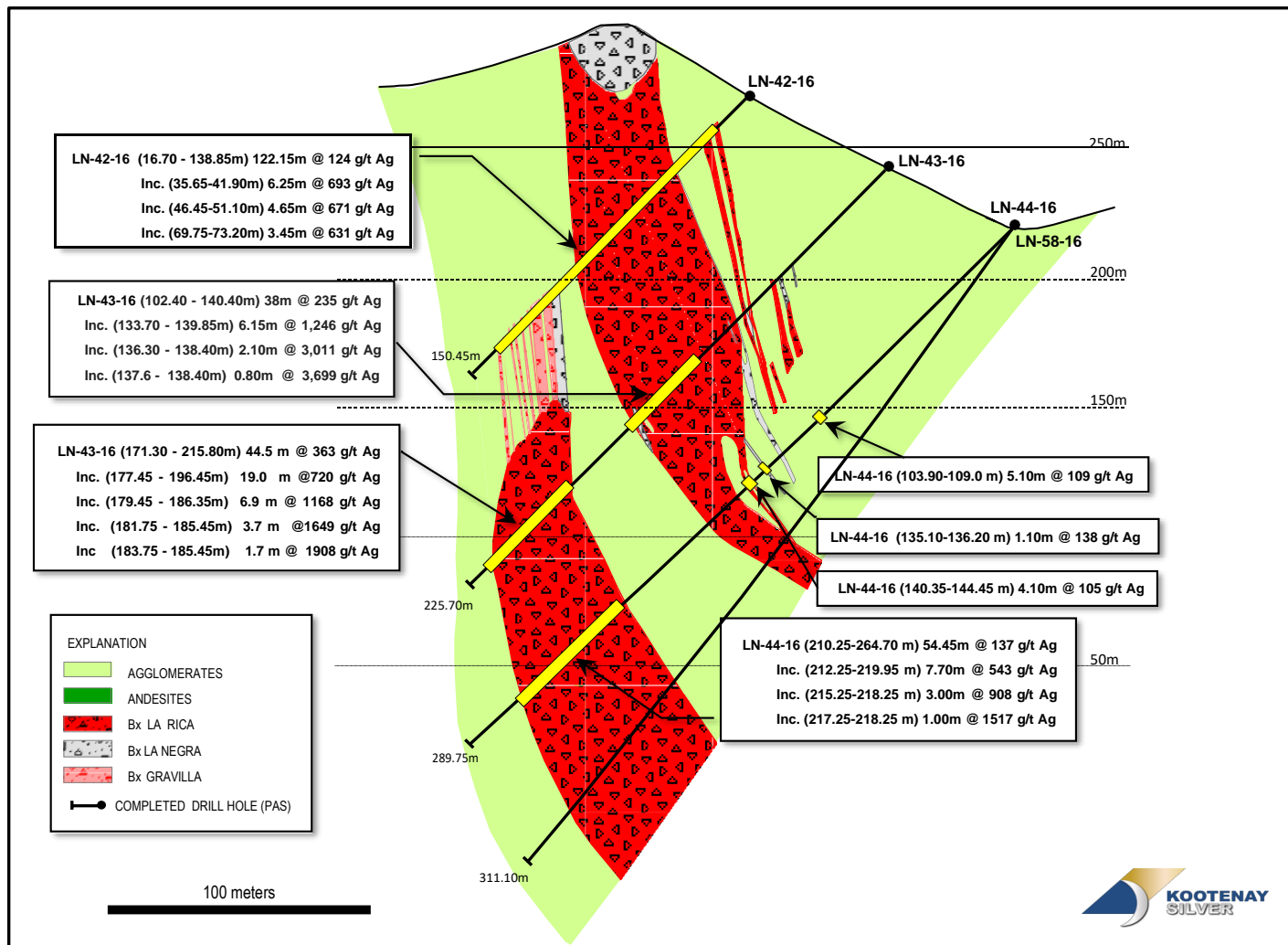
Drill hole	From (m)	To (m)	Interval (m)	Ag gpt
LN-42-16	16.7	138.85	122.15	124
Incl.	35.65	41.90	6.25	693
Incl.	46.45	51.10	4.65	672
Incl.	69.75	73.20	3.45	631
LN-43-16	88.20	89.10	0.90	373
and	92.60	93.20	0.60	161
and	95.35	95.85	0.50	146
and	102.40	140.40	38.00	235
Incl.	133.70	139.85	6.15	1,246
and	171.30	215.80	44.50	363
Incl.	177.45	196.45	19.00	720
LN-44-16	103.90	109.00	5.10	109
and	135.10	136.20	1.10	138
and	140.35	144.45	4.10	105
and	210.25	264.70	54.45	137
Incl.	212.25	219.95	7.70	543
LN-45-16	82.20	102.40	20.20	73
and	120.30	147.80	27.50	59
Incl.	120.30	121.40	1.10	951

Drill hole	From (m)	To (m)	Interval (m)	Ag gpt
LN-46-16	151.80	212.55	60.75	76
Incl.	178.40	192.00	13.60	137
LN-47-16	165.20	182.25	17.05	65
Incl.	165.20	170.80	5.60	116
and	205.50	206.50	1.00	158
LN-48-16	108.55	116.05	7.50	81
Incl.	109.30	114.10	4.80	109
and	142.9	147.70	4.80	113
Incl.	146.40	147.70	1.30	305
and	165.70	193.75	28.05	97
Incl.	179.85	193.75	13.90	141
Incl.	180.75	182.60	1.85	648
LN-50-16	39.05	73.00	33.95	66
Incl.	43.70	56.05	12.35	81
Incl.	66.65	73.00	6.35	103
Incl.	68.00	69.00	1.00	263
LN-52-16	116.70	117.70	1.00	163
LN-53-16	0.00	27.15	27.15	74
Incl.	10.70	15.35	4.65	131

**Note: all intervals are downhole. Holes are oriented approximately perpendicular to the mineralized trends, and downhole lengths may be slightly shorter than the stated interval.**

# LA NEGRA CROSS SECTION

## LA NEGRA - 627,500 DRILL HOLE SECTION



# KOOTENAY - PAN AMERICAN (PAS) CARRIED TO PRODUCTION DEAL



- Provides pathway to production and future cash flow
- Augments and strengthens consolidation platform
- KTN carried interest mitigates project and finance risk
- To earn 75% PAS invests:
  - US\$16 million in work and cash payments; pay up front C\$350k
  - PAS invests C\$2 million in equity at \$0.22 per share
  - Provides all capital to production<sup>(1)</sup>

<sup>(1)</sup> PAS Preferred Capital Recovery – Upon PAS earning 75%, KTN is carried to production. All capital invested to the commencement of commercial production by PAS over their 75% interest shall be deemed Preferred Capital and recoverable by them plus interest charged at Libor plus 2% on an accelerated basis being 60% of KTN's 25% interest until repayment. This will make the pro rata interest until repayment of preferred capital equal to 90% PAS and 10% KTN. Upon repayment the JV will revert to ownership of 75% PAS and 25% KTN.

# PROSPECT GENERATOR PORTFOLIO



Canada	Exploration Properties	Optioned Properties
	Copley Spike's Big Adventure Walter the Water Buffalo Connors Creek	Silver Fox – Antofagasta 2X Fred, Fox – Theia Resources
Mexico	Exploration Properties	Optioned Properties
	Santa Lucia Guadalupe Male San Diego	Cervantes – Aztec Metals

**Continued strategy of pursuing JV opportunities feeding the development pipeline and reducing capital and project risk**

# FORWARD PLAN & CATALYSTS



	Near Term	Mid Term
La Cigarra	<ul style="list-style-type: none"> <li>3,000m drill program underway</li> <li>Three phase drill plan to test undrilled targets and strike of La Cigarra Resource</li> </ul>	<ul style="list-style-type: none"> <li>Update Resource Calculation</li> <li>PEA</li> </ul>
Promontorio / La Negra	<ul style="list-style-type: none"> <li>Under Option to Pan American Silver</li> <li>5,400m of drilling underway at La Negra with surface exploration program</li> </ul>	<ul style="list-style-type: none"> <li>Pan American Silver to evaluate project development options</li> <li>Initial Resource Calculation at La Negra</li> </ul>
Prospect Generator Portfolio	<ul style="list-style-type: none"> <li>JV Partners to determine work programs amongst the three active ventures</li> <li>Evaluate on-going joint venture opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Acquire new high impact early stage projects via prospect generation</li> <li>Results from Joint Venture Partners</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>Continue to evaluate other consolidation targets</li> </ul>	<ul style="list-style-type: none"> <li>Resource addition via acquisition/consolidation</li> </ul>

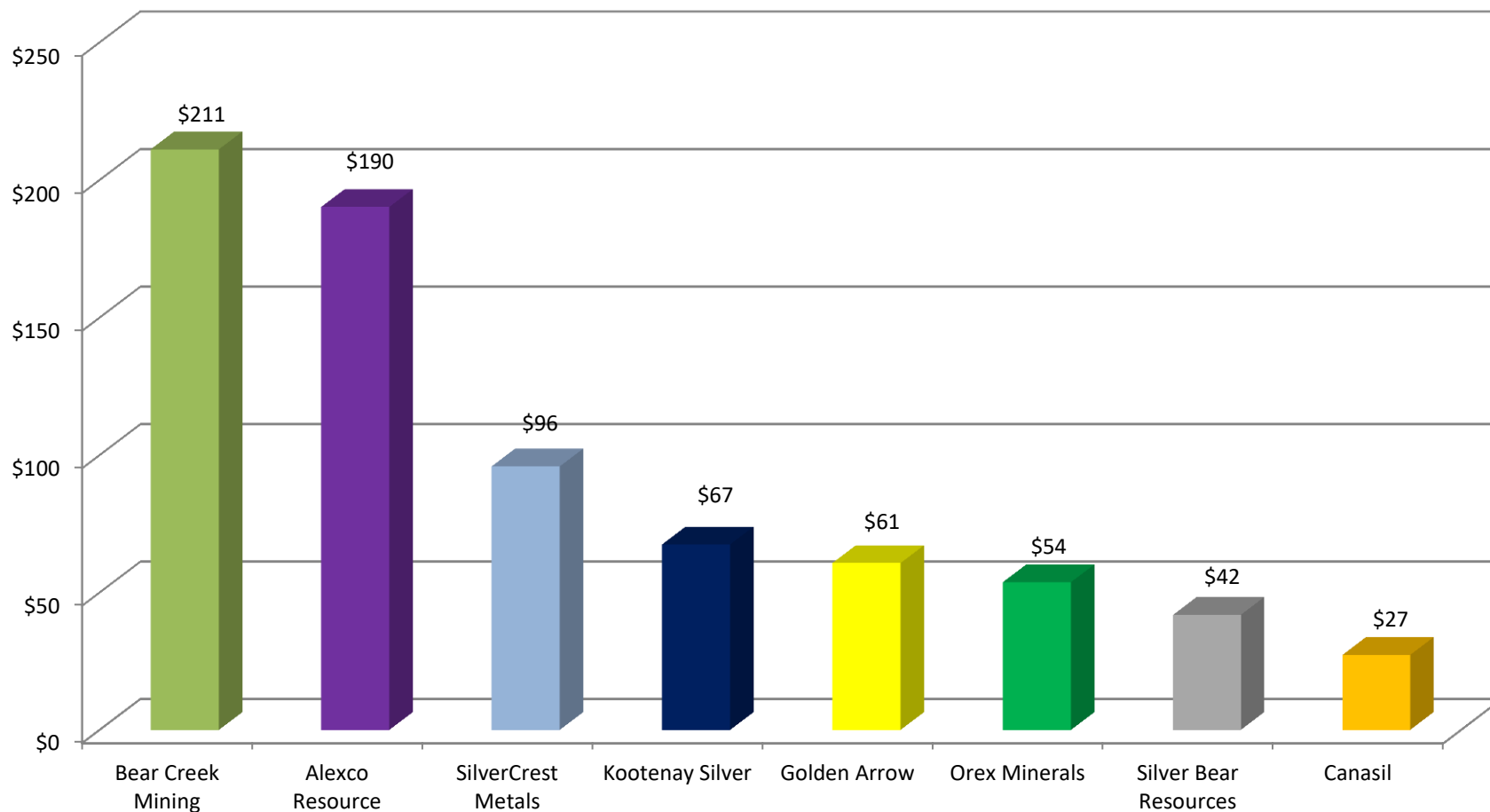
**Strong continuum of assets to provide steady news flow**

# SILVER DEV. / EXP. PEER GROUP



## Market Cap. (C\$M)

(as at Nov. 11, 2016)



# KOOTENAY'S KEY TAKE-AWAYS



- LEADING MEXICAN SILVER CONSOLIDATOR & DEVELOPMENT COMPANY
  - Combined 144Moz AgEq M&I with 35Moz AgEq Inf. ...with more to come
- LARGE CAPITAL MARKETS PRESENCE
  - GREATER LIQUIDITY for shareholders
- PLATFORM FOR AGGRESSIVE GROWTH through:
  - RESOURCE DEVELOPMENT at La Cigarra
  - PATH TO PRODUCTION with carried interest at Promontorio & La Negra
  - DISCOVERY by drilling new zones and within prospect generator portfolio
- CONTINUATION OF ACQUISITION/ CONSOLIDATION STRATEGY
  - Silver ounces are cheaper to buy than they are to find
- POTENTIAL VALUE RE-RATING
  - RESOURCE EXPANSION and advancement to ECONOMIC ASSESSMENT
  - LEVERAGE to silver price

# CONTACT US



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