



July 11, 2017

KOOTENAY SILVER REPORTS THAT PAN AMERICAN SILVER COMMENCES DRILLING AT LA NEGRA PROJECT, MEXICO

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce that Pan American Silver Corp. (“Pan American”) has informed Kootenay that a drill program has commenced on the Company’s La Negra high grade silver discovery contained within the Promontorio Mineral Belt Project located in Sonora State, Mexico.

The program, operated by Pan American, will total approximately 4,055 meters of core drilling over 25 holes. Drilling will focus on brownfield targets and consist of primarily infill drilling as well as step out holes to depth.

The drill program is part of an earn-in option agreement between Kootenay and Pan American that provides Kootenay with a series of work and cash commitments and a carried to production interest on La Negra. Click to view: [Details of La Negra Option Agreement with Pan American](#).

About the La Negra High Grade Silver Discovery

The La Negra discovery is a hydrothermal-diatreme breccia exposed over a 150 x 500 meter area contained within the Promontorio Mineral Belt Project, approximately seven (7) kilometres north of the Promontorio silver deposit in Sonora State, Mexico.

Since the initial discovery in 2014, Kootenay has completed a total of 6,200 meters of drilling over 41 core holes. Results have confirmed significant intervals of high grade, widespread silver mineralization extending from surface to depth of 300 meters. Highlights from these drill programs include **hole LN-21 reporting 200 metres of 156 g/t silver with the bottom 50 metres grading 420 g/t silver including 6 metres of 1,337 g/t silver**.

Pan American began managing the La Negra exploration program in April 2016. Drilling conducted by Pan American confirmed high-grade results previously reported by Kootenay as well as the presence of a second breccia zone further to the south, which currently remains open at depth. To date, Pan American has completed a total of 6,800 meters of drilling over 29 core holes. Click to view: [Comprehensive Drill Results Completed on the La Negra Discovery](#).

Sampling and QA/QC

Samples were assayed by Inspectorate of Hermosillo, Mexico, using four acid digestion 35 element ICP analytical methods with fire assay for Au and Ag with atomic absorption finish and gravimetric finish, respectively. Pan American has followed a Quality Assurance/Quality Control program comprised of the insertion of blank material and certified standard samples at a frequency of one each for every 20 samples. There is no known drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to in the table. Holes are drilled with a diamond core drill rig.

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

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 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 July 10, 2017. 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.

Cautionary Note to US Investors: *This news release may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties. This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.*

This press release uses the terms "Measured", "Indicated", and "Inferred" resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

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