



August 30, 2017

KOOTENAY ANNOUNCES DRILLING ON NEW LA CIGARRA DISCOVERY EXTENDS SILVER MINERALIZATION 140 METERS TO THE NORTHEAST

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce results from hole CC-17-28 drilled to test the extension of a large new mineralized zone recently discovered in the Venadas target area on its La Cigarra Silver project in Chihuahua State, Mexico.

The Company reports assays from hole CC-17-28 returned a series of good grading silver intercepts, extending the new discovery zone 140 meters northeast of original discovery hole CC-17-26.

The weighted average intervals are:

Hole CC-17-28

- 168.64 gpt silver over 7.0 meters, within
- 121.25 gpt silver over 12.0 meters and
- 92.88 gpt silver over 24.20 meters

All intervals are core length as the strike, dip and shape of the zone and thus true widths are unknown at this time.

The strength and intensity of brecciation, veining and alteration observed in hole CC-17-28 is consistent with discovery hole CC-17-26, which bottomed in veining. Textures are indicative of a variant of an epithermal hydrothermal breccia complex. The new discovery zone is contained within the project’s Venadas target area 1000 meters south of La Cigarra’s established NI 43-101 resource. To view a set of maps click on the following link: [Las Venadas Plan and Cross Sections Maps](#).

Kootenay President and CEO James McDonald states, “The grades and characteristics of mineralization encountered 140 meters away from hole CC-17-26 further supports the large-scale nature and potential continuity of the new zone. We are looking forward to further drill testing of this exciting new discovery.”

The results represent only the upper part of the zone, as the hole was unable to drill further due to encountering faulted rock. Accordingly, it is believed the larger and stronger part of the system remained untested by the hole. In hole CC-17-26 more than 250 meters of veining, vein breccia was encountered right to the bottom of the hole with the stronger part of the zone toward the bottom of the intercept.

The intercept is 140 meters northeast of CC-17-26 and 62 meters deeper establishing some meaningful extent to the zone in just the second hole.

New Discovery Zone Proximity:

The new discovery zone is contained within La Cigarra’s Venadas target, which comprises a broad area of alteration and mineralization containing various different structures with vein-breccia, veins and veinlets, over an area measuring 500 by 800 meters. It is part of a trend of distinct mineralized structures,

extending from La Borracha to the southward through the La Cigarra deposit (which includes the San Gregorio and Las Carolinas zones) into Las Venadas and further into Soledad and Los Chinos, over a distance of 6 kilometers.

Upcoming Drilling and Development:

Drilling will now move back to site CC-17-26, which bottomed in mineralization after drilling over 250 meters of veining, vein breccia. A shallower hole will be drilled from this site to finish testing the full extent of mineralization not tested in CC-17 26 and to provide a third intercept into the new zone which will aid in determining its shape needed to design further drilling. Once determined a drill program will be finalized for immediate and aggressive follow up drilling.

Sampling and QA/QC

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.

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.Geol, President, CEO & Director for Kootenay, a Qualified Person.

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 August 29, 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.

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