



August 22, 2018

KOOTENAY SILVER REPORTS 0.47 GPT GOLD OVER 222.0 METERS FROM ROCK SAMPLING PROGRAM AT CERVANTES GOLD PROJECT, SONORA MEXICO

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce that Aztec Minerals Corp. (“Aztec”) has reported positive sample results on Kootenay’s Cervantes gold property (“Cervantes” or the “Property”) located in Sonora, Mexico.

Rock chip-channel sampling conducted by Aztec (see table below) returned 0.47 gpt gold over 222.0 meters from Line B taken along drill roads at the California porphyry gold-copper prospect. Highlights of the program also include sample results from five of the seven sample lines that confirm highly anomalous soil sample results and extensive porphyry-type gold mineralization intersected in the Phase 1 drill program ([click to view map](#)).

Line Sampling Results

Line Number	Continuous Length in Meters	Gold (gpt)
A	75.0	0.11
B	222.0	0.47
C	84.0	0.40
D	183.0	0.32
E	81.0	0.53
F	33.0	0.26
G	111.0	0.02

Of particular interest is rock sample line G which returned 0.02 gpt gold over 111.0 meters adjacent to drill hole 18CER017 which intersected 0.35 gpt gold over 116.0 meters with 62.0 meters of 0.50 gpt gold. More studies are required to understand the controls on mineralization and infill drilling should help to better define the geometry of the subsurface mineralized zones.

Aztec’s Phase 2 exploration program consists of geological mapping, rock, soil and sediment sampling and airborne magnetic and radiometric surveys to focus on better defining additional drill targets on the recently expanded (3,649 hectares) the Property.

New Terraspec SWIR analysis of core samples was recently conducted and results are under evaluation. Preliminary results suggest a good correlation between elevated gold values and high temperature muscovite and/or illite phyllosilicates. Recognizing the minerals associated with gold mineralization will assist Aztec in prospecting the rest of the Cervantes property. The Terraspec SWIR measures and identifies specific minerals including higher temperature, well-crystallized minerals often associated with gold mineralization.

To date, soil sampling results range from 0.00 gpt up to 3.30 gpt gold (mostly 0.01 to 1.0 gpt gold) and confirm four historic prospects as highly anomalous gold targets ([click to view map](#)):

- California north extension soil assays up to 0.33 gpt gold, open to north and west
- Purisima East soil assays up to 3.3 gpt gold, 15 samples > 1.0 gpt gold, 700x700 meter anomaly

- Purisima West soil assays up to 0.61 gpt gold, open to east
- Jacobo soil assays up to 0.66 gpt gold, open in all directions

The previous IP-resistivity survey over the California prospect outlined a large, strong chargeability anomaly interpreted to be a zone of porphyry related sulfide mineralization extending from the interpreted base of the oxide zone around 100 metres deep plunging to the southeast down below the 400 metre depth limit of the survey. This chargeability anomaly remains a top priority drill target to expand the known porphyry type mineralization at the California prospect.

The airborne magnetic and radiometric survey is scheduled for completion in October after the rain season is over. The airborne geophysical data should assist in identifying new prospective targets as well as refining our understanding of the multiple existing targets at Cervantes. At that time, Aztec will evaluate its priorities for the next phase of drilling.

The Cervantes Property is held under an earn-in option to agreement whereby Aztec Minerals can acquire up to 100% interest in the property in two stages. Upon completion of the two stage earn-in, Kootenay will retain a 2.5 % NSR and receive a payment of US\$5.00 per ounce of gold or gold equivalent based on a NI 43-101 Resource Estimate. For more information see the Company's news release dated October 13, 2015.

Sampling and QA/QC

All rock samples were put into plastic bags, labeled with sample number, closed with zip ties, and placed in polyfiber sacks by Aztec Minerals. Chip-channel samples were collected in 3.0 m intervals and described in detail. Blanks and certified standards were inserted into the chip-channel sample stream and subsequently reviewed, without any outliers or abnormal results. Soil samples were collected in the field with a minus 10 sieve, collecting 1.5 to 2.0 kg samples and placed in manila envelopes. The rock and soil samples were delivered to Bureau Veritas Laboratories in Hermosillo and analyzed for gold using a 30 gram sample by fire assay fusion with AAS finish. The XRF scanning for base and trace elements was conducted by a geologist in Hermosillo with an Innovex Delta, under Aztec supervision.

Qualified Persons

The Kootenay scientific and 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 Kootenay by James McDonald, P.Geo, 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 dprojects located in prolific mining districts in Sonora, State and Chihuahua, State, Mexico, respectively.

On Behalf of the Board of Directors of

KOOTENAY SILVER INC.

“James McDonald”

President & CEO

For additional information, please contact:

James McDonald, CEO and President at 403-880-6016

Ken Berry, Chairman at 604-601-5652; 1-888-601-5650

or visit: www.kootenaysilver.com

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CAUTIONARY NOTES:

The sampling results disclosed in this news release are not necessarily indicative and drilling is required to confirm a mineral deposit.

*The information in this news release has been prepared as at August 21, 2018. This news release contains “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “**forward-looking statements**”). All statements, other than statements of historical fact, that address activities, events or developments that Kootenay Silver Inc. (“**Kootenay**” or the “**Company**”) believes, expects or anticipates will or may occur in the future including, without limitation, the anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits and sampling results from the Cervantes Project and other properties, the anticipated content, commencement, and cost of exploration programs in respect of the Company’s projects and mineral properties, the anticipated business plans and timing of future activities of the Company, future capital expenditures (including the amount and nature thereof), business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of the business and operations, plans and references to the future success of the Company, and such other matters, are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to Kootenay and often use words such as “expects”, “plans”, “anticipates”, “estimates”, “believes”, “intends”, “potential”, “may” or variations thereof or the negative of any of these terms.*

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Kootenay. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to obtain sufficient financing to fund its business activities and plans, operating and technical difficulties in connection with mineral exploration and development and mine development activities for Company’s projects generally, actual results of exploration activities (including the estimation or realization of mineral reserves and mineral resources), the timing and amount of estimated future production, costs of production, capital expenditures, the costs and timing of the development of new deposits, the availability of a sufficient supply of water and other materials, requirements for additional capital, future prices of gold and silver, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities, possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities, changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions, as well as those factors discussed under “Risk Factors” in the Company’s most recent annual management’s discussion and analysis and other filings of the Company with the Canadian Securities Administrators, copies of which can be found under the Company’s profile on the SEDAR website at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it was made, and except as may be required by applicable securities laws, Kootenay disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although Kootenay believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

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.

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