



February 2, 2017

KOOTENAY ANNOUNCES ALL SEVEN DRILL HOLES ON LA SOLEDAD INTERCEPT SILVER MINERALIZATION AT LA CIGARRA PROJECT, MEXICO

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce results from the seven remaining drill holes of its 3000 meter, phase I exploration drill program on mineralized targets proximal to its La Cigarra silver deposit in Chihuahua State, Mexico. The holes tested a 700-meter strike length of the La Soledad structure, which extends southward along strike from the La Cigarra silver deposit for a distance of approximately 2 kilometers. All seven holes intercepted significant widths of veining and varying grades of silver mineralization confirming the presence of a large mineralized structure. Click to view: [La Soledad Drill Plan](#).

James McDonald, President and CEO stated “We are very encouraged with the consistency of results from our initial drilling on the Soledad structure and its potential to yield future discoveries along its 2 kilometer strike length. These results, combined with the success of the previous 11 holes of the phase I drill program that identified an entirely new silver discovery within a 400 meter strike length on the nearby RAM structure, reinforces our belief that La Cigarra and its surrounding mineralized structures offer significant development potential to add to our future silver resources.”

The 18 hole drill program totaling 3000 meters is the first stage of a multi-phase program evaluating several high priority targets identified proximal to the La Cigarra silver deposit with the potential to add near surface silver resources to the La Cigarra project. The first 11 holes of the Program completed by the Company resulted in a new silver discovery within a 400-meter long strike length on the RAM structure, (see [Kootenay news release dated November 23, 2016](#)).

A summary of the drilling within La Soledad Zone is provided in the table below:

Hole ID	From (meters)	To (meters)	Interval (meters)	Silver (gpt)	Gold (gpt)	Pb+Zn (%)	Cu (%)
CC-16-12	34.00	66.00	32.00	13.18	0.025	0.61	0.23
Including	54.50	57.00	2.50	21.00	0.049	0.565	1.04
and	156.63	166.00	9.37	23.90	0.024	0.02	0.01
Including	156.63	160.50	3.87	33.00	0.026	0.03	0.022
CC-16-13	199.00	200.00	1.00	54.00	0.372	0.1	0.041
CC-16-14	105.20	127.10	21.90	10.29	0.065	1.229	0.031
Including	116.40	124.60	8.20	15.33	0.142	1.35	0.05
CC-16-15	158.00	162.00	4.00	36.00	0.037	0.037	0.008
and	199.25	200.90	1.65	17.00	0.038	0.441	0.019
CC-16-16	120.70	121.60	0.90	3.00	0.032	0.583	0.486
and	165.50	167.00	1.50	45.00	0.041	0.004	0.006
CC-16-17	15.00	35.00	20.00	4.53	0.014	0.234	0.035
and	73.50	76.50	3.00	10.50	0.081	0.397	0.01
CC-16-18	40.00	52.00	12.00	16.00	Pending	0.368	0.009
Including	51.40	52.00	0.60	26.00	Pending	0.688	0.012

Follow up drilling on both the 3.8 kilometer RAM and 2.0 kilometer Soledad structures remain a priority for the Company, as does the drilling of known underlying high-grade mineral extensions on the La Cigarra silver deposit.

At the present time, Kootenay's technical team is nearing the completion of a comprehensive exploration program that includes detailed mapping, sampling and re-logging of previous drill core related to the La Cigarra silver deposit. This work is being conducted in order to gain a better understanding of what controls the high silver grade within the La Cigarra deposit. In addition, the work will assist the Company in the design of a future drill program focused on the expansion of the silver resource, which is anticipated to begin within the first quarter of 2017.

Kootenay is also planning on conducting further metallurgical testing to assess the use of the SILVOX leach process as a viable low-cost option for development of oxide and sulfide resources of its La Cigarra silver deposit. For details of the Company's preliminary metallurgical results using the SILVOX proprietary leaching process (see [Kootenay news release dated January 22, 2017](#)).

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 under the direction of qualified geologists and stored in sealed bags. 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 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.

Qualified Persons

The 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.

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. The Company's top priorities are the advancement of the La Cigarra silver project and the Promontorio Mineral Belt, in Chihuahua, Mexico and Sonora, Mexico, respectively. The La Cigarra property is 26 kilometers from the historic mining city of Parral and boasts nearby power, good road access, gentle topography, and established infrastructure. La Cigarra currently hosts a resource estimate of 18.54 million tonnes containing 51.47 million ounces of silver in the Measured & Indicated categories grading 86.3 g/t silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 g/t silver. The mineralized system at La Cigarra has been traced over 6.5 kilometers and is defined at surface as a silver soil anomaly and by numerous historic mine workings. The La Cigarra silver deposit is open along strike and at depth and is approximately 25 kilometers north, and along strike, of Grupo Mexico's Santa Barbara mine and Minera Frisco's San Francisco del Oro mine. The Promontorio Mineral Belt includes the Company's La Negra high-grade silver discovery and its Promontorio Silver Resource. The Promontorio Mineral Belt is under option to Pan American Silver whereby they can earn a 75% interest in the project with US\$16 million of expenditures and payments with Kootenay retaining a 25% carried to production interest (see news release February 16 and March 4, 2016). The Promontorio Silver Resource

currently hosts a resource estimate of 44.5 million tonnes containing 92 million ounces of silver equivalent in the Measured & Indicated categories grading 64.3 g/t silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 g/t silver equivalent. The Company's core objective is to create value by acquiring silver resources through discovery and acquisition and testing those resources with the ultimate goal of developing them into silver production if they are proven to be economically viable.

For additional information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

The information in this news release has been prepared as at February 1, 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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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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