



March 2, 2017

**KOOTENAY ANNOUNCES 2017 DRILL AND EXPLORATION PROGRAM TO
COMMENCE ON LA NEGRA SILVER DISCOVERY IN SONORA, MEXICO
OPERATED BY PAN AMERICAN SILVER CORP**

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce plans are underway to proceed with the 2017 exploration program being conducted and operated by Pan American Silver Corp on its La Negra silver discovery in Sonora, Mexico. The program is part of an 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.

The 2017 program will focus on defining the potential size of the La Negra magmatic hydrothermal silver-lead breccia. The current program budget is US\$2.0 million and will entail approximately 6500 meters of diamond drilling, geologic mapping and reconnaissance work to define additional prospective targets proximal to La Negra within the Promontorio project. Drilling is scheduled to start late in the second quarter.

States Kootenay President and CEO James McDonald “We are very pleased to launch with the 2017 drill and exploration program on the La Negra silver discovery. We look forward to this next phase of work in particular to the drill results from the La Negra breccia that in 2016 returned multiple intercepts of high-grade silver mineralization within a 600-meter strike length of the breccia, remaining open at depth.”

Further details will be reported by Kootenay once Pan American confirm the upcoming exploration and drill program has been finalized and a drilling contractor has been engaged.

There are currently 4 additional holes to report from the 2016 Phase I program with Pan American Silver that will be reported once assay results are received and compiled by the Company.

Results from Phase I Exploration and Drilling Program on La Negra:

Pan American began managing the exploration program in April 2016 and commenced re-logging drill core, geological mapping and re-interpretation, and completed 62 km of magnetic ground surveys. Pan American initiated a 3,500 m drilling program in July 2016 with the objective of infilling the La Negra drill coverage to 50-meter center’s and testing the along-strike and down dip extents as well as following up on geophysical and geological anomalies elsewhere within the exploration concessions.

Based on Pan American’s work Kootenay reported that a series of deeper infill drill holes from the first 11 holes of the current program confirmed high-grade results from previous drilling (See Kootenay News release October 25, 2016) Based on the initial success of the Phase I program, in October 2016 Pan American extended the drill program by an additional 3,300 meters.

Results from the most recent 13 holes of the Phase I drill program on La Negra support previous results and look to have defined the strike extent of mineralization with the breccia, remaining open at depth.

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.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 projects located in prolific mining districts in Sonora, State and Chihuahua, State, Mexico, respectively.

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 March 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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