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No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

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January 22, 2026

OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION



Kootenay Silver Inc. (the "Company" or "Kootenay")

PART 1 SUMMARY OF OFFERING

What are we offering?

Securities:	4,444,445 common shares in the capital of the Company (each, a " Share "), on a "bought deal" private placement basis pursuant to and in accordance with the "listed issuer financing" exemption under Part 5A of National Instrument 45-106 – <i>Prospectus Exemptions</i> and Coordinated Blanket Order 45-935 – <i>Exemptions from Certain Conditions of the Listed Issuer Financing Exemption</i> of the Canadian Securities Administrators. The Company will grant to the Underwriters (as defined below) an option (the " Underwriters' Option ") to purchase (or arrange for substituted purchasers to purchase) up to an additional 666,667 Shares (the " Additional Shares ") at the Offering Price (as defined below). The Underwriters' Option will be exercisable in whole or in part, at the sole discretion of the Underwriters, up to 48 hours prior to the Closing Date. All references herein to the " Offering " shall, unless the context otherwise requires, be deemed to include such Underwriters' Option, and all references herein to the " Shares " being offered or distributed as part of the Offering shall be deemed to include the Additional Shares offered or distributed pursuant to such Underwriters' Option, unless the context otherwise requires.
Offering Price:	\$2.25 per Share (the " Offering Price ").
Offering Amount:	Gross proceeds of \$10,000,001, plus additional gross proceeds of up to \$1,500,001 in the event that the Underwriters' Option is exercised in full (the " Offering ").
Closing Date:	The closing of the Offering is anticipated to occur on or about February 10, 2026 (the " Closing Date ").
Exchange:	The Company's common shares are listed on the TSX Venture Exchange (the " TSXV ") under the trading symbol " KTN ".
Last Closing Price:	The last closing price of the Company's Shares on the TSXV on January 21, 2026 was \$2.54.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This Offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

Kootenay is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this Offering, the issuer represents the following is true:

- **The issuer has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The issuer has filed all periodic and timely disclosure documents that it is required to have filed.**
- **Kootenay is relying on the exemptions in Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (the "Order") and is qualified to distribute securities in reliance on the exemptions included in the Order.**
- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption and under the Order in the 12 months immediately preceding the date of the news release announcing this Offering, will not exceed \$25,000,000.**
- **The issuer will not close this Offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The issuer will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

Cautionary Statement Regarding Forward-Looking Information

This offering document contains "forward-looking information" within the meaning of applicable Canadian and United States securities laws, which is based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this offering document are made only as of the date of this offering document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning future exploration plans at the Company's mineral properties, including exploration timelines, and anticipated costs; the Company's expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; and completion of the Offering and the date of such completion. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as "plans", "expects", "potential", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements or forward-looking information, including, without limitation, risks and uncertainties relating to: general business and economic conditions; regulatory approval for the Offering; completion of the Offering; changes in commodity prices; the supply and demand for, deliveries of, and the level and volatility of the price of metals; government regulations relating to investment, corporate activity and the mining business in Canada that may affect the Company's exploration and development activities and obtaining and renewing necessary licenses, permits and concessions; changes in project parameters as exploration plans continue to be refined; costs of exploration including labour and equipment

costs; risks and uncertainties related to the ability to obtain or maintain necessary licenses, permits or surface rights; changes in credit market conditions and conditions in financial markets generally; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors and the reliance on the performance of its directors and officers; the impact of value of Canadian dollar, foreign exchange rates on costs and financial results; market competition; exploration results not being consistent with the Company's expectations; changes in taxation rates; the ability to obtain or maintain necessary licenses, permits, or water rights; technical difficulties in connection with mining activities; changes in environmental regulation; environmental compliance issues; and other risks of the mining industry. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on the Company and the risks and challenges of its business, investors should review the Company's annual filings that are available at www.sedarplus.ca under the profile of the Company.

The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

Scientific and Technical Information

The scientific and technical information contained in this offering document has been reviewed and approved by Dale Brittliffe., BSc. P.Geo., who is Vice President, Exploration of the Company, and a "qualified person" within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators.

PART 2 SUMMARY DESCRIPTION OF BUSINESS

What is our business?

The Company is an exploration stage mining company with a primary objective and business plan of discovering or acquiring silver dominant mineral deposits that have the potential to become economically viable for further development in Mexico. The core management and technical team are industry professionals that have international experience in all aspects of mineral property acquisition, mineral exploration, operations, and financing.

The Company has three principal precious mineral properties located in Mexico, the Columba Silver Project located in Chihuahua State, Mexico ("**Columba**" or the "**Columba Project**"), the Promontorio-La Negra Project located in Sonora State, Mexico ("**Promontorio-La Negra**" or the "**Promontorio-La Negra Project**") and the La Cigarra Silver Project, located in Chihuahua State, Mexico ("**La Cigarra**" or the "**La Cigarra Project**"). The Company also maintains a generative portfolio consisting of non-material properties in Mexico with future exploration potential.

Recent developments

On January 16, 2025, the Company provided results from seven new drill holes at Columba Project. The batch reported comprised tests from three areas at: F-Vein, D-Vein and B-Vein Corridor which is the extension of the historically mined F-Vein. The results were a continuation of ongoing drill testing of those three trends. The Company also announced that during the fiscal quarter ended December 31, 2024, pursuant to its "at-the-market" equity distribution program (the "**ATM Program**"), the Company issued 557,000 Shares at an average price of \$1.3509 per Share. The Company raised aggregate gross proceeds of \$752,455.80 and paid aggregate commissions of \$18,811.40 to Research Capital Corporation (who acted as agent), resulting in aggregate net proceeds to the Company of \$733,644.41.

On February 12, 2025, the Company provided results from eleven new drill holes at the Columba Project. The batch reported comprised tests from the F and I-Veins and the first holes into a new target area La Preciosa.

On March 12, 2025, the Company announced that the Shares would begin trading on the OTCQX Best Market under the ticker symbol “KOOYF”, effective at the opening of trading on Wednesday, March 12, 2025.

On May 5, 2025, the Company announced drill results from the Columba Project, including assays from the D-Vein. Highlights featured grades up to 7,630 gpt silver and 30.57% combined lead-zinc, representing the deepest intercepts and highest silver and lead-zinc values reported to date from the D-Vein. The Company also announced that during the fiscal quarter ended March 31, 2025, pursuant to the ATM Program, the Company issued 120,800 Common Shares at an average price of \$1.0487 per share. The Company raised aggregate gross proceeds of \$126,689 and aggregate commissions payable of \$3,167 to Research Capital Corporation (who acted as agent), resulting in aggregate net proceeds to the Company of \$123,521.

On May 22, 2025, the Company announced that it was in the final stages of preparing the maiden mineral resource estimate (the “**Columba MRE**”) for its Columba Project. The anticipated MRE included data collected along four main vein trends, F, D, B and J-Z. These closely linked mineralized zones represent only a portion of what is now recognized as a silver-dominant intermediate sulfidation epithermal mineral system within an area measuring at least 3km x 4km. The project remained untested by modern exploration methods until Kootenay’s initial drilling campaign in 2019. Initial work centered on historic underground mine workings at the “F” Vein then quickly expanded to additional targets identified by mapping and surface geochemistry.

On June 17, 2025, the Company announced the completion of the Columba MRE. This milestone represents a major step forward in advancing the Columba Project as a significant silver exploration target and development opportunity. Much of the drilling at the Columba Project is wide spaced and the Company intends to expand and infill known mineralized zones with ongoing work.

On June 27, 2025, the Company announced the closing of a “bought deal” public offering of 19,057,800 units (the “**2025 Units**”) at a price of \$1.05 per 2025 Unit for gross proceeds to the Company of \$20,010,690 (the “**2025 Offering**”). The 2025 Offering was led by Research Capital Corporation as the lead underwriter and sole bookrunner, on behalf of a syndicate of underwriters, including Red Cloud Securities Inc. Each 2025 Unit consists of one Share and one-half of one common share purchase warrant (each whole warrant, a “**2025 Warrant**”). Each 2025 Warrant entitles the holder to purchase one Share of the Company at a price of \$1.58 at any time on or before June 27, 2028.

On July 21, 2025, the Company announced drill crews were scheduled to arrive by month end to begin the staged 2025 drill program. One drill was expected to start during the first week of August with a second to follow about ten days later. The first 25,000 to 30,000 meters would focus on expanding the size of existing resource bodies in the D, F, and B/Lupe Veins. The mineralized zones in all veins remain open either down dip, along strike or both directions.

On August 1, 2025, the Company announced the filing of a NI 43-101-compliant technical report supporting the Columba MRE. The technical report entitled “*Technical Report on the Maiden Mineral Resource Estimate for the Columba Ag-Pb-Zn Project, Chihuahua State, Mexico*” and dated August 1, 2025, MRE effective date, May 29, 2025 was filed on SEDAR+ . The Company also announced recommencement of drilling activities at Columba. The new program marks the seventh phase of drilling since work began in 2019 and is primarily designed to extend all mineralized zones to depth and along strike.

On August 22, 2025, the Company announced the appointment of Ron Miller as a director of the Company.

On September 8, 2025, the Company announced that it was advancing exploration work with two drill rigs turning at Columba. Five drillholes had been completed on the D and I-Vein targets for a total 2,500 meters. Logging and sampling activities were underway and results were expected in the coming weeks. The drilling represented the first

phase of a planned 50,000 meter drilling program designed to extend known limits of mineralized veins comprising the Company's recent Columba MRE.

On November 19, 2025, the Company announced assay results from the first seven holes of the ongoing staged 50,000-meter drill program at Columba. The then current phase of drilling commenced in September 2025 with five holes testing extensions of the lightly tested I Vein trend before moving on to expand the D Vein and B Vein trends. The Company documented highlights from the first seven holes of the current program with five I Vein holes and two D Vein holes. Seventeen holes had been completed with ten holes still awaiting assay results.

On January 8, 2026, the Company announced additional assay results from nine drill holes completed as part of its staged 50,000-meter drill program at Columba. The Company presented highlights from ongoing systematic step-out and extension drilling at Columba. The results included four holes targeting D Vein and five holes targeting the sub-parallel B2/Lupe Vein System. These holes tested extensions of known mineralized structures at a nominal 100m spacing.

On January 20, 2026, the Company announced that it had engaged engineering firms Sacré-Davey Engineering Inc. and Canenco Consulting Corp. to conduct a Preliminary Economic Assessment ("La Cigarra PEA") on La Cigarra. The La Cigarra PEA is expected to be finished in Q2 2026.

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

What are the business objectives that we expect to accomplish using the available funds?

The Company intends to use the net funds from the Offering for further exploration on Columba and La Cigarra. With the anticipated funding, the Company's ranked priorities are to complete the following business objectives:

Business Objectives	Preceding significant event(s) (each, an "Event")	Period in which Event is expected to occur	Estimated Costs related to Event
Advancement of exploration and development activities at the La Cigarra and Columba projects	Drilling on Columba for 48,000 meters	March 2027	\$14,400,000
	Drilling on La Cigarra for 10,000 meters	March 2027	\$3,000,000
	La Cigarra PEA	March 2026	\$600,000
	Metallurgical work on La Cigarra	January 2027	\$250,000
	Geohydrology at each of La Cigarra and Columba	March 2027	\$500,000
	Geotechnical and environmental assessments at each of La Cigarra and Columba	March 2027	\$1,000,000
	Geophysics at La Cigarra	March 2027	\$600,000
	Payment of Columba warehouse costs	March 2026	\$1,000,000
		TOTAL	\$21,350,000

See "Use of Available Funds – How will we use the available funds?" below for additional information in respect of the anticipated use of available funds for these business objectives.

PART 3 USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

		Assuming no exercise of the Underwriters' Option	Assuming full exercise of the Underwriters' Option
A	Amount to be raised by this Offering	\$10,000,001	\$11,500,002
B	Selling commissions and fees	\$600,000	\$690,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$200,000	\$210,000
D	Net proceeds of offering: $D = A - (B+C)$	\$9,200,001	\$10,600,002
E	Working capital as at most recent month end (deficiency)	\$21,000,000	\$21,000,000
F	Additional sources of funding ⁽¹⁾	\$Nil.	\$Nil.
G	Total available funds: $G = D+E+F$	\$30,200,001	\$31,600,002

⁽¹⁾ The Company does not anticipate any additional sources of funding at this time.

How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming no exercise of the Underwriters' Option	Assuming full exercise of the Underwriters' Option
Columba Drilling	\$14,400,000	\$14,400,000
La Cigarra Drilling	\$3,000,000	\$3,000,000
La Cigarra PEA	\$600,000	\$600,000
Metallurgical work on La Cigarra	\$250,000	\$250,000
Geohydrology at each of La Cigarra and Columba	\$500,000	\$500,000
Geotechnical and environmental assessments at each of La Cigarra and Columba	\$1,000,000	\$1,000,000
Geophysics at La Cigarra	\$600,000	\$600,000
Columba warehouse costs	\$1,000,000	\$1,000,000
General, administrative and overhead costs (including maintenance fees, taxes, corporate overhead and workforce costs)	\$3,451,564	\$3,451,564
Unallocated working capital	\$5,398,437	\$6,798,438
Total	\$30,200,001	\$31,600,002

The above noted allocation and anticipated timing represents the Company's current intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Although the Company intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan.

The most recent audited annual financial statements of the Company included a going-concern note. The Company is still in the exploration stage and the Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going-concern. The Offering is intended to permit the Company to explore Columba, Promontorio-La Negra, and La Cigarra, and is not expected to affect the decision to include a going-concern note in the next annual financial statements of the Company.

How have we used the other funds we have raised in the past 12 months?

The following table sets out the particulars of how the Company used the proceeds raised from the 2025 Offering as well as an explanation of the variances, if any, from the Company's previous disclosure regarding the anticipated use of proceeds, and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Intended Use of Proceeds		Actual Use of Proceeds	(Over)/under expenditure	Explanation of Variance and impact on business objectives
Finalize targeting work for 40,000 meter drill campaign on Columba Project	\$12,000,000	\$3,600,000	\$8,400,000	Drill campaign for Columba was revised to 50,000 meters initially, and a further 10,000 meters is being added to this program in connection with the Offering (see Part 3 Use of Available Funds table above). Thus far, 12,000 meters have been drilled, and 48,000 meters of planned drilling remain. The remaining expenditure is being rolled into the \$14,400,000 figure noted above.
Core and Warehouse construction on Columba Project	\$250,000	No variance.	N/A	N/A
Payment of scheduled concession and holding costs on Columba Project	\$750,000	No variance.	N/A	N/A
Payment of scheduled concession and holding costs other exploration projects	\$490,000	No variance.	N/A	N/A
General and administrative expenses	\$2,616,564	No variance.	N/A	N/A

PART 4 FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

Underwriters:	Red Cloud Securities Inc. (the " Lead Underwriter "), as lead underwriter and sole bookrunner, and any potential syndicate of participating investment dealers in the Offering to be collectively referred to as the " Underwriters ".
Compensation Type:	Cash fee and compensation warrants.
Cash Commission:	The Company will pay a cash commission of 6.0% of the gross proceeds of the Offering (the " Cash Fee ") on the closing of the Offering to the Underwriters.
Compensation Warrants:	The Company shall issue to the Underwriter on the closing of the Offering, non-transferable compensation warrants (the " Compensation Warrants ") equal in number to 7.0% of the aggregate number of Shares sold under the Offering which will entitle the Underwriter to purchase Shares at the Offering Price, which may be exercised at any time and from time to time for a period of 24 months following the Closing Date.

Does the Underwriter have a conflict of interest?

To the knowledge of the Company, the Company is not a "related issuer" or "connected issuer" of or to any of the Underwriters, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*.

PART 5 PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this offering document, you have a right

- a) **to rescind your purchase of these securities with Kootenay, or**
- b) **to damages against Kootenay and may, in certain jurisdictions, have a statutory right to damages from other persons.**

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

PART 6 ADDITIONAL INFORMATION

Where can you find more information about us?

Security holders can access Kootenay's continuous disclosure filings on SEDAR+ at www.sedarplus.ca under Kootenay's profile.

For further information regarding Kootenay, visit our website at: <https://kootenaysilver.com>.

Purchasers should read this offering document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in Kootenay.

PART 7 DATE AND CERTIFICATE

This offering document, together with any document filed under Canadian securities legislation on or after January 22, 2025, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated this 22nd day of January, 2026.

By: (signed) “James M. McDonald”
Name: James M. McDonald
Title: President, Chief Executive Officer and Director

By: (signed) “Rajwant Kang”
Name: Rajwant Kang
Title: Chief Financial Officer and Corporate Secretary