



February 23, 2017

KOOTENAY ANNOUNCES STRATEGIC OBJECTIVES FOR 2017

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to provide an update on silver exploration and development activities and to provide some guidance for its proposed activities in 2017.

Supported by one of the largest junior owned NI 43-101 silver equivalent resource asset bases of over 140 million ounces, Kootenay continues to provide its shareholders with significant leverage to silver prices from the Company’s *“Established Silver Bank”* consisting of:

- La Cigarra: 51 million ounces of silver in M&I grading 86.3 gpt silver*;
- Promontorio: 92 million ounces of silver equivalent in M&I grading 64.3 gpt silver*;
- La Negra: 6800 meters drilled to date with more drilling planned in 2017.

The Company’s Strategic Objectives for 2017

The Company’s immediate priority is to materially increase the resource size and work on determining the scope and economic viability of two of its established silver assets in Mexico for the purpose of pursuing future silver production. This includes Kootenay’s carried to production interest with Pan American Silver Corp. on its high-grade La Negra silver discovery in Sonora State and the continued resource expansion and economic development of its La Cigarra silver deposit within the Prolific Silver Mining District of Parral, located in Chihuahua State. Work programs will also be initiated on other properties located in Mexico and Canada by the Company’s Joint Venture partners.

Resource Growth – *“New Discoveries and Resource Growth”*

- La Cigarra:
 - Prioritize 11 Peripheral Target Areas for Drill Testing;
 - Up to 7500 meters estimated for Peripheral Targets including Ram and Soledad;
 - Up to 7500 meters estimated for resource expansion along extension of La Cigarra Deposit.
- Joint Venture Programs:
 - Promontorio/La Negra Pan American drill planned for late second quarter;
 - Silver Fox Project, British Columbia, Canada, Antofagasta 3000-meter drill program;
 - Cervantes, Sonora, Mexico work program pending;
 - 2X’s Fred, British Columbia, Canada work program pending.

Advancement of La Cigarra towards an Economic Assessment

- Remodeling Resource with objective of improving grade and defining drill targets;
- Advanced Leach Testing using standard and SILVOX process to Assess Potential to Lower Capex and Opex costs;
- Updated Resource Estimate;
- Set timeline for Preliminary Economic Assessment at conclusion of drilling and Resource Estimate.

Kootenay President and CEO, James McDonald states, “The ongoing success of our drill and resource expansion program on La Cigarra and its surrounding mineralized structures at La Cigarra in Chihuahua State, combined with the high-grade results returned from La Negra under our agreement with Pan American Silver Corp. in Sonora, have laid a strong foundation for our growth and development strategy in 2017, and for what we believe will be a transformational year for the Company.”

*Refer to the Resource Estimates for La Cigarra and Promontorio Projects section of this release.

Drill Planning for Resource Expansion

Current remodeling work will set the foundation for drilling the extensions of the La Cigarra deposit as detailed mapping, sampling and geophysical interpretation will aid in prioritizing and setting the drill program for the 11 peripheral targets. The top priority targets of that group will be slated for drilling in 2017. More detail on meters and targets will be released once prerequisite work is complete and drilling commences.

It is expected that the Company will be in a position to announce and begin the next round of drilling by the end of the first quarter and a new resource estimate late 2017.

Metallurgical Testing

Results from preliminary testing utilizing the proprietary SILVOX process have been highly encouraging. Additional comparative metallurgical testing using standard and SILVOX processes is now being conducted to further assess silver recoveries. Management believes the ability to achieve enhanced silver recoveries could have a significant impact on the economic viability of La Cigarra and its potential development as a low-cost, open-pit heap leach operation.

The numerous work activities will run in parallel and will focus on the dual objectives of increasing resources by drill testing multiple targets and advancing remodeling and metallurgical work to aid in economic assessment of the La Cigarra resource.

Resource Estimates for La Cigarra and Promontorio*

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 gpt silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 gpt silver.

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 gpt silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 gpt silver equivalent. The Technical Reports for both projects can be found on SEDAR.

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 a progressive exploration company actively engaged in the discovery, consolidation and development of precious metals projects situated in established mining regions of Mexico and 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 February 22, 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.

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.*

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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