



June 20, 2017

KOOTENAY SILVER ANNOUNCES NEW PROSPECTING DISCOVERY AND EARN-IN PARTNER; ADDS TO GENERATIVE PORTFOLIO

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce that the Company is exercising its right under a Grub Stake Agreement (the “Grub Stake Agreement”) with the Kennedy Group to acquire a 100% interest in the Mark Project located in southeast B.C. (the “Acquisition”). The Mark Project is comprised of 17 mineral tenures totaling approximately 14,093 hectares. Pursuant to the terms of the Grub Stake Agreement, in order to complete the Acquisition, the Company must issue 100,000 common shares to the Kennedy Group upon receipt of TSX Venture Exchange (“TSXV”) approval. Following completion of the Acquisition, the Kennedy Group will retain an underlying 1% net smelter returns royalty, which can be purchased by the Company, in whole or in part, for \$1,000,000 per each one-half percent (0.5%).

In conjunction with exercising the option to acquire the Mark Project, the Company is pleased to announce that it has entered into an earn-in agreement (the “Earn-in Agreement”) with a wholly-owned subsidiary of Antofagasta plc. (“Antofagasta”) whereby Antofagasta can, over a 4 year term, earn a 65% interest in the Mark Project by expending or incurring US\$3 million (the “Earn-in Expenditures”) in respect of the Mark Project (the “Earn-in Option”). Upon exercise of the Earn-in Option, a joint venture will form between the Company and Antofagasta, with industry-standard future funding and dilution terms. The exploration budget for year one under the Earn-in Agreement is anticipated to be US\$150,000. Antofagasta has the right to accelerate payment of the Earn-in Expenditures.

Kootenay President and CEO James McDonald states, “This is an exciting new prospecting discovery in a belt of rocks that host some of the largest silver-copper deposits in North America. The similarity to the mineralization and geology at Mark to the deposits in Montana indicates excellent potential for the discovery of the first silver-copper deposit in the Canadian part of the basin. We are very much looking forward to advancing this project to drill stage and are pleased to have such a strong industry partner in Antofagasta providing financial and technical support.”

The Mark Project is hosted in the same geologic formation that contains the large sediment hosted silver-copper deposits in Montana, where deposits such as Rock Creek and Montanore each contain in excess of 200 million ounces of silver and 1.5 billion pounds of copper with grades of 1.6 to 2.0 ounces per ton (“opt”) silver and 0.72% to 0.74% copper within tonnages of 136 and 116 million tons, respectively. This geologic formation is called the Creston in Canada and the Revett in Montana, USA.

Thus far, silver and copper mineralization at the Mark Project has been found variably along an approximate 9 km strike length within quartzite’s of the upper portion of the Revett equivalent Middle Creston Formation. Copper mineralization is visible as clots, disseminations, fractures fills, and also within quartz-carbonate-chlorite veins that cut the favourable quartzite package. Silver, which is not readily visible, occurs along with the copper. Mineral zoning, an important feature of the Revett hosted deposits in Montana, is evident at the Mark Project where core areas of bornite and chalcocite mineralization are flanked outboard by chalcopyrite, galena, and pyrite.

Limited rock sampling (28 samples) from 2016 returned elevated copper values up to 0.2% copper and up to 40 grams per tonne (about 1.3 opt) silver, with eight of the samples returning values greater than 500 ppm copper and 18 samples returning values above 100 ppm copper. Silver assays range from background to 40 grams per tonne (about 1.3 opt). Assays from 2017 work are not yet available but

prospecting confirms the system is extensive and holds good discovery potential leading to the decision to acquire the project through the Grubstake agreement.

This is a greenfields, early stage, surface prospecting discovery and project and as such there is no assurance a drill target or targets will be generated or a drill discovery will be made.

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.

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. 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 June 19, 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.*

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