



January 23, 2018

**KOOTENAY ANNOUNCES DRILL RESULTS AT LA CIGARRA SILVER DEPOSIT,
MEXICO – HIGHLIGHTS INCLUDE 8 METERS OF 107.12 GPT SILVER WITHIN
31 METERS OF 45.75 GPT SILVER**

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce the results of the remaining nine core holes from the Company’s 2017 drill program carried out at its 100% owned La Cigarra silver property, located in Chihuahua State, Mexico. The La Borracha Zone showed encouraging results along the northern extension of the La Cigarra resource all of which sits within a nine-kilometer-long mineralized trend.

Drill Highlights from Hole CC-17-37 in the La Borracha Zone:

- 107.12 gpt silver over 8 meters within 47.75 gpt silver over 31 meters
- 42.06 gpt silver over 15 meters (second interval)
- A total of 46 meters of silver mineralization separated by 15 meters of rhyolite dyke.

Kootenay President and CEO James McDonald stated "La Borracha is a very exciting target with the potential to add a significant number of new ounces to our resource. The zone has been traced on surface from the resource northward for at least 1,100 meters and the latest hole CC-17-37 indicates good grades and widths. The zone has seen very limited drilling and we are eager to commence the next round of drilling in the first half of February."

Drill Notes:

The La Borracha drill intercept in Hole CC-17-37, is about 500 meters northwest of the Resource with 107.2 gpt silver over 8.0 meters within a wider intercept of 31 meters grading 45.75 gpt silver. There is a total of 46 meters of mineralization in the hole separated by 15 meters of rhyolite dyke. The second interval grades 42 gpt silver over 15 meters. These results extend silver mineralization 100 meters down dip from a previous hole (CC-12-089), which returned an intercept of 56 gpt silver over 9.25 meters. To date, 12 holes have been drilled along the La Borracha trend with nine of those being drilled too far west to hit the main mineralized structure extending northward from the resource. Additional previous holes of note include 166 gpt silver over 4.5 meters (CC 12-93), 130 gpt silver over 2.95 meters (CC-11-29) and 455 gpt silver over 1.5 meters (CC-11-28). To view the site plan of the La Borracha Zone and a cross section, please click on the following link: http://www.kootenaysilver.com/assets/img/nr/18_03_Borracha_Plan_Section.pdf

The mineralized zone at La Borracha remains open along strike for 1,100 meters and down dip to the northeast. Surface sampling has returned strongly anomalous silver values over widths of 70-80 meters on surface. In addition to the drilling in La Borracha, the Company also completed three holes in Las Venadas and five holes in Navidad.

Anomalous silver and elevated lead-zinc continued to be intercepted at La Venadas. Las Venadas sits about 800 meters south of the resource and includes a very broad area of mineralization in veins, vein breccias and stockworks. Follow up work will include mapping and geologic modeling to focus on those areas of best grade with particular attention to the strong and long mineralized intercepts in

holes CC-17-26 and CC-17-28. The Navidad zone immediately east of the resource returned some anomalous results and no follow up drilling is anticipated at this time.

Drill widths reported are all core lengths. Hole CC-17-37 in La Borracha is interpreted to be about 90% of true width. The Venadas and Navidad true widths are not known at this time.

Drill Results

Hole ID	Zone	From (meters)	To (meters)	Interval (meters) ⁽¹⁾	Silver (gpt)	Gold (gpt)	Pb (%)	Zn (%)
CC-17-29	Las Venadas	195	200	5.00	41.00	0.025	0.029	0.075
CC-17-30	Las Venadas	191	197	6.00	8.33	0.008	0.254	0.282
CC-17-31	Las Venadas	32	78	46.00	12.46	0.009	0.169	0.789
Including		62	78	16.00	20.50	0.014	0.294	1.414
Including		72.5	78	5.50	31.81	0.015	0.364	1.888
		145	218	73.00	13.81	0.015	0.187	0.542
Including		157	175.5	18.50	20.77	0.009	0.296	0.766
Including		194	204	10.00	14.72	0.012	0.259	0.701
		256	285	29.00	17.75	0.019	0.242	0.687
Including		258	266	8.00	27.62	0.01425	0.354	1.037
CC-17-32	La Navidad	No Significant Intervals						
CC-17-33	La Navidad	46	47	1.00	5.00	0.888	0.029	0.238
		52.35	54	1.65	1.00	0.644	0.009	0.037
		197	204.6	7.60	27.18	0.020	0.022	0.061
Including		197	200	3.00	51.5	0.028	0.044	0.106
CC-17-34	La Navidad	No Significant Intervals						
CC-17-35	La Navidad	No Significant Intervals						
CC-17-36	La Navidad	24	26	2.00	0.75	0.288	0.003	0.043
		105	105.8	0.80	21.00	0.302	0.213	2.54
CC-17-37	La Borracha	78	93	15.00	42.06	0.040	0.238	0.205
Including		84	93	9.00	52.00	0.041	0.213	0.257
		107	138	31.00	45.75	0.041	0.256	0.189
Including		111	119	8.00	107.12	0.0445	0.587	0.296
		132	138	6.00	27.16	0.056	0.047	0.112

⁽¹⁾ True widths cannot be accurately determined from the information available at this time therefore core lengths are reported.

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 from core cut in half with a diamond saw under the direction of qualified geologists. Samples are then labeled placed in plastic bags, sealed and with interval and sample numbers recorded. 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, blanks and duplicates 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. All drilling will be with HQ or NQ core and has been contracted to BD Drilling from Guadalajara, Mexico.

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 January 22, 2018. 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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