



January 21, 2019

KOOTENAY SAMPLING PROGRAM RETURNS SEVERAL HIGH-GRADE RESULTS AT COPALITO SILVER-GOLD PROJECT, MEXICO
Highlights Include 5.3 Meters of 401 gpt Silver and 0.24 gpt Gold

Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”) is pleased to announce the results from recent surface sampling and mapping program (the “Program”) conducted on outcropping veins at the Copalito Silver-Gold Project (“Copalito” or “Property”) located in the State of Sinaloa, Mexico.

Copalito covers a gold and silver epithermal vein system comprised of numerous veins, with individual veins currently traced over strike lengths up to 2 kilometers. Veins vary in width from 0.5 to 15 meters at surface. Previous exploration results have been reported on July 19 and September 20, 2018 (see Kootenay new releases [#18-16](#) and [#18-21](#)).

Sampling Highlights to-date:

- 7.2 gpt gold and 3,770 gpt silver in grab samples taken at the 5 Senores and Agua Veins, respectively;
- 8.2 gpt gold including 583 gpt silver over a 1.1-meter channel sample across the 5 Senores Vein;
- 401 gpt silver including 0.24 gpt gold chip sampled across 5.3 meters on 5 Senores Vein;
- 532 gpt silver over 3.0 meters and 306 gpt silver over 4.9 meters chip sampled across the Agua vein;
- 17.45% zinc, 9.89% lead, 76 gpt silver and 0.52 gpt gold in a grab sample taken at Pillar Vein; and
- Copper values of 5.1%, 1.6 % and 1.5% taken from the northern area of the Property along the Cobriza Vein

Kootenay President & CEO, James McDonald stated, "We are very pleased with results from mapping and sampling recently completed at Copalito. This Program not only returned numerous high-grade silver values, but also found significant gold values and extended the mineral strike length of all known primary veins. Furthermore, we discovered parallel veins, increasing the dimensional potential of the mineralized system. Copalito is a rare opportunity of an undrilled vein swarm with the potential for a high-grade discovery, which can have immediate impact in the value of the Company even with low silver prices. It is the second such project acquired in 2018 with the other being Columba."

Results can be viewed in a series of maps by clicking the following link: [Copalito sampling maps](#).

Geological Highlights of the Program:

- Cobriza Vein extended 200 meters to the northwest;
- Pilar Vein extended 200 meters northwest with the discovery of several parallel veins;
- Chiva Vein extended 100 meters north;
- Discovery of a new vein “del Medio Vein” located west of Chiva;
- Agua Vein extended 100 meters south and its width increased to greater than 8 meters; and
- 5 Señores Vein extended 250 meters south and its width extended up to 12 meters; strike length

also extended to 250 meters to the north and width increased up to 10 meters.

Summary of Silver Results

Of the 117 individual rock samples taken during the Program, 29 samples returned silver grades exceeding 90 gpt including 11 over 300 gpt and 6 over 500 gpt. In total 51 samples or 44% graded over 20 gpt silver (see table below further details).

Individual Channel and Rock Chip Sampling > 90 gpt Silver

Zone	Sample Type	Width (meters)	Gold gpt	Silver gpt	Lead ppm	Zinc ppm	Copper ppm
5 Señores	Channel	1.30	0.05	750	1360	520	20
5 Señores	Channel	1.40	0.04	644	300	310	10
Agua	Channel	2.60	0.15	594	1240	1000	130
5 Señores	Channel	1.10	8.29	583	2750	6720	50
5 Señores	Channel	1.00	0.17	561	2190	6840	50
Agua	Channel	2.00	0.07	503	630	720	30
Agua	Channel	0.90	0.06	421	910	460	30
Agua	Channel	1.95	0.10	369	820	730	40
5 Señores	Channel	1.20	0.27	324	5580	4930	90
5 Señores	Grab	N/A	5.64	321	410	5510	40
5 Señores	Channel	2.00	0.07	302	650	300	20
Agua	Channel	1.30	0.09	293	1800	750	40
5 Señores	Channel	2.00	0.53	275	600	450	10
Cobriza	Channel	1.80	0.24	263	60	620	4450
Agua	Channel	1.95	0.04	253	590	170	20
5 Señores	Channel	1.85	0.03	224	300	120	10
Cobriza	Channel	0.60	0.82	199	5230	6010	1940
5 Señores	Channel	1.85	0.01	199	120	80	trace
5 Señores	Grab	N/A	0.12	197	720	1860	40
Agua	Channel	2.00	trace	194	660	1090	20
5 Señores	Channel	1.20	0.26	184	4550	2770	180
Cobriza	Channel	1.85	0.78	162	170	170	420
Agua	Channel	1.55	0.01	148	1200	3240	180
5 Señores	Channel	1.10	0.15	147	1130	2060	20
5 Señores	SC	N/A	0.02	144	620	690	40
Cobriza	Grab	N/A	1.11	124	6610	2710	390
Agua	Channel	1.00	0.01	99	430	60	trace
Agua	Channel	1.00	trace	92	240	50	trace
5 Señores	SC	1.30	0.11	91	640	1890	90

Copalito Geology

Mineralization is hosted within classic low sulfidation epithermal quartz and rare calcite veins. Multiple mineral events are evidenced by banded mineralized clasts, multiple cross cutting veins/veinlets, laminated banding of chalcedonic and crystalline quartz, sulfide replacement and

infillings of breccia matrix. Sulfide content is generally low but does range to 20% or more in hand samples. Sulfides and their oxide equivalents include fine grained pyrite, black and yellow sphalerite, galena, chalcopyrite and silver sulfides. Some zonation is becoming apparent with veins in the northeast being higher in gold and base metals and those in the south being high in silver and low in base metals.

About Copalito Silver-Gold Project

The Copalito Project is a classic low sulphidation epithermal vein system which has numerous small old workings and no evidence or reports of historic exploration drilling. The Property consists of seven concessions totaling approximately 3,700 hectares and is located 35 kilometres east of McEwen Mining's "El Gallo Mine" complex in Sinaloa State, along the western fringes of the Sierra Madre Occidental in northwestern Mexico. The Copalito Project has good access, topography and infrastructure. Kootenay's wholly owned Mexican subsidiary can acquire a 100% ownership in the concessions by making staged payments over a 4-year period totaling an aggregate of US\$985,000.

Sampling and QA/QC

Surface samples reported herein are a combination of grab, chip and panel chip. All technical information for the Copalito exploration program is obtained and reported under a formal quality assurance and quality control ("QA/QC") program. Samples are taken under the direction of qualified geologists. Samples are then labeled placed in plastic bags, sealed and with interval, location and sample numbers recorded. Samples are delivered by the Company via courier to ALS Minerals ("ALS") in Hermosillo. 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.

Qualified Persons

The Kootenay scientific and 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 and approved 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.

On Behalf of the Board of Directors of

KOOTENAY SILVER INC.

"James McDonald"

President & CEO

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CAUTIONARY NOTES:

The sampling results disclosed in this news release are not necessarily indicative and drilling is required to confirm a mineral deposit.

*The information in this news release has been prepared as at January 20, 2019. This news release contains “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “**forward-looking statements**”). All statements, other than statements of historical fact, that address activities, events or developments that Kootenay Silver Inc. (“**Kootenay**” or the “**Company**”) believes, expects or anticipates will or may occur in the future including, without limitation, the anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits and sampling results from the Copalito Project and other properties, the anticipated content, commencement, and cost of exploration programs in respect of the Company’s projects and mineral properties, the anticipated business plans and timing of future activities of the Company, future capital expenditures (including the amount and nature thereof), business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of the business and operations, plans and references to the future success of the Company, and such other matters, are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to Kootenay and often use words such as “expects”, “plans”, “anticipates”, “estimates”, “believes”, “intends”, “potential”, “may” or variations thereof or the negative of any of these terms.*

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Kootenay. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to obtain sufficient financing to fund its business activities and plans, operating and technical difficulties in connection with mineral exploration and development and mine development activities for Company’s projects generally, actual results of exploration activities (including the estimation or realization of mineral reserves and mineral resources), the timing and amount of estimated future production, costs of production, capital expenditures, the costs and timing of the development of new deposits, the availability of a sufficient supply of water and other materials, requirements for additional capital, future prices of gold and silver, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities, possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities, changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions, as well as those factors discussed under “Risk Factors” in the Company’s most recent annual management’s discussion and analysis and other filings of the Company with the Canadian Securities Administrators, copies of which can be found under the Company’s profile on the SEDAR website at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it was made, and except as may be required by applicable securities laws, Kootenay disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although Kootenay believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

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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