



KOOTENAY SILVER ANNOUNCES UPSIZING OF PREVIOUSLY ANNOUNCED PRIVATE PLACEMENT FINANCING TO \$7.0 MILLION

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

Vancouver, BC – July 28, 2020 – Kootenay Silver Inc. (“Kootenay” or the “Company”) (TSXV: KTN), is pleased to announce that, due to strong investor demand, it has agreed with Mackie Research Capital Corporation, as lead agent and sole bookrunner (the “Lead Agent”), on behalf of a syndicate, including PI Financial Corp. (together with the Lead Agent, the “Agents”), in connection with the previously announced best efforts, private placement of units of the Company (the “Units”) at a price of \$0.40 per Unit (the “Offering Price”) to increase the size of the offering for gross proceeds of up to \$7,000,000 (the “Offering”).

Each Unit will be comprised of one common share of the Company (a “Common Share”) and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant shall be exercisable to acquire one Common Share (a “Warrant Share”) at a price of \$0.55 per Warrant Share for a period of 24 months from the closing of the Offering.

The Company intends to use the net proceeds from the Offering for working capital requirements and other general corporate purposes.

The securities to be issued under the Offering will be offered by way of private placement in each of the provinces of Canada, other than Quebec, and such other jurisdictions as may be determined by the Company, in each case, pursuant to applicable exemptions from the prospectus requirements under applicable securities laws.

The Offering is scheduled to close on or about the week of August 20, 2020, or such date as agreed upon between the Company and the Lead Agent (the “Closing”) and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Exchange. The Units to be issued under the Offering will have a hold period of four months and one day from Closing.

In connection with the Offering, the Agents will receive an aggregate cash fee equal to 6.0% of the gross proceeds from the Offering. In addition, the Company will grant the Agents, on date of Closing, non-transferable compensation options (the “Compensation Options”) equal to 6.0% of the total number of Units sold under the Offering. Each Compensation Option will entitle the holder thereof to purchase one Unit (a “Compensation Option Unit”) at an exercise price per Compensation Option Unit equal to the Offering Price for a period of 24 months following the Closing.

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

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 junior 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 its priority silver projects located in the states of Sonora, Sinaloa and Chihuahua, Mexico, respectively.

For additional information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

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.