

Kootenay Silver update on drilling at La Cigarra, Mexico.

Kootenay Silver Inc. {TSX.V: KTN} is pleased to report 6 additional core drill holes have been completed and submitted for assaying, with the core drill rig collared on the 7th hole within the La Soledad Zone, located approximately 1,000 meters south of the Company's established La Cigarra silver resource in Chihuahua State, Mexico.

VANCOUVER, Dec. 7, 2016 – Kootenay Silver Inc. {TSX.V: KTN} is pleased to report 6 additional core drill holes have been completed and submitted for assaying, with the core drill rig collared on the 7th hole within the La Soledad Zone, located approximately 1,000 meters south of the Company's established La Cigarra silver resource in Chihuahua State, Mexico.

Drilling on La Soledad is part of a current 3,000 meter, multi-phase discovery and resource expansion program underway to assess and evaluate several high priority targets that have been identified proximal to the La Cigarra deposit with the potential to add near surface silver resources to the project. The Company drilled the first 11 holes of the program on La Cigarra's adjoining RAM structure resulting in an entirely new silver discovery (see news release dated November 23, 2016), within a large structurally controlled anomalous silver trend measuring 3.8 kilometers in length. Combined with the 5 holes drilled on the La Soledad structure, the Company reports it has completed a total of 16 holes to date on the program.

The La Soledad structure is contained within the southern extension of the main La Cigarra mineralized system that currently measures over 6.5 kilometers in length and remains open to the north and south. A comprehensive ground exploration and reconnaissance program recently conducted by Kootenay on La Soledad confirmed mineralization along the structure occurs as quartz vein breccias up to 8 meters in width with peripheral veins and stockworks in a 60 to 80 meter wide zone. Previous rock and chip sampling taken by both Northair Silver and Kootenay returned high-grade silver values of 582, 458, 323, 278, 277gpt. Kootenay's technical team report the mineralized quartz breccias share similar textural affinities to the major Veta Colorada Mine located to the east of the La Cigarra Property (immediately north of the City of Parral) and to the San Francisco Del Oro and Santa Barbara veins being actively mined immediately south of La Cigarra. To view maps of the La Soledad Structure highlighting the silver in rock sampling program click on the following links: [La Soledad Silver in Rock Sampling Plan](#); [La Soledad Silver in Rock Sampling Image](#).

The Soledad Zone is one of 8 prospective targets that have been identified proximal to the La Cigarra deposit with the potential to add near surface silver resources to the project.

In total, the Company completed an additional 1,000 meters in drilling in the 5 diamond drill holes on La Soledad structure. Results from Phase I drilling on the La Soledad will be announced as soon as assays from the program are compiled and interpreted by the Company.

Drilling Notes

The current 16 drill holes are the first phase of a planned ongoing, multi-phase drilling program that will be conducted on the La Cigarra project over the next 12 to 18 months. Follow up drilling of the RAM and the La Soledad structures is expected to commence in the early part of the New Year and will form part of a larger strategy to test additional undrilled targets and the extensions of the La Cigarra Deposit itself.

Once the current 3,000 meter drill program is complete and results of re-logging and detailed mapping of the deposit are interpreted, the details and dates of the anticipated follow up programs will be finalized and announced in a future news release.

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 under the direction of qualified geologists and stored in sealed bags. 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 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 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.

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. The Company's top priorities are the advancement of the La Cigarra silver project and the Promontorio Mineral Belt, in Chihuahua, Mexico and Sonora, Mexico, respectively.

The La Cigarra property is 26 kilometers from the historic mining city of Parral and boasts nearby power, good road access, gentle topography, and established infrastructure. 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 mineralized system at La Cigarra has been traced over 6.5 kilometers and is defined at surface as a silver soil anomaly and by numerous historic mine workings. The La Cigarra silver deposit is open along strike and at depth and is approximately 25 kilometers north, and along strike, of Grupo Mexico's Santa Barbara mine and Minera Frisco's San Francisco del Oro mine. The Promontorio Mineral Belt includes the Company's La Negra high-grade silver discovery and its Promontorio Silver Resource. The Promontorio Mineral Belt is under option to Pan

American Silver whereby they can earn a 75% interest in the project with US\$16 million of expenditures and payments with Kootenay retaining a 25% carried to production interest (see news release February 16 and March 4, 2016). 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 Company's core objective is to create value by acquiring silver resources through discovery and acquisition and testing those resources with the ultimate goal of developing them into silver production if they are proven to be economically viable.

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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

The information in this news release has been prepared as at December 7, 2016. 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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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.

SOURCE Kootenay Silver Inc.

James McDonald, CEO and President