



Kootenay Silver and Theia Resources Announce Results of Surface Sampling Program at Two Times Fred Property, BC

October 5, 2016, (Vancouver, BC) – Kootenay Silver Inc. (TSXV:KTN) ("Kootenay" or the "Company") and Theia Resources Ltd. (TSXV: THH) ("Theia") are pleased to announce new surface sampling which indicates potential for the discovery of high grade gold and silver on the Two Times Fred project located in British Columbia.

A limited follow up sampling of exposures of new epithermal veins along strike of the Saki and Gold Hill veins has returned some very encouraging numbers from grab samples. Sample results grade up to 11.4 gpt gold with 39 gpt silver and 12.7 gpt gold with 139 gpt silver. There were 54 samples collected in total, 40 samples were collected from the veins excluding the high-grade values the average value was 202 ppb gold and 4.2 ppm silver. The highest grades encountered to date indicate that the 3 by 1.4 kilometre epithermal vein system has potential for the discovery of high grade gold and silver. High grade results from 2016 grab samples were returned from sub-cropping quartz veins within a 100 by 50 metre area of argillic and pyritic host rocks located approximately 750 metres north of the area drill tested in 2015. These new samples may represent the edge of a higher grade shoot within the larger vein system. To view a map follow the link: [Two Times Fred sampling and vein system](#).

Assay results from surface sampling across the entire vein system have returned consistently anomalous values for gold and silver indicating a strong mineralizing system. Vein textures, petrographic work, and newly discovered exposures interpreted as sinter, indicate that the system is exposed at very high levels. Based on this interpretation deeper drilling will be required to find high-grade zones within the system. Further exploration this fall will include additional mapping and sampling to further define the vein systems at surface and evaluate underexplored portions of the property. A drill program is currently being designed to test the system along its 3 kilometre strike.

The Two Times Fred property covers showings discovered by Kootenay in 2011. Trenching and drilling by Theia and Kootenay in 2014 and 2015 respectively (see January 25, 2016 news release) confirmed that surface gold and silver bearing outcrops of low-sulphidation epithermal quartz were related to a series of steeply dipping vein systems which occur along a 3 kilometre long north-northeast trending inferred graben or half-graben structure that is approximately 1.4 kilometre wide. Individual veins within the system can be traced for 300 to 500 meters in outcrop and vary in true width from 1 meter to over 30 meters. Drilling conducted in 2015, focused on the Saki and Gold Hill Veins which were shown to vary from about 7 to 30 metres true width. Highlights from the drill program included 3.2 gpt gold and 46.48 gpt silver over 1.9 meters and 1.69 gpt gold and 29 gpt silver over 7.6 meters. The longest intercept was 0.37 gpt gold and 7.2 gpt silver over 67 meters.

Corporate Matters

Kootenay also announces that in connection with its acquisition (the "Acquisition") of Northair Silver Corp. ("Northair"), which completed on April 21, 2016, as a condition to the completion of the Acquisition, certain employees and consultants of Northair entered into agreements with Kootenay and agreed to waive the severance payments due to them on completion of the Acquisition in consideration for new arrangements with Kootenay, which included reduced cash severance payments and the issuance to them of common shares of Kootenay. Accordingly, pursuant to the terms of the aforementioned agreements, Kootenay has agreed to issue an aggregate of 337,228 common shares at a deemed price of \$0.40 per common share to such former Northair employees and consultants. An aggregate of 88,543 of these shares are being issued to a former officer of Northair, who upon completion of the Acquisition was appointed as a director of Kootenay and is accordingly an insider of Kootenay.

Additionally, Kootenay has agreed to issue 100,000 common shares at a deemed price of \$0.40 per share in settlement of amounts owing to an arm's length third party under the terms of a grubstake agreement related to the Jumping Josephine property, which was subsequently sold to Orex Minerals Inc.

All share issuances outlined above are subject to approval by the TSX Venture Exchange, and on issuance such shares are subject to a four month hold period commencing from the date of issuance. This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein in the United States. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any State Securities Laws and may not be offered or sold in the United States or to the account or benefit of a U.S. person absent an exemption from the registration requirements of such Act.

Qualified Persons

The 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 and Theia by James McDonald, P.Geol, President, CEO & Director for Kootenay, a Qualified Person.

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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 kilometres 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 g/t silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 g/t silver. The mineralized system at La Cigarra has been traced over 6.5 kilometres 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 kilometres 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 releases dated 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 g/t silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 g/t 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.

About Theia Resources Ltd.

Theia Resources Ltd. is an exploration company focused on precious metals deposits located in politically stable jurisdictions. The company intends to leverage management's network and experience within the exploration and finance sector to maximize shareholder value.

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.

Forward Looking Information

The information in this news release has been prepared as at October 4, 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.

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.

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