FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. **Name and Address of Company**

Kootenay Gold Inc. (the "Company")
Suite 960 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

Item 2. **Date of Material Change**

January 29, 2008

Item 3. **News Release**

January 29, 2008. The news release was released through Stockwatch and Market News and filed on SEDAR.

Item 4. **Summary of Material Change**

The Company announced a 10,000 meter drill program on its Promontorio Silver Project and a non-brokered private placement (the "Private Placement") of up to 5.5 million units (each a "Unit") at a purchase price of $1.50 per Unit, for aggregate gross proceeds to Kootenay of up to $8,250,000 CDN.

Item 5. **Full Description of Material Change**

Kootenay Gold Inc. ("Kootenay") (TSX Venture: KTN") is pleased to announce a 10,000 meter drill program on its Promontorio Silver Project and a non-brokered private placement (the "Private Placement") of up to 5.5 million units (each a "Unit") at a purchase price of $1.50 per Unit, for aggregate gross proceeds to Kootenay of up to $8,250,000.

Private Placement

Each Unit will consist of one common share ("Common Share") of Kootenay and one-half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of $1.80 for a period of 18 months from the closing date of the Private Placement. Finder's fees in cash or units and finder's warrants may be paid in connection with the Private Placement. All of the securities issued pursuant to the Private Placement will be subject to a minimum four month hold period. The Private Placement and payment of any finder's fee are subject to acceptance by the TSX Venture Exchange.

The net proceeds from the Private Placement will be used to finance additional work on Kootenay's Promontorio property, its other properties and for general working capital.

Phase II Drilling at Promontorio

A 10,000 meter diamond drill program is planned to follow up on the successful Phase I Adobe Discovery and to test several additional targets along the mineralized trend. A drill rig has been contracted and mobilized onto the site; with start up expected this week.

Continued testing of the broad mineralized intercepts discovered in the Adobe Breccia-Stockwork system will be the focus of the program. Results from this discovery were reported in the **news release dated December 10th, 2007**.

Highlights of Phase I drill results include:

Drill Hole Number	From (m)	To (m)	Interval Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
KP-02-07	71.15	94.40	23.25	233.5	1.47	1.02	2.77

KP-05-07	**66.37**	**80.78**	**14.41**	**338.9**	**1.80**	**1.85**	**2.69**
including	**74.87**	**80.78**	**5.91**	**664.0**	**2.65**	**3.04**	**4.94**
KP-09-07	**61.85**	**80.25**	**18.40**	**366.0**	**3.54**	**2.92**	**3.82**
including	**61.85**	**68.55**	**6.70**	**671.2**	**3.46**	**3.29**	**4.58**
KP-17-07	**8.38**	**86.15**	**77.77**	**30.9**	**0.43**	**0.59**	**0.70**
including	**47.66**	**63.20**	**15.54**	**56.4**	**0.84**	**1.29**	**1.58**
including	**27.40**	**38.85**	**11.45**	**55.5**	**1.12**	**1.18**	**1.28**
including	**27.4**	**63.2**	**35.8**	**48.4**	**0.77**	**1.01**	**1.18**
KP-22-07	**45.47**	**196.85**	**151.38**	**46.0**	**0.48**	**0.63**	**0.93**
including	**144.43**	**196.85**	**52.42**	**86.1**	**0.83**	**1.11**	**1.62**
including	**172.17**	**196.85**	**24.68**	**117.4**	**1.34**	**1.44**	**2.16**
including	**190.85**	**195.77**	**4.92**	**210.5**	**3.32**	**2.76**	**4.43**

Alteration patterns are indicative that mineralization is in a breccia-stockwork complex within the upper levels of a porphyry system. The wide and evenly disseminated mineralization encountered in the Adobe Breccia-Stockwork and occurrence of copper and tourmaline mineralization in intrusives some 2,000 meters away also point to such an environment. The deepest test to date was in hole KP-22-07 which was mineralized through its entire length starting from surface and bottoming in mineralization at 198 vertical meters.

Airborne geophysics indicates the mineral bearing trend may continue along strike for 5 kilometers. These surveys have identified 3 other areas of interest to be drilled in the current program in addition to the Adobe Breccia-Stockwork system. A 3D Induced Polarization survey is currently underway along a 2.5 kilometer segment of the trend mapped out by the airborne geophysics centered over the Adobe Breccia-Stockwork. There are several other areas of interest identified by the airborne survey and by satellite aster imagery that will be mapped and sampled during the course of the year. These lie within a large property package which has been expanded with the recent receipt of new mineral titles. The property now covers more than 90,000 hectares.

Item 6. **<u>Reliance on Section 7.1(2) or (3) of National Instrument 51-102</u>**

Not Applicable

Item 7. **<u>Omitted Information</u>**

Not Applicable

Item 8. **<u>Executive Officer</u>**

The following Executive Officer of the Company is knowledgeable about the material change and may be contacted as follows:

Ken Berry, President
Telephone: 604-601-5650 / Toll Free: 1-888-601-5650

Item 9. **<u>Date of Report</u>**

January 30, 2008.