

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

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

Kootenay Silver Inc. (the "Company")  
Suite 920 - 1055 W. Hastings Street  
Vancouver, BC V6E 2E9  
Fax: 604.683.2249

**Item 2: Date of Material Change**

February 29, 2012

**Item 3: News Release**

The news release was disseminated on March 2, 2012 through Marketwire and filed on SEDAR.

**Item 4: Summary of Material Change**

The Company announced the completion of the warrant exercise incentive program (the "Program"). A total of 2,860,000 outstanding unlisted warrants were exercised under the Program raising gross proceeds of \$3,317,625.

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

The Company announced the completion of the Program. A total of 2,860,000 outstanding unlisted warrants were exercised under the Program raising gross proceeds of \$3,317,625.

Pursuant to the Program, Kootenay has issued an aggregate of 1,430,000 common share purchase warrants (the "Incentive Warrants") to the warrant holders who exercised their Warrants under the Program. Each Incentive Warrant entitles the holder to purchase one additional common share of Kootenay at a price of \$1.50 per common share until February 28, 2014. The Incentive Warrants are subject to a four month hold period which expires on June 30, 2012.

The balance of the Warrants not exercised under the Program remain outstanding and continue to be exercisable for common shares of the Company on their current terms.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102**

N/A.

**Item 7: Omitted Information**

N/A.

**Item 8: Executive Officer**

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

Raj Kang, Chief Financial Officer  
Telephone: 604.601.5650

**Item 9: Date of Report**

March 12, 2012