FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Kootenay Silver Inc. (the "Company")
1820 – 1055 West Hastings Street
Vancouver, British Columbia, V6E 2E9
Fax: 604.683.2249

Item 2: Date of Material Change

October 25, 2012 and October 30, 2012.

Item 3: News Release

The news releases were disseminated on October 25, 2011 and October 31, 2012 through Marketwire and filed on SEDAR.

Item 4: Summary of Material Change

The Company announced that, further to the press release dated October 4, 2012, it received subscriptions for $8,253,000 under the brokered private placement offering (the "Offering") of units (the "Units") and closed the first tranche (the "First Tranche") of the Offering of $7,203,000 and issued an aggregate of 6,860,000 Units at a purchase price of $1.05 per Unit on October 25, 2012. Subsequently, the Company announced that it closed the $1,050,000 balance (the "Final Tranche") of the Offering and issued an additional 1,000,000 Units at a purchase price of $1.05 on October 30, 2012. The Offering was conducted by Dundee Securities Ltd., on behalf of a syndicate including PI Financial Corp. (collectively, the "Agents").

Item 5: Full Description of Material Change

The Company announced that, further to the press release dated October 4, 2012, it received subscriptions for $8,253,000 under the Offering of Units and closed the First Tranche of the Offering of $7,203,000 and issued an aggregate of 6,860,000 Units at a purchase price of $1.05 per Unit on October 25, 2012. Subsequently, the Company announced that it closed the Final Tranche on October 30, 2012 and issued an additional 1,000,000 Units at a purchase price of $1.05 for gross proceeds of $1,050,000. The Offering was conducted by the Agents.

Each Unit consists of one common share (each a "Share") of the Company and one half of one common share purchase warrant (each a whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one Share of the Company at a price of $1.30 for a period of 24 months following the closing of the Offering. The securities issued in connection with the First Tranche are subject to a hold period in Canada expiring on February 26, 2013. The securities issued in connection with the Final Tranche are subject to a hold period in Canada expiring on March 1, 2013.

The net proceeds of the Offering will be used for the advancement of the Promontorio project, maintenance of other projects and general corporate purposes.

In connection with the Offering, the Agents received a cash commission of $495,180, representing 6.0% of the gross proceeds raised under the Offering, and 471,600 compensation warrants (each a "Broker Warrant"), representing 6% of the aggregate number of Units issued under the Offering. Each Broker Warrant is exercisable into one Share at an exercise price of $1.05 per Share until October 25, 2012.

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:

Rajwant Kang, Chief Financial Officer
Telephone: 604.601.5650

Item 9: Date of Report

November 2, 2012.