



Kootenay Silver Announces Closing of \$7.0 Million Equity Private Placement

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VANCOUVER, BC, Aug. 25, 2020 /CNW/ - Kootenay Silver Inc. ("**Kootenay**" or the "**Company**") (TSXV: KTN), is pleased to announce that it has closed its previously announced private placement of units of securities of the Company ("**Units**") pursuant to which the Company issued 17,500,000 Units at a price of \$0.40 per Unit (the "**Offering Price**") for aggregate gross proceeds of approximately \$7,000,000 (the "**Offering**"). The Offering was led by Mackie Research Capital Corporation, as lead agent and sole bookrunner, on behalf of a syndicate which also included PI Financial Corp. (together, the "**Agents**"). Eric Sprott, through 21764123 Ontario Ltd., participated in the Offering to maintain his proportionate equity interest in the Company by acquiring 2,500,000 Units.

Each Unit is comprised of one common share of the Company (a "**Common Share**") and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable to acquire one Common Share at a price of \$0.55 per share until August 25, 2022. The securities issued under the Offering are subject to the four month hold period prescribed under Canadian securities laws expiring on December 26, 2020.

The Company intends to use the net proceeds from the Offering for exploration and development activities, working capital requirements and other general corporate purposes.

In connection with the Offering, the Agents received an aggregate cash fee equal to 6.0% of the gross proceeds from the Offering (other than in respect of certain subscribers on which a cash fee equal to 3.0% was paid). In addition, the Company issued to the Agents 1,050,000 non-transferable broker warrants (the "**Broker Warrants**"). Each Broker Warrant entitles the holder to purchase one Unit at an exercise price equal to the Offering Price until August 25, 2022. The Offering is subject to the final acceptance of the TSX Venture Exchange (the "**Exchange**").

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

Mr. Sprott is an insider of the Company and, as such, his participation in the Offering is a related party transaction under the policies of the Exchange and Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is relying on exemptions for the minority shareholder approval and formal valuation requirements applicable to related party transactions under sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the Units beneficially purchased by him nor the price paid for such Units exceeds 25% of the Company's market capitalization. The Company did not file a material change report in respect of this related party transaction at least 21 days before closing as a result of the customary timing for closing such financings.

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. Supported by one of the largest junior portfolios of silver assets in Mexico, Kootenay continues to provide its shareholders with significant leverage to silver prices. The Company remains focused on the expansion of its current silver resources, new discoveries and the near-term economic development of its priority silver projects located in prolific mining districts in Sonora, State and Chihuahua, State, Mexico, respectively.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

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 in this press release include, but are not restricted to, statements regarding the intended use of proceeds of the Offering and receipt of regulatory approvals required for completion of the Offering.

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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of the contents of this news release.

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