

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Kootenay Zinc Corp. (the “**Company**”)
Suite 800-1199 West Hastings Street
Vancouver, British Columbia V6E 3T5

Item 2: Date of Material Change

December 28, 2016

Item 3: News Release

A news release announcing the material change was issued and disseminated on December 28, 2016 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Change

The Company has completed (and oversubscribed), a previously announced non-brokered private placement of 16,500,000 units (the “**Units**”) at a price of \$0.20 per Unit for aggregate gross proceeds of \$3,300,000 (the “**Private Placement**”), consisting of 16,500,000 common shares of the Company (each, a “**Share**”) and 8,250,000 common share purchase warrants (each, a “**Warrant**”).

Item 5.1: Full Description of Material Change

The Company has completed the Private Placement, consisting of 16,500,000 Units at a price of \$0.20 per Unit for aggregate gross proceeds of \$3,300,000.

Each Unit consists of one Share and one-half of one transferrable Warrant. Each full Warrant entitles the holder to purchase one additional Share (a “**Warrant Share**”) at a price of \$0.30 per Warrant Share for a period of twelve (12) months from the date of issuance. The Warrants are subject to an acceleration clause whereby if the Shares trade equal to or greater than \$0.50 for a period of twenty (20) consecutive trading days, then the Company may, at its discretion, give notice to the holders of the Warrants that the expiry time of the Warrants has been accelerated and the Warrants will expire on a date that is not less than fifteen (15) days after notice is given.

In connection with the Private Placement, the Company has paid broker’s fees to certain brokers in the amount of 8% of gross proceeds raised and common share purchase warrants entitling the brokers to purchase common shares of the Company up to 8% of the number of Units sold in the Private Placement, having the same terms as the Warrants.

The net proceeds from the Private Placement will be used to advance the Company’s exploration efforts on the Sully Property, and for general corporate and working capital purposes.

An insider of the Company participated in the Private Placement acquiring a total of 100,000 Units on the same basis as other subscribers. The participation in the Private Placement by insiders of the Company constitutes a “related party transaction” as such term is defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-**

101”). The Company is relying on exemptions from the formal valuation and minority approval requirements under MI 61-101. The Company relied on Section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and Section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 as the fair market value of the transaction insofar as the transaction involved interested parties did not exceed 25% of the Company’s market capitalization.

Item 5.2: Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7: Omitted Information

No information has been omitted.

Item 8: Executive Officer

For further information, please contact
Anthony Jackson, Chief Financial Officer and Director
Telephone at 604 306-0068

Item 9: Date of Report

December 28, 2016