

KOOTENAY ZINC CORP.

Suite 800-1199 West Hastings Street Vancouver, B.C. V6E 3T5

KOOTENAY ZINC CORP. SPONSORS SULLIVAN CORE SHACK DISPLAY

Vancouver, Canada, January 12, 2017 – Kootenay Zinc Corp. (the “**Company**”) (CSE:ZNK) is pleased to announce that it will be sponsoring the construction of the Sullivan Core Shack at the Kimberley Underground Mining Railway Station, along with Teck Resources Limited, the City of Kimberley and a few other companies and organizations.

The Sullivan Core Shack will be a museum level display of ore and rock specimens as well as drill core from Sullivan mine and surrounding area which will be located in the Kimberley Underground Mining Railway Station. Mick Henningson, former Senior Vice President, Mining with Teck Cominco, now President of the Sullivan Mine & Railroad Historical Society, has secured funding and with an intrepid group of volunteers is organizing construction for this project.

Drawings illustrating key elements of regional and mine geology will also be included in the display. Most of the specimens and core have been donated from Paul Ransom's (the Company's Project Manager) personal collection that has been put on temporary display many times over the last 16 years for student, tourist and industry groups. Most ore specimens have been polished to enhance mineral and textural details.

Mr. Ransom is a geologist and noted Sullivan SEDEX deposit expert, having worked for over 33 years with Cominco, now Teck Resources Limited. Much of his career was spent at Sullivan and on related regional geology. Mr. Ransom has authored and/or co-authored ten papers on geology of the Sullivan deposit. Mr. Ransom also spent 1.5 years as a project geologist under secondment to Mt. Isa Mines in Australia, another large- scale copper, lead, zinc and silver mine. His passion for finding other mega-SEDEX deposits has been a career-long pursuit.

The Sullivan Core Shack will be an archive of specimens of one of the greatest Lead-Zinc-(Iron)-Silver deposits on earth. It will be organized in such a manner that the display will be of educational value to students at all levels and of viewing interest to the layman or professional. In addition to focusing on the orebody itself the display will cover aspects of the sedimentary, igneous and metamorphic rocks of the region as well as five historic mines of note: the North Star and Stenwinder Mines also in Kimberley, the St. Eugene at Moyie, the Kootenay King at Fort Steele and the Estella at Wasa.

About the Company

Kootenay Zinc Corp. is a mineral exploration and development company based in Vancouver, British Columbia that is presently targeting the Sully Property. The Company is focused on discovering large-scale sedimentary-exhalative (“**SEDEX**”) deposits.

The Sully Property comprises 1375 ha located approximately 30km east of Kimberley, B.C. and overlies rocks of similar age and origin as those which host the world-class Sullivan Deposit, owned by Teck Resources Limited. Sullivan was discovered in 1892 and is known to be one of the largest SEDEX deposits in the world. Over its 100-year lifetime, Sullivan produced approximately 150 million tonnes of ore, including three billion ounces of silver, eight million tonnes of zinc and eight million tonnes of lead. The equivalent level of strata as at Sullivan and that formed on the margin of that same basin are present at the Sully Property. The Company cautions that past results or discoveries on proximate land are not necessarily indicative of the results that may be achieved on the Sully Property.

The scientific and technical information contained in this news release has been reviewed and approved by the Company's Project Manager, Paul Ransom, P.Geo., a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

On behalf of the Board of Directors

David Schmidt
President and Chief Executive Officer

Forward Looking Information

This news release includes certain statements that constitute "forward-looking information" within the meaning of applicable securities law, including without limitation, statements that address the Sullivan Core Shack, the Sully Property, comments regarding the timing and content of upcoming work programs, geological interpretations, costs and timing of future exploration and development, requirements for additional capital, other statements relating to the financial and business prospects of the Company, and other matters. Forward-looking statements address future events and conditions and are necessarily based upon a number of estimates and assumptions. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved), and variations of such words, and similar expressions are not statements of historical fact and may be forward-looking statements. Forward-looking statements are necessarily based upon a number of factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements express or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the price of zinc and other metals. While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks. Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events, level of activity, performance or results to differ materially from those reflected in the forward-looking statements, including, without limitation: (i) risks related to zinc, base metal and other commodity price fluctuations; (ii) risks and uncertainties relating to the interpretation of exploration results; (iii) risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses; (iv) that resource exploration and development is a speculative business; (v) that the Company may lose or abandon its property interests or may fail to receive necessary licences and permits; (vi) that environmental laws and regulations may become more onerous; (vii) that the Company may not be able to raise additional funds when necessary; (viii) the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; (ix) exploration and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in exploration and development; (x) competition; (xi) the potential for delays in exploration or development activities or the completion of geologic reports or studies; (xii) the uncertainty of profitability based upon the Company's history of losses; (xiii) risks related to environmental regulation and liability; (xiv) risks associated with failure to maintain community acceptance, agreements and permissions (generally referred to as "social licence"); (xv) risks relating to obtaining and maintaining all necessary government permits, approvals and authorizations relating to the continued exploration and development of the Company's projects; (xvi) risks related to the outcome of legal actions; (xvii) political and regulatory risks associated with mining and exploration; (xix) risks related to current global financial conditions; and (xx) other risks and uncertainties related to the Company's prospects, properties and business strategy. These risks, as well as others, could cause actual results and events to vary significantly. There can be no assurance that planned exploration will be completed as proposed or at all, or that economic resources will be discovered or developed at the Sully Property. Accordingly actual results may differ materially from those currently anticipated in such statements. Factors that could cause actual results to differ materially from those in forward looking statements include, but are not limited to, continued availability of capital and financing and general economic, market or business conditions, the loss of key directors, employees, advisors or consultants and fees charged by service providers. Investors are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements. The forward-looking statements included in this news release are made as of the date hereof and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

Neither the CSE nor its regulation services provider accepts responsibility for the adequacy or accuracy of this news release.