

KOOTENAY ZINC CORP.

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

SULLY PROJECT – E3 TARGET DRILLING UPDATE

Vancouver, Canada, July 21, 2017 – Kootenay Zinc Corp. (the “**Company**”) (CSE:ZNK; OTCQB:KTNMF; FSE:KYH) announces that the Sully Project team has recently made two attempts to drill the E3 target from a location on the steep slope above and east of the target - both holes experienced bad drilling conditions. Drilling was suspended before testing the zone to minimize the potential loss of equipment and to minimize costs. An alternative drill site has recently been identified and selected. It is near the valley bottom and provides an opportunity to drill E3 toward the east, roughly perpendicular to bedding and where surface outcrops indicate ground conditions will likely be more favorable.

Considerable infill gravity surveying has been done near the E3 anomaly. That work shows the anomaly appears to consist of several separate causes that mass modelling indicates have strike and depth dimensions of approximately 100 to 200 meters. Drilling should determine if these represent fault segments of a once continuous massive deposit. As described previously, drill testing will establish a 'proof of concept' and validity of the gravity geophysics technique in this area where work to date indicates several similar masses are likely present at each of E2, E4 and the West Target.

Results have been received from 88 soil samples collected on contour lines that cover the area from about the mid-point of the E3 and north through E4 gravity anomalies. This brings the total number of soil samples analyzed in 2017 to 120. Since the 1980s 873 soil samples have been analyzed for lead and zinc either by atomic absorption or, since 2000, by ion coupled plasma techniques. Several samples anomalous (mean plus two standard deviations of the 873 samples) in zinc are located along the trend or downslope of outlines of the 3 km-residual gravity anomalies E3 and E4. Other soil anomaly clusters up slope have not been covered by gravity surveying.

Newly mapped outcrops on the slope above and below (east and west) of the E3 area confirm structural trends previously documented. However, outcrops north and south of the E3 gravity anomaly area along the road used to access the E15/16 drill site are cut by numerous faults at differing orientations that are probably part of a narrow north trending zone that contributed to the drilling difficulties encountered.

Forest fire hazard conditions in the East Kootenays are now high, like that seen in other parts of the province and are not predicted to change in the next 30 days. Industrial activities (including the use of excavators and drills) are now restricted and will likely be banned by a closure order in the coming days. The drill was removed from the property and will be brought back when available and when forest fire risk is substantially lowered.

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 1,375 hectares located approximately 30 kilometres 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 Ltd. 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 approximately three hundred million 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.Geol., a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

KOOTENAY ZINC CORP.

Per:

David Schmidt
CEO & Director
info@kootenayzinc.com

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 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. 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 expressed 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, anticipated costs and the ability to achieve goals. 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, equipment failures, failure of counterparties to perform their contractual obligations 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 Canadian Securities Exchange nor its regulation services provider accepts responsibility for the adequacy or accuracy of this news release.