

KOOTENAY ZINC CORP.

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Early Warning Report Filed Pursuant to National Instrument 62-103

Vancouver, Canada, October 16, 2017 – Kootenay Zinc Corp. (the “**Company**”) (CSE:ZNK; OTCQB:KTNNF; FSE:KYH): This press release is being disseminated as required by National Instrument 62-103 *The Early Warning System and Related Take Over Bids and Insider Reporting Issues* in connection with the filing of an early warning report (the “**Early Warning Report**”) regarding the acquisition of securities of the Company by David Schmidt (the “**Offeror**”) pursuant to a non-brokered private placement of flow-through units for gross proceeds of \$500,000 (the “**Private Placement**”) completed and disclosed by the Company by news release on October 11, 2017.

The Offeror, Chief Executive Officer and a director of the Company, subscribed for 5,000,000 flow-through units (the “**Units**”) at a price of \$0.05 per Unit for a total purchase price of \$250,000, each Unit consisting of one flow through common share of the Company and one common share purchase warrant of the Company (a “**Warrant**”), with each such Warrant exercisable into one common share of the Company at a price of \$0.10 per share for a period of one year.

After giving effect to securities acquired by the Offeror in the Private Placement (the “**Acquired Securities**”) the Offeror beneficially owns and controls an aggregate of 5,000,000 common shares (“**Common Shares**”) of the Company representing 10.29% of the 48,563,294 common shares of the Company currently issued and outstanding and 5,000,000 common share purchase warrants representing 37.74% of the 13,250,000 common share purchase warrants of the Company currently issued and outstanding. Additionally, the Offeror has stock options entitling him to acquire up to 200,000 additional common shares of the Company, at a price of \$0.20 for 100,000 and \$0.50 for the remaining 100,000, representing 7.55% of the 2,650,000 stock options currently issued and outstanding. Including the Acquired Securities, on a partially-diluted basis, the Acquiror would own and control 10,200,000 common shares of the Company representing 18.97% of the Company’s issued and outstanding common shares (partially-diluted).

The Acquired Securities were acquired for investment purposes only. The Offeror may, depending on market and other conditions, increase or change his beneficial ownership over the common shares or other securities of the Company through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise. The transaction described in this news release constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”). For this transaction the Company relied on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed on a specified market set out in such section, and the Company relied on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(a) and 5.7(1)(b) of MI 61-101 on the basis that the fair market value of the Common Shares issued to, nor the consideration paid by the Offeror exceeded 25% of the Company’s market capitalization nor did it exceed \$2,500,000.

A copy of the Early Warning Report filed under applicable securities laws is available under the Company’s profile on SEDAR (www.sedar.com).

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Per:

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