

KOOTENAY ZINC CORP.

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DRILLING UPDATE & NEW GRAVITY SURVEY BEGINS AT SULLY

Vancouver, B.C., December 1, 2016 – Kootenay Zinc Corp. (the “**Company**”) announces that drilling of hole SY16-10 at the Sully Project was recently stopped due to new results in gravity modelling and observations made of the geology intersected in the hole. Also, Excel Geophysics has mobilized to the site to undertake additional surveys of the new anomalies described previously as E2 and E3, both located in the EAST Target area.

Drilling Update

Diamond drilling of hole SY16-10 was progressing very well, however as the hole deepened three things became apparent:

1. Modelling of the current gravity dataset suggests the target is much closer to surface than previously defined and has an apparent east dip of about 60 degrees to the east. SY16-10’s trajectory would have missed this new understanding of the target geometry;
2. Geological information, both from mapping and drilling shows that strata are folded with dips from steep east to steep west, and faulted such that with depth offsets are progressively further east. The overall effect produces an apparent uniform 60 degree east dip to the gravity field; and
3. A fault at 242 m in SY16-10 appears to be a low angle west dipping normal fault that offsets the stratigraphy (and therefore the target) such that the target is probably farther east at depth than originally thought.

Based on these observations the project team elected to suspend deepening of hole SY16-10, however it can be re-entered in the future if required.

Applications for new permits have recently been filed with the Ministry of Energy and Mines for several new drill collar sites that will allow for effective testing of the newly defined EAST anomalies. Drilling is planned to resume in early 2017 after the holiday break and updates will be provided at that time.

Gravity Survey Update

As described in previous news, modelling of the new dataset showed a well-defined north-trending feature up to 700 m long now named “E1”. This anomaly is within the upper portion of Hughes Range Aldridge stratigraphic unit A1c that correlates with the Sullivan Time horizon. Initial drilling is intended to test the highest amplitude area in the southern part of the elongate E1 anomaly, best explained by the presence of a stratabound (possibly SEDEX) mass coincident with Sullivan Time.

The gravity survey has also identified two new mass anomalies (numbered E2 and E3) expanding the potential of the greater EAST target area and providing a new understanding of faulting of a theorized SEDEX mass. E2 and E3 include higher magnitude mass anomalies occurring in en-echelon steps to the northeast that together constitute another +700 m of strike extent. The E2 and E3 anomalies are also inferred to coincide with the upper portion of Hughes Range Aldridge stratigraphic unit A1c that contains the Sullivan Time horizon, and to be beneath a low angle normal fault that effectively blinds the targets to surface. Based on preliminary interpretation of the gravity results these may be comparatively shallow

targets. Excel Geophysics Inc. has recently re-mobilized to the Sully Project to undertake detailed gravity survey over new anomalies defined at the EAST target at the Sully property.

The WEST mass anomaly remains essentially untested and the project team will determine opportunities and methods to further advance that target area with additional surveys in the future.

OTCQB Listing

The Company has applied for listing of its common shares on the OTC-QB Market in the United States. The Company will provide further particulars upon completion of the approval process which is expected to take several takes.

The Sully Property

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 sedimentary-exhalative (“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 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, listing on the OTC-QB 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, anticipated costs and the ability to achieve goals and the management’s expectations regarding its ability to meet the OTC-QB listing requirements. 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.