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KOOTENAY ZINC CORP.

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**KOOTENAY ZINC CLOSES OVERSUBSCRIBED \$3.3M PRIVATE PLACEMENT
& GRANTS STOCK OPTIONS**

Vancouver, Canada, December 28, 2016 – Kootenay Zinc Corp. (the “**Company**”) (CSE:ZNK) is pleased to announce that, further to its December 14, 2016 and December 19, 2016 news releases, it has closed a 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**”).

Each Unit consists of one common share of the Company (a “**Share**”) and one-half of one transferrable common share purchase warrant (a “**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 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.

Corporate Update

The Company also announces that on December 28, 2016 it granted a total of 1,225,000 incentive stock options to (the “**Options**”) to certain of its directors, officers and consultants pursuant to the Company’s 10% incentive stock option plan. All of the Options vest on the date of grant and are exercisable for a two (2) year period at a price of \$0.50 per Share.

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

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities law and may not be offered or sold in the “United States”, as such term is defined in Regulation S promulgated under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available.

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 Private Placement, 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 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. 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. In particular, there is no guarantee that exploration work, as proposed, or otherwise, will be completed on the Sully Property. 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.