

## FIRST SUPPLEMENTAL WARRANT INDENTURE

THIS FIRST SUPPLEMENTAL WARRANT INDENTURE (the “**Supplemental Indenture**”) is made as of the 27th day of October, 2021.

AMONG:

**KOOTENAY SILVER INC.**, a company existing under the *Business Corporations Act* (British Columbia) and having an office at Suite 1125 595 Howe Street, Vancouver, British Columbia V6C 2T5

(“**Kootenay Silver**”)

AND:

**KOOTENAY RESOURCES INC.**, a company existing under the *Business Corporations Act* (British Columbia) and having an office at Suite 1125 595 Howe Street, Vancouver, British Columbia V6C 2T5

(“**Kootenay Resources**”)

AND:

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada

(the “**Warrant Agent**”)

WHEREAS:

- A. Kootenay Silver and the Warrant Agent executed a warrant indenture (the “**Warrant Indenture**”) dated as of August 25, 2020 providing for the issue of up to 9,275,000 Warrants (as defined in the Warrant Indenture).
- B. Kootenay Silver is proposing to undergo a corporate restructuring by way of a statutory plan of arrangement (the “**Arrangement**”) pursuant to the terms of an arrangement agreement dated August 12, 2021 (the “**Arrangement Agreement**”) between Kootenay Silver and Kootenay Resources, whereby, among other things, Kootenay Silver’s current shareholders will receive common shares in the capital of Kootenay Resources (each, a “**Kootenay Resources Share**”) by way of a share exchange, pursuant to which each existing common share of Kootenay Silver will be exchanged for one new common share of Kootenay Silver (each, a “**Kootenay Silver Share**”) and 0.04 of a Kootenay Resources Share.

- C. Under the Arrangement and the provisions of Article 4 of the Warrant Indenture, the Warrants will be adjusted so that upon exercise holders will receive one Kootenay Silver Share and 0.04 of a Kootenay Resources Share for each Warrant exercised.
- D. In consideration for Kootenay Silver having agreed to effect the Arrangement, which will result in Kootenay Resources becoming a separate public company, Kootenay Resources has agreed to be bound by the terms of the Warrant Indenture and issue 0.04 Kootenay Resources Shares for each Warrant exercised on the terms set out herein.
- E. Section 8.1(a) of the Warrant Indenture provides for the creation of indentures supplemental to the Warrant Indenture for the purpose of setting forth any adjustments resulting from the application of the provisions of Article 4 of the Warrant Indenture.
- F. The Warrant Agent is authorized and directed to enter into this Supplemental Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who are holders of Warrants issued pursuant to the Warrant Indenture as modified by this Supplemental Indenture from time-to-time.
- G. Each of the Recitals is made as a statement of fact by Kootenay Silver and Kootenay Resources, and not by the Warrant Agent.

**NOW THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSES** that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, and the parties hereto agree as follows:

**1. Interpretation**

- (a) Defined terms used but not defined in this Supplemental Indenture are as defined in the Warrant Indenture.
- (b) This Supplemental Indenture is supplemental to the Warrant Indenture and the Warrant Indenture will henceforth be read in conjunction with this Supplemental Indenture and all the provisions of the Warrant Indenture, except only insofar as the same may be inconsistent with the express provisions hereof, will apply and have the same effect as if all the provisions of the Warrant Indenture and of this Supplemental Indenture were contained in one instrument and the expressions used herein will have the same meaning as is ascribed to the corresponding expressions in the Warrant Indenture.
- (c) On and after the date hereof, each reference to the Warrant Indenture, as amended by this Supplemental Indenture, “this indenture”, “herein”, “hereby”, and similar references, and each reference to the Warrant Indenture in any other agreement, certificate, document or instrument relating thereto, will mean and refer to the Warrant Indenture as amended hereby. Except as specifically amended by this Supplemental Indenture, all other terms and conditions of the Warrant Indenture will remain in full force and unchanged.

## 2. Amendments to the Warrant Indenture

- (a) The parties hereby agree to amend the Warrant Indenture to provide that each whole Warrant outstanding as of the effective date of the Arrangement (the “**Arrangement Date**”) will entitle each Warrantholder thereof, upon exercise at any time on or after the Arrangement Date and prior to the Expiry Time, to acquire one Kootenay Silver Share and 0.04 of a Kootenay Resources Share, as adjusted from time-to-time pursuant to the Warrant Indenture, upon payment of the Exercise Price.
- (b) Kootenay Resources hereby agrees to be bound by the terms, rights, conditions and covenants of Kootenay Silver in the Warrant Indenture, as amended pursuant to this Supplemental Warrant Indenture, as they relate to the Kootenay Resources Shares, as of the Arrangement Date, as though it were an original party thereto. Kootenay Resources will perform its obligations under the Warrant Indenture in every respect from the Arrangement Date as if it had been, on the execution of the Warrant Indenture, an original party to the Warrant Indenture, in respect of the obligations so assumed. Kootenay Silver will continue to perform its obligations under the Warrant Indenture as they relate to the Kootenay Silver Shares. As the context requires, reference in the Warrant Indenture to the “Corporation” will be read to mean “Kootenay Silver” and “Kootenay Resources”, and reference to “Common Shares” will be read to mean “Kootenay Silver Shares” and “Kootenay Resources Shares”, to effect the terms of this Supplemental Indenture.
- (c) Kootenay Resources hereby authorizes the Warrant Agent to deliver such Kootenay Resources Shares on exercise of the Warrants as described herein or as adjusted pursuant to the provisions of the Warrant Indenture, in accordance with the terms of the Warrant Indenture.
- (d) The form of Warrant Certificate attached as Schedule “A” in the Warrant Indenture and the form of Exercise Notice attached as Schedule “B” under the Warrant Indenture are hereby replaced with the forms attached as Schedule “A” and Schedule “B” hereto, respectively. All changes made thereon are deemed to be incorporated in all Warrants currently issued and outstanding.
- (e) Neither Kootenay Resources nor Kootenay Silver will be required, upon the exercise of any Warrants, to issue fractional Kootenay Silver Shares or Kootenay Resources Shares pursuant to the Warrant Indenture. Any fractional Kootenay Silver Shares or Kootenay Resources Shares will be rounded down the nearest whole number.
- (f) The Warrants are not exercisable to purchase Kootenay Silver Shares and Kootenay Resources Shares separately from each other.
- (g) For clarity, the Exercise Price will remain the same. The Exercise Price payable for the Warrants will continue to be paid by the Warrant Agent to Kootenay Silver. The Warrant Agent will be protected in acting upon any such written direction furnished to it without the need for independent investigation. Kootenay Silver will pay to Kootenay Resources the applicable portion of the Exercise Price it is entitled to pursuant to section 4.5 of the Arrangement Agreement.

- (h) All provisions otherwise applicable in respect of Kootenay Silver and the Kootenay Silver Shares under the Warrant Indenture will from the date hereof be applicable in respect of Kootenay Resources and the Kootenay Resources Shares, *mutatis mutandis*.

### **3. General**

- (a) The Warrants issued and outstanding shall be deemed to include the amendments as set forth herein, without any further action of the Warrantholders or surrender or exchange of their Warrant Certificates.
- (b) The Warrant Indenture is and continues to be in full force and effect, unamended, except as provided herein, and the parties hereby confirm the Warrant Indenture in all other respects.
- (c) This Supplemental Indenture will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and is binding upon the parties hereto and their respective successors and assigns.
- (d) This Supplemental Indenture will enure to the benefit of the parties hereto and their respective successors and permitted assigns and will be binding upon the parties hereto and their respective successors.
- (e) This Supplemental Indenture may be simultaneously executed in several counterparts, and by facsimile or other electronic reproduction, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Supplemental Indenture.

*[this part is intentionally left blank; signature page to follow]*



**SCHEDULE “A”**

**FORM OF WARRANT**

THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE AT OR BEFORE 1:30 P.M. (VANCOUVER TIME) ON AUGUST 25, 2022 AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

*For all Warrants sold outside the United States and registered in the name of the Depository, also include the following legend:*

(INSERT IF BEING ISSUED TO CDS) UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO KOOTENAY SILVER INC. (THE “ISSUER”) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

*For Warrants sold in the United States also include the following legends:*

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KOOTENAY SILVER INC. (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN ANOTHER TRANSACTION THAT DOES

NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, AFTER THE HOLDER HAS, IN THE CASE OF (C) OR (D) ABOVE, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION.

THESE WARRANTS MAY NOT BE EXERCISED BY OR FOR THE ACCOUNT OR BENEFIT OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANTS AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE, OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATIONS UNDER THE U.S. SECURITIES ACT.

**WARRANT**

of

**KOOTENAY SILVER INC.**

(continued pursuant to the laws of the Province of British Columbia)

Warrant  
Certificate No. [\*]

Certificate for \_\_\_\_\_ Warrants, each entitling the holder to acquire one Kootenay Silver Share and 0.04 of a Kootenay Resources Share (as such terms are defined below), subject to adjustment as provided for in the Warrant Indenture (as defined below)

CUSIP 500583133

ISIN CA 5005831337

**THIS IS TO CERTIFY THAT**, for value received,

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(the "**Warrantholder**") is the registered holder of the number of common share purchase warrants (the "**Warrants**") of Kootenay Silver Inc. (the "**Corporation**") specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the warrant indenture dated as of August 25, 2020 between the Corporation and Computershare Trust Company of Canada, as Warrant Agent (which such warrant indenture, together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**"), to purchase at any time before 1:30 p.m. (Vancouver time) on August 25, 2022 (the "**Expiry Time**"): (i) one fully paid and non-assessable common share without par value in the capital of the Corporation as constituted on the date hereof (each, a "**Kootenay Silver Share**") and (ii) 0.04 of a fully paid and non-assessable common share without par value in the capital of Kootenay Resources Inc. ("**Kootenay Resources**") as constituted on the date hereof (each whole share, a "**Kootenay Resources Share**") for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture. The Warrants are not exercisable to purchase Kootenay Silver Shares and Kootenay Resources Shares separately from each other.

The right to purchase Kootenay Silver Shares and Kootenay Resources Shares may only be exercised by the Warrantholder within the time set forth above by:

(a) duly completing and executing the exercise form (the “**Exercise Form**”) attached hereto; and

(b) surrendering this warrant certificate (this “**Warrant Certificate**”), with the Exercise Form to the Warrant Agent (as defined below) at the principal office of the Warrant Agent, in the city of Vancouver, British Columbia, together with a certified cheque, bank draft or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the purchase price of the Kootenay Silver Shares and Kootenay Resources Shares so subscribed for.

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at its principal office as set out above.

The Warrants evidence hereby are exercisable at any time prior to the Expiry Time, after which time, the Warrants shall be void and of no further force or effect.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for the Kootenay Silver Shares and Kootenay Resources Shares issuable upon the exercise of Warrants shall be \$0.55 per Warrant (the “**Exercise Price**”).

Certificates for the Kootenay Silver Shares and Kootenay Resources Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this Warrant Certificate is surrendered. If fewer Warrants are exercised than the number that can be exercised pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Warrants not so exercised. No fractional Kootenay Silver Shares or Kootenay Resources Shares will be issued upon exercise of any Warrant.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of the Warrant Indenture, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation, Kootenay Resources and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder, on request and without charge, a copy of the Warrant Indenture.

On presentation at the principal office of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged

for one or more Warrant Certificates entitling the holder thereof to purchase in the aggregate an equal number of Kootenay Silver Shares and Kootenay Resources Shares as are purchasable under the Warrant Certificate(s) so exchanged.

Neither the Warrants nor the Kootenay Silver Shares and Kootenay Resources Shares issuable upon exercise hereof have not been or will be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or U.S. state securities laws. Other than by an original U.S. purchaser that purchased the Warrants directly from the Corporation, these Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States unless this security and the Kootenay Silver Shares and Kootenay Resources Shares issuable upon exercise of this security have been registered under the U.S. Securities Act and the applicable state securities legislation or an exemption from such registration requirements is available.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price payable for the Kootenay Silver Shares and Kootenay Resources Shares upon the exercise of Warrants and the number of Kootenay Silver Shares and Kootenay Resources Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and instruments in writing signed by Warrantholders of Warrants entitled to purchase a specific majority of the Kootenay Silver Shares and Kootenay Resources Shares that can be purchased pursuant to such Warrants.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Kootenay Silver Shares or Kootenay Resources Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Vancouver, British Columbia or such other registrar as the Corporation, with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may

prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other registrar. Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language. Les parties aux présentes déclarent qu'elles ont exigé que la présente convention, de même que tous les documents s'y rapportant, soient rédigés en anglais.

**IN WITNESS WHEREOF** the Corporation has caused this Warrant Certificate to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_\_.

**KOOTENAY SILVER INC.**

By: \_\_\_\_\_  
Authorized Signatory

Countersigned and Registered by:

**COMPUTERSHARE TRUST COMPANY  
OF CANADA**

By: \_\_\_\_\_  
Authorized Signatory

## FORM OF TRANSFER

To: Computershare Trust Company of Canada

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

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(print name and address) the Warrants of Kootenay Silver Inc. represented by this Warrant Certificate and hereby irrevocably constitutes and appoints \_\_\_\_\_ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent. Capitalized terms not defined herein have the meanings given to them in the Warrant Certificate or the Warrant Indenture.

• In the case of a warrant certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- (A) the transfer is being made only to the Corporation;
- (B) the transfer is made outside of the United States in a transaction meeting the requirements of Rule 904 of Regulation S, and is in compliance with applicable local laws and regulations, and the transferor delivers to the Warrant Agent and the Corporation a declaration substantially in the form set forth in Schedule "C" to the Warrant Indenture, or
- (C) the transfer is made in compliance with (I) Rule 144A of the U.S. Securities Act, if applicable, to a person the seller reasonably believes is a Qualified Institutional Buyer that is purchasing for its own account or the account of a Qualified Institutional Buyer to whom notice is given that the offer, sale or transfer is being made in reliance of Rule 144A thereunder, if available, or (II) to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144 thereunder, if available, and in each case in accordance with any applicable state securities or "blue sky" laws; or
- (D) the transfer is in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws.

• In the case of a warrant certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. Person or to a

person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent to such effect.

- If transfer is to a U.S. Person, check this box.
- DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**SPACE FOR GUARANTEES OF SIGNATURES (BELOW)**

	)	
	)	Signature of Transferor
	)	
	)	
Guarantor's Signature/Stamp	)	Name of Transferor
	)	

**REASON FOR TRANSFER - For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).**

- Gift   
  Estate   
  Private Sale   
  Other (or no change in ownership)

Date of Event (Date of gift, death or sale):    Value per Warrant on the date of event:

<input type="text"/> / <input type="text"/> / <input type="text"/>
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\$ <input type="text"/> . <input type="text"/>	<input type="checkbox"/> CAD <u>OR</u>	<input type="checkbox"/> USD
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## CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

### OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion

Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

**REASON FOR TRANSFER - FOR US RESIDENTS ONLY**

Consistent with US IRS regulations, Computershare is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

**SCHEDULE "B"**

**EXERCISE FORM**

**TO:** Kootenay Silver Inc. (the "**Corporation**")

**AND TO:** Computershare Trust Company of Canada  
3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, BC V6C 3B9

**AND TO:** Kootenay Resources Inc. ("**Kootenay Resources**")

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire \_\_\_\_\_ (A) Warrants, each Warrant entitling the holder to acquire: (i) one common share in the capital of the Corporation (each, a "**Kootenay Silver Share**"), and (ii) 0.04 of a common share in the capital of Kootenay Resources (each whole share, a "**Kootenay Resources Share**").

Exercise Price Payable: \_\_\_\_\_  
((A) multiplied by \$0.55, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Kootenay Silver Shares and Kootenay Resources Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture.

The undersigned hereby acknowledges that the undersigned is aware that the Kootenay Silver Shares and Kootenay Resources Shares received on exercise may be subject to restrictions on resale under applicable securities legislation, and all Kootenay Silver Shares and Kootenay Resources Shares shall bear, or be deemed to bear, legend(s) evidencing such restrictions.

**Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.**

The undersigned represents, warrants and certifies as follows (one only) of the following must be checked):

- (A) the undersigned holder at the time of exercise of the Warrants (i) is not in the United States, (ii) is not a U.S. Person, (iii) is not exercising the Warrants for the account or benefit of a U.S. Person or a person in the United States, (iv) did not execute or deliver this exercise form in the United States and (v) delivery of the underlying Kootenay Silver Shares and Kootenay Resources Shares will not be to an address in the United States;  
OR

- (B) the undersigned holder (a) is the original U.S. purchaser who purchased the Warrants pursuant to the Corporation's Unit Offering who delivered the U.S. Accredited Investor Certificate attached to the subscription agreement in connection with its purchase of Units, (b) is exercising the Warrants for its own account or for the account of a disclosed principal that was named in the subscription agreement pursuant to which it purchased such Units, and (c) is, and such disclosed principal, if any, is an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") at the time of exercise of these Warrants and the representations and warranties of the holder made in the original subscription agreement including the U.S. Accredited Investor Certificate remain true and correct as of the date of exercise of these Warrants; OR
- (C) the undersigned holder: (a) was the original purchaser of Warrants, who completed, signed and delivered a U.S. Subscription Agreement and the U.S. QIB Letter in connection with its purchase of Units pursuant to the placement under which the Warrants were issued; (b) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants and for whose account such holder exercises sole investment discretion; (c) was, and any beneficial purchaser for whose account such holder acquired the Warrants and is exercising the Warrants was, an Original QIB Purchaser that continues to be a Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act at the time of exercise of these Warrants, and the representations and warranties of the holder made in the U.S. Subscription Agreement and the U.S. QIB Letter remain true and correct as of the date of exercise of these Warrants; OR
- (D) if the undersigned holder is (i) a holder in the United States, (ii) a U.S. Person, (iii) a person exercising for the account or benefit of a U.S. Person, (iv) executing or delivering this exercise form in the United States or (v) requesting delivery of the underlying Kootenay Silver Shares and Kootenay Resources Shares in the United States, the undersigned holder has delivered to the Corporation and the Corporation's transfer agent (a) a completed and executed U.S. Purchaser Letter in substantially the form attached to the Warrant Indenture as Schedule "D" or (b) an opinion of counsel (which will not be sufficient unless it is in form and substance reasonably satisfactory to the Corporation and Warrant Agent) or such other evidence reasonably satisfactory to the Corporation and Warrant Agent to the effect that with respect to the Kootenay Silver Shares and Kootenay Resources Shares to be delivered upon exercise of the Warrants, the issuance of such securities has been registered under the U.S. Securities

Act and applicable state securities laws, or an exemption from such registration requirements is available.

It is understood that the Corporation, Kootenay Silver and Computershare Trust Company of Canada may require evidence to verify the foregoing representations.

- Notes: (1) Certificates will not be registered or delivered to an address in the United States unless Box B, C or D above is checked.
- (2) If Box D above is checked, holders are encouraged to consult with the Corporation and the Warrant Agent in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Corporation and the Warrant Agent.

“United States” and “U.S. Person” are as defined in Rule 902 of Regulation S under the U.S. Securities Act.

The undersigned hereby irrevocably directs that the said Kootenay Silver Shares and Kootenay Resources Shares be issued, registered and delivered as follows:

Name(s) in Full and Social Insurance Number(s) (if applicable)	Address(es)	Number of Kootenay Silver Shares	Number of Kootenay Resources Shares
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please print full name in which certificates representing the Kootenay Silver Shares and Kootenay Resources Shares are to be issued. If any Kootenay Silver Shares and Kootenay Resources Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Form of Transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to **Computershare Trust Company of Canada, c/o General Manager, Corporate Trust.**

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Witness ) \_\_\_\_\_  
) (Signature of Warrantholder, to be the same as  
) appears on the face of this Warrant Certificate)  
) \_\_\_\_\_  
) Name of Registered Warrantholder

Please check if the certificates representing the Kootenay Silver Shares and Kootenay Resources Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.