

A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from such securities regulatory authorities.

This prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities being offered under this short form base shelf prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and, subject to certain exceptions, will not be offered or sold within the United States or to or for the account or benefit of U.S. Persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Kootenay Silver Inc. at Suite 1125, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 (Telephone (604) 604-5650), and are also available electronically at www.sedarplus.ca.

This short form base shelf prospectus may qualify an "at-the-market distribution" (as such term is defined in National Instrument 44-102 – Shelf Distributions).

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

December 21, 2023

KOOTENAY SILVER INC.



\$40,000,000

Common Shares

Warrants

Subscription Receipts

Units

Debt Securities

Kootenay Silver Inc. ("Kootenay" or the "Company") may offer and sell from time to time common shares of the Company ("Common Shares"), warrants ("Warrants") to purchase any of the other securities that are described in this short form base shelf prospectus (the "Prospectus"), subscription receipts ("Subscription Receipts"), units ("Units") comprised of one or more of any of the other securities that are described in this Prospectus, and debt securities ("Debt Securities") or any combination of such securities (all of the foregoing collectively, the "Securities" and individually, a "Security") for up to an aggregate offering price of \$40,000,000 (or its equivalent in other currencies), in one or more transactions during the 25-month period that this Prospectus, including any amendments hereto, remains effective.

The Company prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

Purchasers of Securities should be aware that the acquisition of Securities may have tax consequences both in the United States and in Canada. Such consequences for purchasers who are citizens of, or resident in, the United States are not described fully herein and may not be fully described in any applicable Prospectus Supplement. Purchasers of Securities should read the tax discussion contained in the applicable Prospectus Supplement with respect to a particular offering of Securities.

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of the Province of British Columbia, Canada, that most of its officers and directors are residents of Canada, that some of the experts named in this Prospectus are residents of Canada, and that all or a substantial portion of the assets of the Company and said persons are located outside of the United States.

The Company will provide the specific terms of any offering of Securities, including the specific terms of the Securities with respect to a particular offering and the terms of such offering, in one or more prospectus supplements (each a “**Prospectus Supplement**”) to this Prospectus. The Securities may be offered separately or together or in any combination, and as separate series.

In addition, Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or a subsidiary of the Company. The consideration for any such acquisition may consist of any of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

An investment in Securities involves significant risks that should be carefully considered by prospective investors before purchasing Securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein, including the applicable Prospectus Supplement, should be carefully reviewed and considered by prospective investors in connection with any investment in Securities. See “Cautionary Statement On Forward- Looking Information” and “Risk Factors”.

An investor should read this Prospectus and the applicable Prospectus Supplement carefully before investing in any Securities.

All dollar amounts in this Prospectus are in Canadian dollars, unless otherwise indicated. See “Currency Presentation and Exchange Rate Information”.

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery requirements has been obtained. For the purposes of applicable securities laws, each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which that Prospectus Supplement pertains.

The Securities may be sold pursuant to this Prospectus directly to investors or through underwriters, dealers or agents designated from time to time, at amounts and prices and other terms determined by the Company. A Prospectus Supplement will set out the names of any underwriters, dealers or agents involved in the sale of the Securities, the amounts, if any, to be purchased by underwriters, and the plan of distribution for such Securities, including the net proceeds the Company expects to receive from the sale of such Securities, the amounts and prices at which such Securities are sold and the compensation of such underwriters, dealers or agents. In connection with any offering (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Securities offered at levels other than that which might otherwise exist in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”. As of the date of this Prospectus, no underwriter or dealer is in a contractual relationship with the Company requiring the underwriter or dealer to distribute Securities under this Prospectus. **Accordingly, no underwriter has been involved in the preparation of this Prospectus nor has any underwriter performed any review of the contents of this Prospectus.**

The Company will file an undertaking with each of the securities regulatory authorities in each of the provinces and territories of Canada in which this Prospectus is filed that it will not distribute Securities that, at the time of distribution, are novel specified derivatives or novel asset-backed securities, without first pre-clearing with the applicable regulator the disclosure to be contained in the Prospectus Supplement pertaining to the distribution of such Securities.

The issued and outstanding Common Shares are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “KTN” and on the OTCQX Best Market (the “**OTCQX**”) under the symbol “KOOYF”. On December 20, 2023, the last trading day prior to the date of this Prospectus Supplement, the closing price per Common Share on the TSXV was \$1.27, and on the OTCQX was US\$0.95. **Unless otherwise specified in the applicable Prospectus Supplement, Securities other than Common Shares will not be listed on any securities exchange. There is currently no market through which such Securities other than Common Shares may be sold and purchasers may not be able to resell any such Securities purchased under this Prospectus and the Prospectus Supplement relating to such Securities. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “Risk Factors”. No assurances can be given that a market for trading in Securities of any series or issue will develop or as to the liquidity of any such market, whether or not the Securities are listed on a securities exchange.**

The Company’s head office and principal address is located at Suite 1125, 595 Howe Street, Vancouver, British Columbia V6C 2T5. The registered and records office of the Company is located at Suite 910, 800 Pender Street, Vancouver, British Columbia V6C 2V6.

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ABOUT THIS SHORT FORM PROSPECTUS

In this Prospectus, the Company and its subsidiaries are collectively referred to as the “Company” or “Kootenay”, unless the context otherwise requires. Readers should rely only on the information contained or incorporated by reference in this Prospectus. The Company has not authorized anyone to provide readers with information that is different or additional information from that contained in this Prospectus. If anyone provides you with any different, additional, inconsistent or other information, you should not rely on it. The Company takes no responsibility for, and can provide no assurance as to the reliability of any other information that others may give readers of this Prospectus. The Company is not making an offer to sell or seeking an offer to buy the Securities in any jurisdiction where the offer or sale is not permitted.

Readers should not assume that the information contained in this Prospectus, any applicable Prospectus Supplement or any document incorporated by reference herein and therein is accurate as of any date other than the date on the front cover of this Prospectus, any applicable Prospectus Supplement or the respective dates of the documents incorporated by reference herein and therein, regardless of the time of delivery or of any sale of the Securities pursuant thereto. It should be assumed that the information appearing in this Prospectus, any Prospectus Supplement and the documents incorporated by reference herein and therein are accurate only as of their respective dates. The business, financial condition, results of operations and prospects of the Company may have changed since those dates.

This Prospectus shall not be used by anyone for any purpose other than in connection with an offering of Securities as described in one or more Prospectus Supplements. The Company does not undertake to update the information contained or incorporated by reference herein, including any Prospectus Supplement, except as required by applicable securities laws. Information contained on, or otherwise accessed through, the website of the Company, www.kootenaysilver.com, shall not be deemed to be a part of this Prospectus, any applicable Prospectus Supplement or document incorporated by reference herein or therein, and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Securities.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained or incorporated by reference in this Prospectus constitute “forward-looking statements” within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information herein and in the documents incorporated by reference herein are provided as of the date of such documents only, and the Company does not intend, and does not assume any obligation, to update this forward-looking information and statements, except as required by law. Generally, forward-looking information and statements can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. Forward-looking information and statements contained or incorporated by reference in this Prospectus include, but are not limited to, statements with respect to the future financial and operating performance of Kootenay; planned exploration and development activities; the future interpretation of geological information; the cost and results of operational activities including objectives, exploration, development and evaluation activities; expectations regarding mineral reserves and mineral resources; realization of mineral reserves and mineral resource estimates; reclamation costs and timing; anticipated commencement dates of mining or metal production operation; projected quantities of future metal production; anticipated production rates and mine life; operating efficiencies, costs and expenditures and conversion of mineral resources to reserves; results of the technical report titled “Technical Report for the Columba Silver Property” dated effective March 17, 2023 (the “**Columba Technical Report**”) and filed on SEDAR+ on August 9, 2023 regarding the Company’s Columba Silver project located in Chihuahua State, Mexico (the “**Columba Silver Project**”) and prepared for the Company by independent consultants Moose Mountain Technical Services and was authored by Sue Bird P.Eng; results of the technical report titled “Technical Report for the Promontorio Property: Promontorio & La Negra Resource Estimate” dated effective August 27, 2023 (the “**Promontorio Technical Report**”) and filed on SEDAR+ on November 24, 2023 regarding the Company’s Promontorio-La Negra project located in Sonora State, Mexico (the “**Promontorio-La Negra Project**”) and prepared for the Company by independent consultants Moose Mountain Technical Services and was authored by Sue Bird P.Eng; results of the technical report titled “Technical Report on the Updated Mineral Resource Estimate on the San Gregorio/Las Carolinas Zones, La Cigarra Silver Project, Chihuahua Mexico” dated

effective January 14, 2015 (the “**La Cigarra Technical Report**”) and filed on the SEDAR+ profile of Northair Silver Corp. on February 27, 2015 regarding the Company’s La Cigarra silver project located in Chihuahua State, Mexico (the “**La Cigarra Project**”) and prepared for the Company by independent consultants GeoVector Management Inc. and was authored by Allan Armitage, Ph. D., P.Geo and Joe Campbell, B.Sc.(H), P.Geo.; expectations with respect to the process for and receipt of regulatory approvals, permits and licenses under governmental and other applicable regulatory regimes; future financings and the ability to raise capital; the future price of silver; requirements for additional capital; and the listing of Securities on any securities exchange.

Forward-looking information and statements are based on the then current expectations, beliefs, assumptions, estimates and forecasts of Kootenay about Kootenay’s business and the industry and markets in which it operates. Forward-looking information and statements are made based upon numerous assumptions, including among others, that the results of planned exploration and development activities are as anticipated and on time; the price of gold, silver and other commodities and other market conditions and factors; the cost of planned exploration and development activities; there will be limited changes in any project parameters as plans continue to be refined; that financing will be available if and when needed and on reasonable terms; that third party contractors, equipment, supplies and governmental and other approvals required to conduct Kootenay’s planned exploration and development activities will be available on reasonable terms and in a timely manner; that there will be no revocation of government approvals and that general business, economic, competitive, social and political conditions will not change in a material adverse manner; financial and silver and gold markets will not be adversely affected by a global pandemic (including COVID-19); suppliers, employees, contractors and subcontractors will be available to continue operations as needed; demand for, and supply of silver; tax rates, interest rates and exchange rates; mineral reserve and resources estimates and the assumptions on which they are based; and the listing of Common Shares qualified by this document on any securities exchange. Although the assumptions made by the Company in providing forward-looking information or making forward-looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.

Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual results, performances and achievements of Kootenay to differ materially from any projections of results, performances and achievements of Kootenay expressed or implied by such forward-looking information or statements, including, among others, price volatility of gold and silver; volatility of commodity prices and other input costs; mining industry operational hazards and environment concerns; uncertainty of estimates of mineral resources and reserves; requirements for additional financing which may not be available; changes in political conditions or governmental policies and political and financial instability in the countries in which the Company’s properties are located; government regulation and requirements for permits and licenses and competition; reliance upon key management and other personnel; imprecision of mineral resource estimates; potential cost overruns on any development; capital intensive nature of the mining industry; changes in climate or increases in environmental regulation; aboriginal title and consultation issues; deficiencies in the Company’s title to its properties; fluctuations in interest rates; foreign exchange exposure; information security and cyber threats; failure to manage conflicts of interest; changes in laws, regulations and policy; competition for resources and financing; volatility in market price of the Company’s shares; financial and silver and gold market reactions, as well as effects on individuals on which Kootenay relies, as a result of epidemics or global pandemics (including COVID-19); speculative nature of exploration and development projects; liquidity of securities of Kootenay; dilution risks to existing securityholders; risks associated with the sale of securities of Kootenay; conflicts of interest for Kootenay’s directors engaged in similar businesses; interruption or failure of Kootenay’s information systems; cyberattacks; competitors and competing technology; inability to exploit, expand and replace mineral reserves and mineral resources; and other factors discussed or referred to in this Prospectus under “Risk Factors”.

Although Kootenay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information or statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

There can be no assurance that such information or statements will prove to be accurate, as actual results and future events and actions could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information or statements. The forward-looking information and statements contained in this Prospectus are made as of the date of this Prospectus and, accordingly, are subject to

change after such date.

All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements and those made in the Company's other filings with the securities regulators of Canada and the United States including, but not limited to, the cautionary statements made in the "Risk Factors" section of this Prospectus, the "Risk Factors" section of the AIF and the "Risks and Uncertainties" sections of the 2022 MD&A and Q3 2023 MD&A. These factors are not intended to represent a complete list of the factors that could affect Kootenay. Kootenay disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. The Company's public filings with the securities commissions or similar authorities in each of the provinces and territories of Canada can be found through the System for Electronic Document Analysis and Retrieval ("SEDAR+") on the Company's profile at www.sedarplus.ca.

NOTICE REGARDING PRESENTATION OF MINERAL RESERVE AND RESOURCE ESTIMATES

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of Kootenay incorporated by reference in this Prospectus have been prepared in accordance with National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum’s “*CIM Standards on Mineral Resources and Reserves Definitions and Guidelines*” (the “**CIM Guidelines**”). The definitions of mineral reserves and mineral resources are set out in our disclosure of the Company’s mineral reserve and mineral resource estimates that are incorporated by reference in this Prospectus.

Kootenay uses the terms “mineral resources”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of inferred mineral resources will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, investors are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.

If, after the date of this Prospectus, Kootenay is required by section 4.2(1)(j) of NI 43-101 to file a technical report to support scientific or technical information that relates to a mineral project on a property material to the Company, Kootenay will file such technical report in accordance with section 4.2(5)(a)(i) of NI 43-101 as if the words “preliminary short form prospectus” refer to a “shelf prospectus supplement”.

ENFORCEMENT OF CERTAIN CIVIL LIABILITIES

The Company is a corporation existing under the laws of the Province of British Columbia, Canada. A majority of the assets of the Company are located outside of the United States, a majority of the directors and officers of the Company are residents of Canada and a majority of their assets are located outside of the United States, and all of the experts named in this Prospectus are resident outside of the United States. As a result, it may be difficult for United States investors to effect service of process within the United States upon those directors, officers or experts who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of such directors, officers or experts under United States federal securities laws. There is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

All references to “\$” in this Prospectus are to Canadian dollars and all references to “US\$” are to United States dollars. On December 20, 2023 the Bank of Canada daily rate of exchange was US\$1.00 = \$1.33 or \$1.00 = US\$0.75.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Corporate Secretary of the Company at Suite 1125, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 (Telephone (604) 604-5650) and are also available electronically at [Error! Hyperlink reference not valid.](#) The filings of the Company through SEDAR+ are not incorporated by reference in this Prospectus except as specifically set out herein.

The information incorporated by reference is considered part of this Prospectus, and information filed with the securities commission or similar authorities in each of the provinces and territories of Canada, subsequent to this Prospectus and prior to the termination of a particular offering of Securities referred to in any Prospectus Supplement will be deemed to update and, if applicable, supersede this information. Except as may be set forth in a Prospectus Supplement, the

following documents, filed by the Company with the securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) annual information form of the Company for the year ended December 31, 2022 dated November 22, 2023 (the “**AIF**”);
- (b) the Columba Technical Report;
- (c) the Promontorio Technical Report;
- (d) the La Cigarra Technical Report;
- (e) audited consolidated financial statements of the Company as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditor’s report thereon (“the “**2022 Annual Financial Statements**”);
- (f) management’s discussion and analysis of financial condition and result of operations of the Company for the year ended December 31, 2022 (the “**2022 MD&A**”);
- (g) management information circular of the Company dated February 10, 2023 prepared and distributed in connection with the annual general and special meeting of shareholders held on March 15, 2023;
- (h) unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 2023, together with the notes thereto (the “**Q3 2023 Financial Statements**”);
- (i) management’s discussion and analysis of financial condition and result of operations of the Company for the nine months ended September 30, 2023 (the “**Q3 2023 MD&A**”);
- (j) material change report dated June 2, 2023 regarding the closing of a private placement offering of units of the Company on May 24, 2023 for aggregate gross proceeds of approximately \$3.7 million; and
- (k) material change report dated May 16, 2023 regarding the sale of common shares of Aztec Minerals Corp. (“**Aztec**”) on May 8, 2023 via several market transactions.

Any document of the type referred to in section 11.1 of Form 44-101F1 (“**Form 44-101F1**”) of National Instrument 44-101 – *Short Form Prospectus Distributions* (excluding confidential material change reports), if filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and all Prospectus Supplements (only in respect of the offering of Securities to which that particular Prospectus Supplement relates) disclosing additional or updated information including the documents incorporated by reference therein, filed pursuant to the requirements of applicable securities legislation in Canada and during the period that this Prospectus is effective, shall be deemed to be incorporated by reference in this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and the readers should review all information contained in this Prospectus, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference herein and therein.

Upon a new annual information form and annual consolidated financial statements (and accompanying management’s discussion and analysis of financial condition and results of operations) being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus is effective, the previous annual information form, the previous annual consolidated financial statements and all interim consolidated financial statements and in each case the accompanying management’s discussion and analysis of financial condition and results of operations, and material change reports, filed prior to the commencement of the financial year of the Company in which the new annual information form is filed shall be deemed to no longer be incorporated into this Prospectus for purpose of future offers and sales of Securities under this Prospectus. Upon interim consolidated

financial statements and the accompanying management’s discussion and analysis of financial condition and results of operations being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, all interim consolidated financial statements and the accompanying management’s discussion and analysis of financial condition and results of operations filed prior to such new interim consolidated financial statements and management’s discussion and analysis of financial condition and results of operations shall be deemed to no longer be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. In addition, upon a new management information circular for an annual meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, the previous management information circular filed in respect of the prior annual meeting of shareholders shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of an offering of Securities and other information relating to the Securities will be delivered to prospective purchasers of such Securities, together with this Prospectus, and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement but only for the purpose of the offering of the Securities covered by that Prospectus Supplement.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

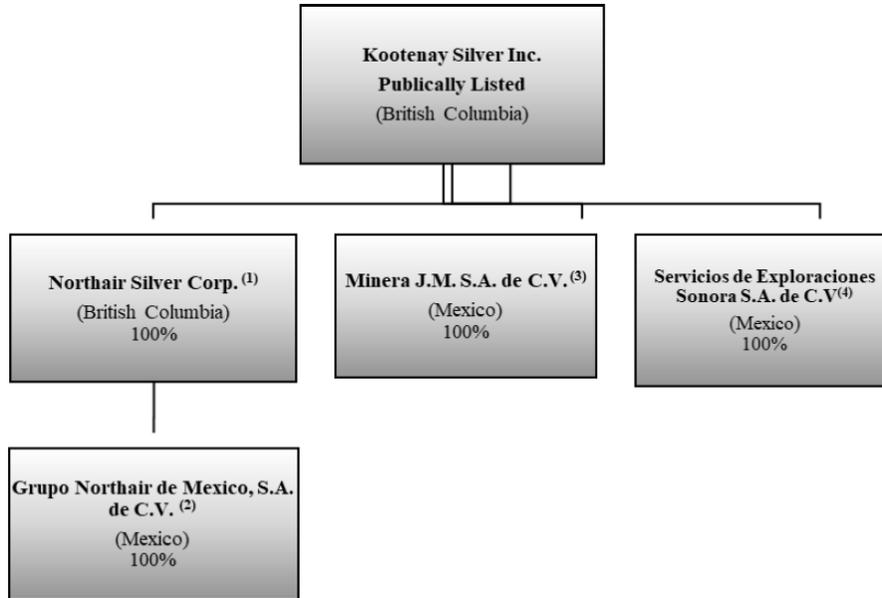
GENERAL DEVELOPMENT OF THE BUSINESS

The Company was incorporated as “First Integrated Enterprises Ltd.” by Certificate of Incorporation under the *Business Corporations Act* (Alberta) on August 2, 2000. On March 7, 2005, in connection with the completion of the Company’s Qualifying Transaction (as such term is defined under the policies of the TSXV), the Company changed its name to “Kootenay Gold Inc.”. The Company then continued into the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) on November 9, 2006. On February 21, 2012, the Company changed its name to “Kootenay Silver Inc.” The Company’s Common Shares are listed on the TSXV under the trading symbol “KTN”.

The Company’s head office and principal address is located at Suite 1125, 595 Howe Street, Vancouver, British Columbia V6C 2T5. The registered and records office of the Company is located at Suite 910, 800 Pender Street, Vancouver, British Columbia V6C 2V6. The Company is a reporting issuer in British Columbia, Alberta, and Ontario. The Company’s website address is: <https://www.kootenaysilver.com/>.

The Company has four wholly owned subsidiaries being: Northair Silver Corp. (“**Northair**”), Grupo Northair de Mexico, S.A. (“**Grupo**”), Minera J.M. S.A. de C.V. (“**MJM**”) and Servicios de Exploraciones Sonora S.A. de C.V. (“**SES**”). All references herein to the Company include the Company, Northair, Grupo, MJM and SES.

The diagram sets forth the Company’s inter-corporate relationships with each of its subsidiaries, including the jurisdiction of incorporation or organization and the Company’s percentage ownership. The Company and Northair are domiciled in Vancouver, British Columbia, MJM and SES in Hermosillo, Sonora, Mexico, and Grupo in Chihuahua, Mexico.



The Company is an exploration stage mining company with a primary objective and business plan of discovering or acquiring silver dominant mineral deposits that have the potential to become economically viable for further development in Mexico. The core management and technical team are industry professionals that have international experience in all aspects of mineral property acquisition, mineral exploration, operations, and financing.

The Company has three principal precious mineral properties located in Mexico, the Columba Silver Project, the Promontorio-La Negra Project, and the La Cigarra Project. The Company also maintains a generative portfolio consisting of non-material properties in Mexico with future exploration potential. For further details regarding the general development of the Company's business over the past three years, please see the AIF.

CONSOLIDATED CAPITALIZATION

There has been no material change in the consolidated capitalization of the Company since September 30, 2023, the date of the Company's Q3 2023 Financial Statements, except as described below.

Effective November 14, 2023, the Company consolidated its Common Shares on a ten-to-one basis (the "**Consolidation**"). The following table sets forth the consolidated capitalization of the Company as at the date of the consolidated financial statements for its most recently completed interim consolidated financial period included in this Prospectus, adjusted to give effect to the Consolidation. This table should be read in conjunction with the Q3 2023 Financial Statements and the Q3 2023 MD&A that are incorporated by reference in this Prospectus.

	As at September 30, 2023 before giving effect to the Consolidation	As at September 30, 2023, after giving effect to the Consolidation
Common Shares	457,669,033	45,766,903
Stock Options	28,680,000	2,868,000
Warrants	184,190,815	18,419,080
Fully diluted issued and outstanding	670,539,848 Common Shares	67,053,983 Common Shares

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and debt capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

PLAN OF DISTRIBUTION

During the 25-month period that this Prospectus remains valid, the Company may offer for sale and issue Securities directly to one or more purchasers, through agents, or through underwriters or dealers designated by the Company from time to time. The Company may distribute the Securities from time to time in one or more transactions at a fixed price or prices (which may be changed from time to time), at market prices prevailing at the times of sale, at prices related to prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be an “at-the-market distribution” as defined in National Instrument 44-102 – *Shelf Distributions* (“NI 44-102”) of the Canadian Securities Administrators, including sales made directly on the TSXV or other existing trading markets for the Securities. A description of such pricing will be disclosed in the applicable Prospectus Supplement. The Company may offer Securities in the same offering, or it may offer Securities in separate offerings.

In addition, Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of any of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

A Prospectus Supplement will describe the terms of each specific offering of Securities, including (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered; (ii) the name or names of any agents, underwriters or dealers involved in such offering of Securities; (iii) the purchase price of the Securities offered thereby and the Company’s net proceeds; (iv) any agents’ commission, underwriting discounts and other items constituting compensation payable to agents, underwriters or dealers; and (v) any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers.

If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions at a fixed public offering price or at varying prices determined at the time of sale. Securities may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent agreed upon by the parties and outlined in the applicable Prospectus Supplement and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers may be changed from time to time.

If, in connection with the offering of the Securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Company.

The Securities may also be sold: (i) directly by the Company at such prices and upon such terms as agreed to by the Company and the purchaser of such Securities; or (ii) through agents designated by the Company from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a “best efforts” basis for the period of its appointment.

The Company may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered under any Prospectus Supplement. Agents, underwriters or dealers who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

Agents, underwriters or dealers may make sales of Securities in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at-the-market distribution” as defined in and subject to limitations imposed by and the terms of any regulatory approvals required and obtained under, applicable Canadian securities laws, which includes sales made directly on an existing trading market for the Common Shares, or sales made to or through a market maker other than on an exchange.

In connection with any offering of Securities, except with respect to an “at-the-market distribution”, underwriters may over-allot or effect transactions which stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail in the open market. Such transactions may be commenced, interrupted or discontinued at any time. No underwriter of the “at-the-market distribution”, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under the Prospectus and applicable Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the securities.

The Company may authorize agents or underwriters to solicit offers by eligible institutions to purchase Securities from the Company at the public offering price set forth in the applicable Prospectus Supplement under delayed delivery contracts providing for payment and delivery on a specified date in the future. The conditions to these contracts and the commissions payable for solicitation of these contracts will be set forth in the applicable Prospectus Supplement.

Each class or series of Securities, other than the Common Shares, will be a new issue of Securities with no established trading market. Subject to applicable laws, any underwriter may make a market in such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. There may be limited liquidity in the trading market for any such Securities. Unless otherwise specified in the applicable Prospectus Supplement, the Company does not intend to list any of the Securities other than the Common Shares on any securities exchange. Consequently, unless otherwise specified in the applicable Prospectus Supplement, there is no trading market through which Warrants, Subscription Receipts, Units and Debt Securities may be sold and purchasers may not be able to resell any such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. No assurances can be given that a market for trading in Securities of any series or issue will develop or as to the liquidity of any such market, whether or not the Securities are listed on a securities exchange.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled, under agreements to be entered into with the Company, to indemnification by the Company against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

USE OF PROCEEDS

The net proceeds to the Company from any offering of Securities, the proposed use of those proceeds and the specific business objectives which the Company expects to accomplish with such proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities.

There may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management of the Company will have broad discretion in the application of the proceeds of an offering of Securities. The actual amount that the Company spends in connection with each intended use of proceeds may vary significantly from the amounts specified in the applicable Prospectus Supplement and will depend on a number of factors, including those referred to under “Risk Factors” and any other factors set forth in the applicable Prospectus Supplement.

DESCRIPTION OF COMMON SHARES

The Company is authorized to issue an unlimited number of Common Shares and 45,766,903 Common Shares were issued and outstanding as of the date of this Prospectus. There are no limitations contained in the articles or notice of articles of the Company on the ability of a person who is not a Canadian resident to hold Common Shares or exercise the voting rights associated with Common Shares. In addition, as of the date of this Prospectus, there were 2,868,000 Common Shares issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$1.54 per share and 18,419,080 Warrants outstanding at a weighted average exercise price of \$1.69 per share.

The Company may issue Common Shares, separately or together, Warrants, Subscription Receipts, Units, Debt Securities or any combination thereof, as the case may be. A summary of the rights attaching to the Common Shares is set forth below.

Dividends

Holders of Common Shares are entitled to receive equally, share for share, dividends when, as and if declared by the board of directors of the Company out of funds legally available therefor.

Liquidation

In the event of the dissolution, liquidation, or winding up of the Company, holders of Common Shares are entitled to share ratably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of the Company's indebtedness.

Voting

Holders of Common Shares are entitled to receive notice of and to attend all meetings of shareholders of the Company and are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors.

DESCRIPTION OF WARRANTS

As of the date of this Prospectus, the Company has 18,419,080 Warrants outstanding at a weighted average exercise price of \$1.69 per share. The Company may issue Warrants to purchase, separately or together, Common Shares, Subscription Receipts, Units, Debt Securities or any combination thereof, as the case may be.

The Warrants will be issued under a separate Warrant agreement or indenture. A copy of the Warrant agreement or indenture relating to an offering of Warrants will be filed by the Company with securities regulatory authorities in Canada after it has been entered into by the Company. The following describes the general terms that will apply to any Warrants that may be offered by the Company pursuant to this Prospectus. The terms and provisions of any Warrants offered under a Prospectus Supplement may differ from the terms described below, and may not be subject to or contain any or all of the terms described below.

The specific terms and provisions of the Warrants, and the extent to which the general terms of the Warrants described in this Prospectus apply to those Warrants, will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Warrants offered;
- the price or prices, if any, at which the Warrants will be issued;
- the exercise price or price at which the Warrants may be exercised;
- the currency at which the Warrants will be offered and in which the exercise price under the Warrants may be payable;

- upon exercise of the Warrant, the events or conditions under which the amount of securities may be subject to adjustment;
- the date on which the right to exercise such Warrants shall commence and the date on which such right shall expire;
- if applicable, the identity of the Warrant agent;
- whether the Warrants will be listed on any securities exchange;
- whether the Warrants will be issued with any other securities and, if so, the amount and terms of these securities;
- any minimum or maximum subscription amount;
- whether the Warrants are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any material risk factors relating to such Warrants and the securities to be issued upon exercise of the Warrants;
- material Canadian federal income tax consequences and United States federal income tax consequences of owning the Warrants and the securities issued upon exercise of the Warrants;
- any other rights, privileges, restrictions and conditions attaching to the Warrants and the securities to be issued upon exercise of the Warrants; and
- any other material terms or conditions of the Warrants and the securities to be issued upon exercise of the Warrants.

Prior to the exercise of any Warrants, holders of such Warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including any right to receive payments of dividends or any right to vote such underlying securities.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

As of the date of this Prospectus, the Company has no Subscription Receipts outstanding. The Company may issue Subscription Receipts that will entitle holders to receive, upon satisfaction of certain release conditions and for no additional consideration, separately or together, Common Shares, Warrants, Units, Debt Securities or any combination thereof, as the case may be.

The Subscription Receipts will be issued under one or more agreements or indentures, each to be entered into between the Company and an escrow agent to be named in the applicable Prospectus Supplement. A copy of the Subscription Receipts agreement or indenture relating to an offering of Subscription Receipts will be filed by the Company with securities regulatory authorities in Canada after it has been entered into by the Company. The following describes the general terms that will apply to any Subscription Receipts that may be offered by the Company pursuant to this Prospectus. The terms and provisions of any Subscription Receipts offered under a Prospectus Supplement may differ from the terms described below, and may not be subject to or contain any or all of the terms described below.

The specific terms and provisions of the Subscription Receipts, and the extent to which the general terms of the Subscription Receipts described in this Prospectus apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Subscription Receipts offered;

- the price or prices, if any, at which the Subscription Receipts will be issued;
- the manner of determining the offering price(s);
- the currency at which the Subscription Receipts will be offered and whether the price is payable in installments;
- the securities into which the Subscription Receipts may be exchanged;
- conditions to the exchange of Subscription Receipts into securities and the consequences of such conditions not being satisfied;
- the number of securities that may be issued upon the exchange of each Subscription Receipt and the price per security or the aggregate principal amount, denominations and terms of the series of debt securities that may be issued upon exchange of the Subscription Receipts, and the events or conditions under which the amount of securities may be subject to adjustment;
- the dates or periods during which the Subscription Receipts may be exchanged;
- the circumstances, if any, which will cause the Subscription Receipts to be deemed to be automatically exchanged;
- provisions applicable to any escrow of the gross or net proceeds from the sale of the Subscription Receipts plus any interest or income earned thereon, and for the release of such proceeds from such escrow;
- if applicable, the identity of the Subscription Receipt agent;
- whether the Subscription Receipts will be listed on any securities exchange;
- whether the Subscription Receipts will be issued with any other securities and, if so, the amount and terms of these securities;
- any minimum or maximum subscription amount;
- whether the Subscription Receipts are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any material risk factors relating to such Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts;
- material Canadian federal income tax consequences and United States federal income tax consequences of owning the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts;
- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts; and
- any other material terms or conditions of the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts.

Prior to the exchange of any Subscription Receipts, holders of such Subscription Receipts will not have any of the rights of holders of the securities for which the Subscription Receipts may be exchanged, including any right to receive payments of dividends or any right to vote such underlying securities.

DESCRIPTION OF UNITS

As of the date of this Prospectus, the Company has no Units outstanding. The Company may issue Units consisting of one or more, separately or together, Common Shares, Warrants, Subscription Receipts, Debt Securities or any combination thereof, as the case may be.

Each Unit will be issued so that the holder of the Unit is also the holder of each Security comprising the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each Security. The following describes the general terms that will apply to any Units that may be offered by the Company pursuant to this Prospectus. The terms and provisions of any Units offered under a Prospectus Supplement may differ from the terms described below, and may not be subject to or contain any or all of the terms described below.

The specific terms and provisions of the Units, and the extent to which the general terms of the Units described in this Prospectus apply to those Units, will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Units offered;
- the price or prices, if any, at which the Units will be issued;
- the manner of determining the offering price(s);
- the currency at which the Units will be offered;
- the securities comprising the Units;
- whether the Units will be issued with any other securities and, if so, the amount and terms of these securities;
- any minimum or maximum subscription amount;
- whether the Units and the Securities comprising the Units are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any material risk factors relating to such Units or the Securities comprising the Units;
- material Canadian federal income tax consequences and United States federal income tax consequences of owning the Securities comprising the Units;
- any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and
- any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

DESCRIPTION OF DEBT SECURITIES

As of the date of this Prospectus, the Company has no Debt Securities outstanding. The following description of Debt Securities sets forth certain general terms and provisions of the Debt Securities that may be offered under this Prospectus and in respect of which a Prospectus Supplement may be filed. The Company will provide particular terms and provisions of a series of Debt Securities and a description of how the general terms and provisions described below may apply to that series in the Prospectus Supplement relating to such series. Prospective investors should rely on information in the applicable Prospectus Supplement if it is different from the following information.

Debt Securities will be issued under one or more indentures (each, a “**Debt Indenture**”), in each case between the Company and an appropriately qualified financial institution authorized to carry on business as a trustee (each, a “**Trustee**”). The description below is a summary of certain anticipated provisions of the applicable Debt Indenture and should be read together with the provisions of such Debt Indenture. Accordingly, reference should also be made to the applicable Debt Indenture, a copy of which will be filed by the Company on SEDAR+ under the Company’s profile.

Debt Securities may be offered separately or in combination with one or more other Securities. The Company may also, from time to time, issue Debt Securities and incur additional indebtedness other than pursuant to Debt Securities issued under this Prospectus.

Debt Securities may be issued from time to time in one or more series. The Company may specify a maximum aggregate principal amount for the Debt Securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional Debt Securities of that series. Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Prospectus Supplement will set forth, as applicable, the following terms relating to the Debt Securities being offered:

- the specific designation and any limit on the aggregate principal amount of the Debt Securities;
- the currency or currency units for which the Debt Securities may be purchased and in which the principal and any premium or interest is payable (in either case, if other than Canadian dollars);
- the offering price (at par, at a discount or at a premium) of the Debt Securities;
- the date(s) on which the Debt Securities will be issued and delivered;
- the authorized denominations;
- whether the Debt Securities will be secured by any of the Company’s assets or guaranteed by any other person;
- the date(s) on which the Debt Securities will mature, including any provision for the extension of a maturity date, or the method of determining such date(s);
- the rate(s) per annum (either fixed or floating) at which the Debt Securities will bear interest (if any) and, if floating, the method of determining such rate(s);
- the date(s) from which any interest obligation will accrue and on which interest will be payable, and the record date(s) for the payment of interest or the method of determining such date(s);
- if applicable, the provisions for subordination of the Debt Securities to other indebtedness of the Company;
- the identity of the Trustee under the applicable Debt Indenture pursuant to which the Debt Securities are to be issued;
- any redemption terms, or terms under which the Debt Securities may be defeased prior to maturity;
- any repayment or sinking fund provisions; or any events of default applicable to the Debt Securities;
- whether the Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities, and the basis of exchange, transfer and ownership thereof;
- whether the Debt Securities may be converted or exchanged for other Securities of the Company or any other

entity, and the terms and conditions hereof, including whether conversion or exchange is mandatory, at the option of the holder or at the option of the Company, as well as any provisions pursuant to which the number of Common Shares or other securities to be received the holders of such Debt Securities would be subject to adjustment;

- if applicable, the ability of the Company to satisfy all or a portion of any redemption of the Debt Securities, payment of any premium or interest thereon, or repayment of the principal owing upon the maturity through the issuance of Securities of the Company or of any other entity, and any restrictions on the persons to whom such Securities may be issued; or provisions applicable to amendment of the Debt Indenture;
- the material income tax consequences of owning such Debt Securities; and
- certain other material terms, conditions or other provisions (including covenants) applicable to the Debt Securities.

To the extent any Debt Securities are convertible into Common Shares or other securities of the Company, prior to such conversion the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities. If any Debt Securities being offered will be guaranteed by one or more subsidiaries of the Company: (a) the Prospectus Supplement relating to such offering will include the credit supporter disclosure about the guarantors required by section 12.1 of Form 44-101F1 or, if applicable, will disclose that the Company is relying on an exemption in item 13 of Form 44-101F1 from providing such credit supporter disclosure, (b) the Company will file with the Prospectus Supplement relating to such offering any undertaking in respect of credit supporter disclosure required by paragraph 4.2(a)(ix) of NI 44-101, which undertaking may be to provide disclosure in respect of the Company and its subsidiaries similar to the disclosure required under section 12.1 of Form 44-101F1, and (c) the related credit supporter will sign a certificate to the Prospectus Supplement as required by section 5.12 of National Instrument 41-101 – *General Prospectus Requirements*.

EARNINGS COVERAGE RATIOS

The applicable Prospectus Supplement will provide, as required, the earnings coverage ratios with respect to the issuance of Securities pursuant to such Prospectus Supplement.

PRIOR SALES

Information in respect of the Common Shares that the Company issued within the previous 12-month period, including Shares that the Company issued either upon the exercise of options, or which were granted under the Company's Stock Option Plan, or any other equity compensation plan, will be provided as required in a Prospectus Supplement with respect to the issuance of securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

The Common Shares are currently listed on the TSX Venture Exchange under the trading symbol "KTN". Trading price and volume of the Company's securities will be provided as required for all of the Common Shares, as applicable, in each Prospectus Supplement to this Prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor acquiring any Securities offered thereunder. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain United States federal income tax consequences to an investor acquiring any Securities offered thereunder. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration and development of mining properties. Before making an investment decision in Securities of the Company, prospective purchasers should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the AIF and applicable Prospectus Supplement. There are certain risks inherent in an investment in the Securities, including any risk factors described herein or in a document incorporated by reference herein, which investors should carefully consider before investing. Additional risk factors relating to a specific offering of Securities will be described in the applicable Prospectus Supplement. Some of the factors described herein, in the documents incorporated by reference herein, and/or the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any of the risk factors described herein, in the AIF, in another document incorporated by reference herein or in the applicable Prospectus Supplement occur, it could have a material adverse effect on the business, financial condition and results of operations of the Company. Additional risks and uncertainties of which the Company currently is unaware or that are unknown or that it currently deems to be immaterial could have a material adverse effect on the Company's business, financial condition and results of operations. The Company cannot assure you that it will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described herein, in the AIF, in the other documents incorporated by reference herein or in the applicable Prospectus Supplement or other unforeseen risks.

Use of Proceeds

While detailed information regarding the use of proceeds from the sale of the Company's securities will be described in the applicable Prospectus Supplement, the Company will have broad discretion over the use of the net proceeds from an offering of its securities. Because of the number and variability of factors that will determine our use of such proceeds, the Company's ultimate use of such proceeds might vary substantially from its planned use. An investor may not agree with how the Company allocates or spends the proceeds from an offering of its securities.

Future sales or issuances of securities

The Company may issue additional securities to finance future activities outside of the potential offerings under this Prospectus. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the securities of the Company. Sales or issuances of substantial numbers of the Company's securities, or the expectation that such sales could occur, may adversely affect prevailing market prices of its securities. In connection with any issuance of securities of the Company, investors may suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

Market for Securities

There is currently no market through which the Company's securities, other than its Common Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, the Company's Warrants, Subscription Receipts, Units and Debt Securities will not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, investors may not be able to resell Warrants, Subscription Receipts, Units or Debt Securities purchased under this Prospectus and the applicable Prospectus Supplement. This may affect the pricing of the Company's securities, other than its Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of trading regulation. There can be no assurance that an active trading market will develop for the aforementioned securities, or, if developed, that such a market will be sustained at the price level at which it was offered.

These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Tax Risk

Prospective investors should be aware that the purchase of Securities may have tax consequences in Canada and other jurisdictions. Prospective investors should read the tax discussion, if any, in the applicable Prospectus Supplement and consult with their own independent tax advisor.

Loss of Entire Investment

An investment in the Securities is speculative and involves a high degree of risk and is appropriate only for investors who have the capacity to absorb a loss of all of their investment.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to the Securities, the issue and sale of the Securities will be passed upon for the Company as to matters of Canadian law by Maxis Law Corporation. As at the date of this Prospectus, the partners and associates of Maxis Law Corporation, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Company.

EXPERTS

Information relating to the Columba Silver Project in this Prospectus and the applicable Prospectus Supplement, and the documents incorporated by reference, has been derived from the Columba Technical Report, which was filed on SEDAR+ on August 9, 2023. Information relating to the Promontorio-La Negra Project in this Prospectus and the applicable Prospectus Supplement, and the documents incorporated by reference, has been derived from the Promontorio Technical Report, which was filed on SEDAR+ on November 24, 2023.

The following "qualified person" (within the meaning of NI 43-101) participated in the preparation of the Columba Technical Report and the Promontorio Technical Report: Sue Bird, P.Eng (the "**Columba and Promontorio Expert**"), and has been included in reliance on such person's expertise.

Information relating to the La Cigarra Project in this Prospectus and the applicable Prospectus Supplement, and the documents incorporated by reference, has been derived from the La Cigarra Technical Report, which was filed on the SEDAR+ profile of Northair Silver Corp. on February 27, 2015.

The following "qualified persons" (within the meaning of NI 43-101) participated in the preparation of the La Cigarra Technical Report: Allan Armitage, Ph. D., P.Geo; and Joe Campbell, B.Sc.(H), P.Geo (collectively, the "**La Cigarra Experts**"), together with the Columba and Promontorio Expert, the "**Experts**"), and has been included in reliance on such persons' expertise.

To the knowledge of the Company as of the date hereof, the Experts and their respective partners, employees and consultants who participated in the preparation of the aforementioned Columba Technical Report, Promontorio Technical Report, or La Cigarra Technical Report, or who were in a position to influence the outcome of such report, as applicable, are the registered or beneficial owners, directly or indirectly, in the aggregate, of less than 1% of the outstanding Common Shares and do not otherwise have any direct or indirect interest in the property of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is MNP LLP, Chartered Professional Accountants, of Vancouver, British Columbia.

MNP LLP issued an audit report on the Company's consolidated financial statements as at and for the years ended December 31, 2022 and 2021. MNP LLP is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc., located in Vancouver, British Columbia.

CONTRACTUAL RIGHTS OF RESCISSION

In addition to statutory rights of withdrawal and rescission, original purchasers of Warrants (if offered separately from other Securities) and Subscription Receipts (or Units comprised partly thereof) will have a contractual right of rescission against the Company in respect of the exercise of such Warrant or Subscription Receipt, as the case may be.

The contractual right of rescission will entitle such original purchasers to receive, in addition to the amount paid on original purchase of the Warrant or Subscription Receipt (or Units comprised partly thereof), as the case may be, the amount paid upon exercise upon surrender of the underlying Securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Warrant or Subscription Receipt under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the Warrant or Subscription Receipt under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 131 of the Securities Act (British Columbia) and is in addition to any other right or remedy available to original purchasers under Section 131 of the Securities Act (British Columbia) or otherwise at law.

Original purchasers are further advised that, in certain provinces, the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the security that was purchased under a prospectus, and therefore a further payment at the time of exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in some provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Securities distributed under an "at-the-market distribution" by the Company do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to the Securities purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of National Instrument 44-102 *Shelf Distributions*.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Securities distributed under an “at-the-market distribution” by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to applicable securities legislation for the particulars of these rights and should consult a legal advisor.

In an offering of Subscription Receipts, Warrants or Debt Securities (or Units comprised of any such Securities), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which Subscription Receipts, Warrants or Debt Securities (or Units comprised of any such Securities) are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of this right of action for damages or consult with a legal advisor.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

Pursuant to a decision of the Autorité des marchés financiers dated December 20, 2023, the Company was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference herein and any Prospectus Supplement and the documents incorporated by reference therein to be filed in relation to an “at-the-market distribution”. This exemption is granted on the condition that this Prospectus, any Prospectus Supplement (other than in relation to an “at-the-market distribution”) and the documents incorporated by reference herein and therein be translated into French if the Company offers Securities to Québec purchasers in connection with an offering other than in relation to an “at-the-market distribution”.

CERTIFICATE OF THE COMPANY

Dated: December 21, 2023

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

“James M. McDonald”
Chief Executive Officer

“Rajwant S. Kang”
Chief Financial Officer

On behalf of the Board of Directors

“Kenneth Berry”
Director

“Joseph P. Giuffre”
Director