



June 16, 2016

## **Kootenay Plans 3,000 Metre Drill Program at La Cigarra Project, Mexico**

**Kootenay Silver Inc. (TSXV: KTN) (the “Company” or “Kootenay”)** is pleased to announce that it is preparing to conduct a 3,000 metre drill program on its 100% owned La Cigarra silver project located in Chihuahua State, Mexico. The targeted drill program, scheduled to commence in Q3 2016 is designed to test the high priority RAM target and to expand La Cigarra’s current mineral resource estimate by targeting continuity of high-grade trends recently identified within the resource. (Click the following link to view a map of the [La Cigarra Resource and RAM drill targets](#))

States Kootenay President and CEO James McDonald “We are very excited to proceed with a targeted drill program on La Cigarra mineral resource and the nearby RAM target. The objective will be to further enhance the size and grades of our established silver resource estimate on La Cigarra prior to proceeding with a Preliminary Economic Assessment on the project. Concurrently, we will conduct the first drill test on our high priority RAM target that is a large, structurally controlled trend that demonstrates significant potential to further add to our current silver resources.”

Drill testing on La Cigarra will test the continuity of several high-grade trends identified within-the deposit with focus on stepping out from existing mineralization along the extensions of what appear to be underlying high-grade zones. This includes the southern boundary of the Las Carolinas Zone where hole 155 returned 23 metres of 138 g/t silver. (See Kootenay/Northair News Release dated Dec 15, 2014). This area remains open down dip and along strike to the southeast, which could potentially extend an additional two (2) kilometres.

In conjunction with the preparation of the drill program, Kootenay’s technical team has been focused on advancing the La Cigarra deposit with the objective of moving towards a Preliminary Economic Assessment (“PEA”). The Company has been assessing the potential to increase grade, in order to demonstrate the economic potential of the project by seeing if there are contiguous zones of higher grade within the current NI 43-101 silver resource estimate. This approach shows promise as several north trending higher grade zones have been identified. These zones also correspond nicely with the resource blocks above a 75 g/t Ag cutoff contained within the current resource estimate. Although the existing resource estimate did not publish silver resources at a 75 g/t Ag cutoff, the ounces at a 50 g/t Ag cutoff total 44.47 million ounces of Measured and Indicated ounces grading 103 g/t Ag with another 9.6 million ounces of Inferred grading 97 g/t. \*(See resource estimate below and as filed on SEDAR).

The RAM Zone, located approximately 750 metres to the west of the main La Cigarra Resource, underlies an area of anomalous silver mineralization greater than the area of the La Cigarra deposit. The target area hosts several old mine workings developed along a structurally focused quartz veining and stockwork in west dipping mineralization with similarities to the east dipping main La Cigarra trend. Previously reported sampling along a 35 metre length of a small underground exploration adit averaged 285 g/t silver across a 1.5 metre width. Surface trenching of this area completed above the adit returned 35.45 metres averaging 67.3 g/t silver (including 16.20 metres of 99.6 g/t silver and 4.85 metres of 141.4 g/t silver). Mineralization at RAM occurs at surface within the north trending RAM fault that has been traced for approximately two (2) kilometres in length within a larger target zone that measures 3.8 kilometres in length.

A larger drill program will be designed once re-logging to assess the potential to model the high-grade zones and the 3,000 metre program are complete. This subsequent program is anticipated to begin at the end of Q3 and could possibly run seamlessly from one program to the next.

### La Cigarra Resource Estimate

La Cigarra's updated NI 43-101 resource estimate was completed by Allan Armitage, PhD, P. Geo. and Joe Campbell, B.Sc., P. Geo., of GeoVector Management Inc. Resource Statement for the La Cigarra silver project located in Chihuahua State, Mexico: Effective Date January 14, 2015.

The resource estimate was calculated based on results from 156 of 173 holes totaling 27,617 metres drilled along the open ended La Cigarra mineralized system which has a defined strike length of at least three (3) kilometres. The 156 holes included in the Property's resource estimate were positioned within a potentially surface minable area comprised of the San Gregorio and Las Carolinas mineralized zones, which combined form a total strike length of 2.4 kilometres. The resource estimate was constrained by a constrained pit shell utilizing a \$22 /oz silver price and reported at a 35 g/t silver cut-off grade, and considers metallurgical recoveries of 84% silver. A summary of the mineral resource estimate is listed below:

| Resource Category* | Tonnes            | In-Situ Grade |              |             |             | Contained Metal   |               |                   |                   |
|--------------------|-------------------|---------------|--------------|-------------|-------------|-------------------|---------------|-------------------|-------------------|
|                    |                   | Ag (g/t)      | Au (g/t)     | Pb (%)      | Zn (%)      | Ag (oz)           | Au (oz)       | Pb (lbs)          | Zn (lbs)          |
| Measured           | 3,620,000         | 88.9          | 0.074        | 0.14        | 0.19        | 10,340,000        | 9,000         | 10,920,000        | 15,510,000        |
| Indicated          | 14,930,000        | 85.7          | 0.068        | 0.13        | 0.18        | 41,130,000        | 33,000        | 42,950,000        | 59,260,000        |
| <b>Meas + Ind</b>  | <b>18,540,000</b> | <b>86.3</b>   | <b>0.069</b> | <b>0.13</b> | <b>0.18</b> | <b>51,470,000</b> | <b>41,000</b> | <b>53,870,000</b> | <b>74,770,000</b> |
| <b>Inferred</b>    | <b>4,450,000</b>  | <b>80.0</b>   | <b>0.058</b> | <b>0.13</b> | <b>0.16</b> | <b>11,460,000</b> | <b>8,000</b>  | <b>12,680,000</b> | <b>15,610,000</b> |

*Note:\* Mineral resources are reported in relation to a conceptual pit shell at a 35 g/t silver cut-off grade and a \$22/oz silver price. Mineral resources that are not mineral reserves do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add up due to rounding.*

The La Cigarra mineral resource is sensitive to cut-off grade. To illustrate this, the block model quantities and grade estimates within the conceptual pit are presented in the following table at different cut-off grades utilizing a \$22/oz silver price.

| Resource Category* | Cut-off grade         | Tonnes            | Ag (g/t)    | Ag (oz)           | Au (g/t)     | Pb (%)      | Zn (%)      |
|--------------------|-----------------------|-------------------|-------------|-------------------|--------------|-------------|-------------|
| Measured           | > 50 Ag g/t           | 2,670,000         | 105.7       | 9,060,000         | 0.082        | 0.15        | 0.20        |
|                    | > 40 Ag g/t           | 3,250,000         | 94.7        | 9,900,000         | 0.077        | 0.14        | 0.20        |
|                    | <b>&gt; 35 Ag g/t</b> | <b>3,620,000</b>  | <b>88.9</b> | <b>10,340,000</b> | <b>0.074</b> | <b>0.14</b> | <b>0.19</b> |
|                    | > 30 Ag g/t           | 3,980,000         | 83.8        | 10,720,000        | 0.072        | 0.13        | 0.19        |
|                    | > 20 Ag g/t           | 5,020,000         | 71.6        | 11,550,000        | 0.067        | 0.12        | 0.17        |
|                    | > 10 Ag g/t           | 6,950,000         | 55.6        | 12,430,000        | 0.062        | 0.09        | 0.14        |
| Indicated          | > 50 Ag g/t           | 10,700,000        | 102.9       | 35,410,000        | 0.075        | 0.14        | 0.20        |
|                    | > 40 Ag g/t           | 13,390,000        | 91.2        | 39,280,000        | 0.071        | 0.13        | 0.19        |
|                    | <b>&gt; 35 Ag g/t</b> | <b>14,930,000</b> | <b>85.7</b> | <b>41,130,000</b> | <b>0.068</b> | <b>0.13</b> | <b>0.18</b> |
|                    | > 30 Ag g/t           | 16,490,000        | 80.7        | 42,770,000        | 0.066        | 0.13        | 0.17        |
|                    | > 20 Ag g/t           | 19,820,000        | 71.3        | 45,430,000        | 0.063        | 0.12        | 0.16        |
|                    | > 10 Ag g/t           | 28,240,000        | 54.1        | 49,180,000        | 0.059        | 0.09        | 0.13        |
| Inferred           | > 50 Ag g/t           | 3,080,000         | 97.1        | 9,600,000         | 0.063        | 0.15        | 0.19        |
|                    | > 40 Ag g/t           | 3,950,000         | 85.4        | 10,850,000        | 0.060        | 0.14        | 0.17        |
|                    | <b>&gt; 35 Ag g/t</b> | <b>4,450,000</b>  | <b>80.0</b> | <b>11,460,000</b> | <b>0.058</b> | <b>0.13</b> | <b>0.16</b> |
|                    | > 30 Ag g/t           | 5,010,000         | 74.8        | 12,040,000        | 0.057        | 0.13        | 0.15        |
|                    | > 20 Ag g/t           | 6,830,000         | 61.2        | 13,440,000        | 0.056        | 0.13        | 0.13        |
|                    | > 10 Ag g/t           | 10,450,000        | 44.7        | 15,030,000        | 0.052        | 0.10        | 0.11        |

*Note: \* Values in this table are reported in relation to a conceptual pit shell at a \$22/oz silver price and for cut-off grades below and above 35 g/t silver should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.*

### ***Sampling and QA/QC***

All technical information for the La Cigarra exploration program is obtained and reported under a formal quality assurance and quality control ("QA/QC") program. Samples are taken under the direction of qualified geologists and stored in sealed bags. Samples are delivered by the Company via courier to ALS Minerals ("ALS") in Chihuahua. The samples are dried, crushed and pulverized with the pulps being sent airfreight for analysis by ALS in Vancouver B.C. Systematic assaying of standards is performed for precision and accuracy. Analysis for silver, zinc, lead and copper and related trace elements was done by ICP four acid digestion, with gold analysis by 30 gram fire assay with an AA finish.

### ***Qualified Persons***

The Kootenay technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 (Standards of Disclosure for Mineral Projects) and reviewed on behalf Kootenay by James McDonald, P.Geo, President, CEO & Director for Kootenay, a Qualified Person.

### ***About Kootenay Silver Inc.***

Kootenay Silver Inc. is an exploration company actively engaged in the discovery and development of mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. The Company's top priorities are the advancement of the La Cigarra silver project and the Promontorio Mineral Belt, in Chihuahua, Mexico and Sonora, Mexico, respectively. The La Cigarra property is 26 kilometres from the historic mining city of Parral and boasts nearby power, good road access, gentle topography, and established infrastructure. La Cigarra currently hosts a resource estimate of 18.54 million tonnes containing 51.47 million ounces of silver in the Measured & Indicated categories grading 86.3 g/t silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 g/t silver. The mineralized system at La Cigarra has been traced over 6.5 kilometres and is defined at surface as a silver soil anomaly and by numerous historic mine workings. The La Cigarra silver deposit is open along strike and at depth and is approximately 25 kilometres north, and along strike, of Grupo Mexico's Santa Barbara mine and Minera Frisco's San Francisco del Oro mine. The Promontorio Mineral Belt includes the Company's La Negra high-grade silver discovery and its Promontorio Silver Resource. The Promontorio Mineral Belt is under option to Pan American Silver whereby they can earn a 75% interest in the project with US\$16 million of expenditures and payments with Kootenay retaining a 25% carried to production interest (see news release February 16 and March 4, 2016). The Promontorio Silver Resource currently hosts a resource estimate of 44.5 million tonnes containing 92 million ounces of silver equivalent in the Measured & Indicated categories grading 64.3 g/t silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 g/t silver equivalent. The Company's core objective is to create value by acquiring silver resources through discovery and acquisition and testing those resources with the ultimate goal of developing them into silver production if they are proven to be economically viable.

### **For additional information, please contact:**

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### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:**

*The information in this news release has been prepared as at June 15, 2016. Certain statements in this news release, referred to herein as "forward-looking statements", constitute "forward-looking statements" under the provisions of Canadian provincial securities laws. These statements can be identified by the use of words such as "expected", "may", "will" or similar terms.*

*Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Kootenay as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Many factors, known and unknown, could cause actual results to be materially different from those expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, Kootenay expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Kootenay's expectations or any change in events, conditions or circumstances on which any such statement is based.*

**Cautionary Note to US Investors:** *This news release may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties. This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.*

*This press release uses the terms "Measured", "Indicated", and "Inferred" resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.*

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