



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

March 29, 2016

Kootenay Silver Acquires NSR from Coeur Capital on La Cigarra Project

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UNITED STATES

Vancouver, BC – Kootenay Silver Inc. (TSX-V: KTN) (“Kootenay Silver”) and Northair Silver Corp. (TSX-V: INM) (“Northair”) Kootenay Silver is pleased to announce that it has signed an agreement with Coeur Capital, Inc. (“Coeur”) to acquire (the “Acquisition”) its 2.5% net smelter return royalty (“NSR”) on future production from Northair Silver Corp.’s (“Northair”) La Cigarra project, located in Chihuahua, Mexico. The Acquisition is subject to the acceptance of the TSX Venture Exchange.

Kootenay Silver President and CEO James McDonald stated “We are very pleased to have the opportunity to consolidate the ownership of the royalty at this time. Given our belief in La Cigarra’s silver resources and the potential for additional discoveries the opportunity to repurchase the royalty is beneficial to the project.”

Terms of the Agreement:

Under the terms of the agreement, Kootenay will pay to Coeur US\$250,000 in cash upon signing followed by a second cash payment of US\$250,000 to be made on April 19, 2016 (the “Closing Date”). In addition, Kootenay Silver will issue to Coeur on the Closing Date such number of common shares (the “Shares”) of Kootenay Silver as is equal to US\$2,000,000 at a share price of Cdn\$0.275 per share which will result in the issuance of 9,629,091 common shares of Kootenay Silver. The Shares issued in connection with the Acquisition will be subject to a statutory hold period of four months plus one day from the closing of the Acquisition under applicable Canadian securities laws. Upon issuance of the Shares, Coeur will hold an aggregate of 9,629,091 common shares of Kootenay Silver. The completion of the Acquisition is not subject to the completion of Kootenay Silver’s proposed acquisition of all of the issued and outstanding shares of Northair to be completed by way of a statutory plan of arrangement (the “Arrangement”) as announced on January 13, 2016 (see press releases dated January 13, 2016 and February 8, 2016).

Support Agreement:

In addition, Coeur has entered into an agreement with Kootenay Silver to vote all of the shares that it holds in Northair in favour of and in support of the Arrangement between Kootenay Silver and Northair. This represents approximately 13.55 % of the outstanding Northair shares.

Northair President and CEO Andrea Zaradic stated “We are very pleased that Kootenay Silver and Coeur were able to agree to the terms of the Acquisition and that Coeur supports our proposed amalgamation with Kootenay Silver.”

This news release does not constitute an offer to sell or a solicitation of an offer of securities in the United States. The securities issuable in the transaction have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered within the United States or to U.S. Persons unless exemptions from such registration requirements are available.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Qualified Persons

The Kootenay Silver technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf Kootenay Silver by James McDonald, P.Geo, President, CEO & Director for Kootenay, a Qualified Person.

The Northair disclosure of a scientific or technical nature contained in this news release was reviewed by David Ernst, a professional geologist and vice-president of exploration of Northair, who is a Qualified Person in accordance with the requirements of NI 43-101.

About Kootenay

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 priority is the advancement of precious metals projects contained within its Promontorio Mineral Belt in Sonora, Mexico. This includes its La Negra high-grade silver discovery and its Promontorio Silver Resource. Kootenay's core objective is to develop near term discoveries and long-term sustainable growth. Management comprises proven professionals with extensive international experience in all aspects of mineral exploration, operations and venture capital markets. Multiple, ongoing J/V partnerships in Mexico and Canada maximize potential for additional new discoveries while maintaining minimal share dilution.

About Northair

Northair is focused on advancing its flagship La Cigarra silver project located in the state of Chihuahua, Mexico, 26 kilometres from the historic silver mining city of Parral. The property boasts nearby power, good road access, gentle topography, established infrastructure and currently hosts a NI 43-101 Resource estimate of 51.47 million ounces of silver in the Measured & Indicated categories grading 86.3 g/t silver and 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 25km north, and along strike of Grupo Mexico's Santa Barbara mine and Minera Frisco's San Francisco del Oro mine.

For more information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this news release has been prepared as at March 28, 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 Silver and Northair as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements in this press release relate to, among other things: anticipated benefits of the Transaction to Kootenay Silver and Northair and their respective securityholders; the pro rata shareholdings of the current shareholders of Northair in Kootenay Silver; the timing and receipt of required securityholder, court, stock exchange and regulatory approvals for the Transaction; the ability of Kootenay Silver and Northair to satisfy the other conditions to, and to complete, the Transaction; the anticipated timing of the mailing of the information circular regarding the Transaction; the closing of the Transaction; analyst coverage, liquidity and access to capital markets of Kootenay Silver; length of the current market cycle and the requirements for an issuer to survive the current market cycle and future growth potential for Kootenay Silver. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made and are based upon a number of assumptions and estimates that, while considered reasonable by the respective parties, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and the parties have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: satisfaction or waiver of all applicable conditions to closing of the Transaction including, without limitation, receipt of all necessary securityholder, court, stock exchange and regulatory approvals or consents and lack of material changes with respect to the parties and their respective businesses; the synergies expected from the Transaction not being realized; business integration risks; fluctuations in general macro-economic conditions; fluctuations in securities markets and the market price

of Kootenay Silver's shares; fluctuations in the spot and forward price of silver, base metals or certain other commodities; fluctuations in the currency markets (such as the Canadian dollar versus the U.S. dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; and the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities; title to properties; the failure to meet the closing conditions thereunder and the failure by counterparties to such agreements to comply with their obligations thereunder. In addition, Northair may in certain circumstances be required to pay a non-completion or other fee to Kootenay Silver, the result of which could have a material adverse effect on Northair's financial position and results of operations and its ability to fund growth prospects and current operations. Readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times. 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 Silver and Northair expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Kootenay Silver or Northair's expectations or any change in events, conditions or circumstances on which any such statement is based.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources: This news release uses the terms "Measured and Indicated Resources" and "Inferred Resources", which have a great amount of uncertainty as to their existence, and great uncertainty as to their economic feasibility. It cannot be assumed that all or any part of a Measured and Indicated and/or Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. Kootenay Silver and Northair advises U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. U.S. investors are cautioned not to assume that part or all of a Measured, Indicated and Inferred resource exists, or is economically or legally minable.

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