



July 30, 2013

Shares Outstanding: 62,738,850

Kootenay Silver Updates Hydrologic and Environmental Baseline Studies Required for Advancing Promontorio Silver Project in Sonora, Mexico.

Vancouver, British Columbia: Kootenay Silver Inc. (TSX VENTURE: KTN.V) is pleased to report on ongoing hydrologic work and environmental baseline studies required for the advancement of the Promontorio resource.

Three monitoring wells have been installed along the main corridor of mineralization stretching from the Northeast Zone through the Pit on to the SW zone. The wells were installed to characterize the ground water levels to be used to develop a conceptual hydrogeological model and to determine additional information that is valuable at this stage of the Promontorio Project. Information gathered includes, but is not limited to:

- **Understanding groundwater on the property in terms of an initial evaluation of pit dewatering requirements.**
- **Initial evaluation of the potential for groundwater to supply a source of water to the project.**
- **Collection of initial baseline groundwater data that can be used to support acquisition of regulatory permits and assess potential environmental impacts.**

This work is in preparation to evaluate groundwater conditions for Promontorio, including potential water sources and dewatering that may be required to sustain potential open pit or underground mining operations and augment water supply.

In addition, environmental baseline work over a 12 month period is complete and was done to analyze the characteristics of the surrounding environment. Surveying and data collection, of flora and fauna observations, sampling of soil, water and sediments and compilation of information on climate and socio-economic data of the area of interest were included. An analysis of geological and hydrological information available for the area was also compiled. This study provides baseline data needed to assess environmental impact of a future potential mining operation. The work was conducted by Delia Patricia Aguayo Hurtado, independent environmental consultant in Hermosillo, Sonora.

Geotechnical work completed to date includes the collection of extensive rock quality data (RQD) and specific gravity measurements along with point load testing measuring the shear strength of bedrock within and outside the resource boundaries.

Current NI 43-101 Compliant Silver Resource

The most recent mineral estimate on Promontorio (See Kootenay News Release---May 14, 2013) contains a combined Measured and Indicated silver resource of 92,428,000 silver equivalent ounces (39.9M oz's Ag, 508K oz's Au, 394.8M lb's Pb, and 462.2M lb's Zn). In addition to the measured and indicated silver resources, there are an additional 26,814,000 silver equivalent ounces in the Inferred category (12.8M oz's Ag, 147 oz's Au, 99.5M lb's Pb, 109.1M lb's Zn). Measured and Indicated resources are contained in open pit resources of 44,504,000 tonnes grading an average of 64.32 gpt silver equivalent (27.77 gpt Ag, 0.35 gpt Au and 0.87% Pb+Zn) and resources outside of the open pit of 215,000 tonnes grading an average of 56.96 gpt silver equivalent (22.89 gpt Ag, 0.28 gpt Au and 0.95% Pb+Zn). Inferred resources are within open pit resources of 14,564,000 tonnes grading an average of 51.95 gpt silver equivalent (24.95 gpt Ag, 0.28 gpt Au and 0.59% Pb+Zn) and resources outside of the open pit of 1,265,000 tonnes grading an average of 61.17 gpt silver equivalent (26.57 gpt Ag, 0.37 gpt Au and 0.74% Pb+Zn).

The foregoing geological disclosure has been reviewed and verified by Kootenay's CEO, James McDonald, P.Geo (a qualified person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects). Mr. McDonald is a director of Kootenay.

ABOUT KOOTENAY

Kootenay Silver Inc. is actively developing mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. Its flagship property is the former producing Promontorio Silver mine in Sonora State, Mexico. Kootenay's objective is to develop near term discoveries and long-term sustainable growth. Its management and technical team are 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.

-30-

For additional information, please contact:

James McDonald, CEO and President at 403-238-6986

Ken Berry, Chairman at 604-601-5652; 1-888-601-5650

or visit: www.kootenaysilver.com

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or the accuracy of this release. **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.

2013 number 13