



February 2, 2015

Shares Outstanding: 74,618,897

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KOOTENAY CLOSURES OVERSUBSCRIBED NON-BROKERED PRIVATE PLACEMENT

Kootenay Silver Inc. ("Kootenay") (TSX Venture: KTN.V) is pleased to announce that, further to its press releases dated December 10 and 23, 2014, it has closed the second and final tranche of a non-brokered private placement (the "Private Placement") of units (the "Units") with aggregate oversubscribed total gross proceeds of \$1,577,875.

Kootenay has today issued a final 2,388,214 Units at a purchase price of \$0.35 per Unit for total additional proceeds of \$835,875 and aggregate total gross proceeds of \$1,577,875 under the Private Placement. On December 23, 2014, Kootenay closed the initial tranche of the Private Placement issuing 2,120,000 Units for gross proceeds of \$742,000. Each Unit consists of one common share in the capital of Kootenay (each, a "Common Share") and one transferable common share purchase warrant (each, a "Warrant") of Kootenay. Each Warrant issued under this portion of the Private Placement entitles the holder to acquire one Common Share at an exercise price of \$0.60 until February 2, 2017. All securities issued today in connection with the Private Placement are subject to a hold period, which expires on June 3, 2015. Cash finder's fees to arm's length parties totaling \$27,315 will be paid on this tranche of the Private Placement.

Kootenay intends to use the net proceeds from the Private Placement to finance additional work on Kootenay's Promontorio property, which includes the new La Negra Breccia discovery, its other properties and for general working capital.

The securities being offered have not been, nor will they be registered under the United States Securities Act of 1933, as amended, or state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. federal and state registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

La Negra Silver Discovery

The La Negra Breccia discovery is situated approximately 6.5 kms north of Kootenay's flagship Promontorio Silver Resource in Sonora, Mexico and is contained within a 25 x 15 km mineralized corridor, the 'Promontorio Mineral Belt.' The upcoming Phase II drill program on La Negra follows a successful Phase I drill program, which returned significant and consistent intervals of high grade, widespread silver mineralization extending from surface to depth, confirming a substantial new silver discovery. (See news releases, 'Drill Results' Oct. 15, 2014, Nov. 26, 2014 and Dec 3, 2014 for more details). The Phase I drill program was led by a successful trenching and surface sampling program that confirmed extensive silver mineralization over a large 100 to 200 meters by 500 meters area on surface. (See news releases from May 28th and June 5th, 2014 for more details).

To View Full Results of Sampling and drill Program Visit: www.kootenaysilver.com

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.

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For additional information, please contact:

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or visit: www.kootenaysilver.com

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

Forward-Looking Statements: *The information in this news release has been prepared as at February 2, 2015. 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", "intends" 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, the completion of the Private Placement, the proposed use of the proceeds of the Private Placement, 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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