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**LA NEGRA MAIDEN RESOURCE ESTIMATE AND PRELIMINARY
METALLURGICAL TESTING UNDERWAY;
\$1.5 MILLION NON-BROKERED PRIVATE PLACEMENT**

Kootenay Silver Inc. (TSX VENTURE: KTN.V) ("Kootenay") is pleased to announce it has initiated the maiden NI 43-101 resource estimate including a metallurgical study at the La Negra silver discovery located in Sonora, Mexico. In addition to the resource estimate and metallurgical work, the company announces a non-brokered private placement (the "Private Placement") of up to 5 million units (each "Unit") at a purchase price of \$0.30 per Unit, for aggregate gross proceeds to Kootenay of up to \$1,500,000.

States Kootenay President and CEO James McDonald, "We look forward to completing the maiden resource estimate and preliminary metallurgical testing on La Negra. Kootenay has engaged the services of Hans Smit, P.Geol to conduct the maiden NI 43-101 resource estimate on La Negra. Mr. Smit specializes in guiding advanced exploration projects through resource estimations, economic evaluations and permitting. Following this work, we have designed a 5,000 meter drill program with the objective of doubling the current mineralized envelope and testing the newly discovered Cameron zone and the Cameron-Vania trend."

Expansion Program

Kootenay reported in its June 15, 2015 news release the discovery of the new Cameron zone and the Cameron-Vania trend that underscores the potential of this mineralized corridor to become a mining district capable of producing multiple new precious metals discoveries well into the future. The recognition of underlying geologic controls that link the La Negra and Promontorio mineralization with the Cameron-Vania trend serves as a strong complement to our emerging La Negra silver discovery and elevates our confidence for the discovery of additional, similar style, large-scale deposits on Promontorio.

Private Placement

Each Unit will consist of one common share ("Common Share") of Kootenay and one transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.55 for a period of 24 months from the closing date of the Private Placement. Cash finder's fees may be paid in connection with the Private Placement.

All of the securities issued pursuant to the Private Placement will be subject to a minimum four-month hold period. The Private Placement and payment of any finder's fee are subject to acceptance by the TSX Venture Exchange. The net proceeds from the Private Placement will be used 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 prospect is situated approx. 6.5 kms north of Kootenay's Promontorio Silver Resource in Sonora, Mexico and is contained within a 25 x 15 km mineralized corridor, the 'Promontorio Mineral Belt.' Initial exploration on La Negra included 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). A follow up Phase I drill program on La Negra returned significant and consistent intervals of high grade, widespread silver mineralization extending from surface to depth, confirming a substantial new silver discovery.

Results from a recent Phase II drilling program on La Negra have further confirmed the continuity of silver grades and the consistency of silver mineralization to depth within the core of the diatreme breccia. (See news releases from March 31st, April 30th and May 20th, 2015 for more details). This has set the stage for the advanced future development of La Negra and reinforces its future potential as a low-cost, open pit silver resource. At present, drill results from the program are being compiled and collated in a 3D model showing the geologic controls and assay results. This compilation will be used to design the next drill phase, which is expected to be announced in the near future.

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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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 July 15, 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" 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. More particularly, this release contains statements concerning the anticipated Private Placement. Accordingly, there is a risk that the Private Placement will not be completely sold, completed within the anticipated time or at all.

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.

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