



August 11, 2015

Shares Outstanding: 78,586,397

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KOOTENAY CLOSES FIRST TRANCHE OF NON-BROKERED PRIVATE PLACEMENT

Kootenay Silver Inc. ("Kootenay" or the "Company") (TSX Venture: KTN.V) is pleased to announce that, further to its press release dated July 16, 2015, it has closed the initial tranche of its non-brokered private placement (the "Private Placement") and issued an aggregate of 3,586,500 units (each a "Unit") at a purchase price of \$0.30 per Unit raising gross proceeds to the Company of \$1,075,950. The Company anticipates closing the balance of the Private Placement shortly and will provide an update in due course.

Each Unit consists of one common share ("Common Share") and one transferable share purchase warrant ("Warrant") of Kootenay. Each Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.55 until August 10, 2017. Upon approval by the TSX Venture Exchange, cash finder's fees to arm's length parties totaling \$7,110 and the issuance of 96,000 finders units (the "Finders Units"), have been paid on this portion of the Private Placement. The Finders Units consist of one Common Share and one non-transferable common share purchase Warrant. All securities issued in connection with the Private Placement are subject to a hold period which expires on December 11, 2015.

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 mineral resource property 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 the sampling and drill program on the La Negra property, 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 August 10, 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 closing of the balance of the Private Placement and the commencement of the next phase of a drilling program on the La Negra property. Accordingly, there is a risk that the Private Placement will not be completely sold, completed within the anticipated time or at all, and that the drilling program will not be commenced or completed as currently contemplated.

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.