

Kootenay Silver acquires an NSR on La Cigarra from Coeur

Kootenay Silver {TSX:V. KTN} has acquired a 2.5% net smelter return royalty (NSR) on Northair Silver's La Cigarra project, in Chihuahua state, Mexico. Kootenay now becomes a dominant land holder in the country.

Kootenay Silver {TSX:V. KTN} has acquired a 2.5% net smelter return royalty (NSR) on Northair Silver's La Cigarra project, in Chihuahua state, Mexico. Under terms of the agreement, Kootenay would buy the NSR for \$250 000 in cash upon closing the deal, followed by a second cash payment of \$250 000 by April 19 2016.

Kootenay will also issue to Coeur on the closing date about \$2-million in shares at C\$0.275 apiece. Coeur had also agreed to vote all of the shares that it held (13.55%) in Northair in support of the acquisition arrangement between Kootenay Silver and Northair, positioning Kootenay as a dominant land-holder in the country.

The combined company's portfolio of projects will comprise its Promontorio and La Negra projects, as well as Northair's La Cigarra project, plus exposure to a series of grassroots pipeline exploration projects, royalty interests and joint ventures.

Kootenay has a strong balance sheet, providing the combined company with a stable platform for future consolidation in the sector.

Under terms of the agreement, Northair shareholders would receive 0.35 of a Kootenay common share, as well as 0.15 of a warrant to buy a Kootenay share at a strike price of \$0.55 each, for a period of five years from closing. Upon closing the deal, Northair would become a wholly owned subsidiary of Kootenay and former shareholders of Northair would hold about 40% of Kootenay shares on an outstanding shares basis.