

Kootenay Silver options Cervantes to Aztec Minerals

Kootenay Silver {TSX.V: KTN} have optioned their Sonora, based copper gold Cervantes project to Aztec Metals of Mexico.

This is the third Kootenay non core project to be optioned in the last year, as the company continues to generate projects whilst focusing on their main La Promontorio Silver asset.

KOOTENAY ANNOUNCES CERVANTES PROJECT OPTIONED TO AZTEC METALS

Kootenay Silver Inc. {TSX.V: KTN} is pleased to announce that it has optioned its Cervantes Gold/Copper project located in Sonora, Mexico to Aztec Metals Corp.

Cervantes is a Gold/Copper Porphyry prospect located approximately 50 km northeast of the Company's Promontorio Silver resource in Sonora, Mexico, which based on geologic observations, the Company believes has potential for hosting leachable gold resources. The project is the result of Kootenay's generative program and was staked through its wholly owned Mexican subsidiary, Minera J.M.

States Kootenay President and CEO James McDonald, *"We are very pleased to enter into an option agreement with Aztec Metals on our Cervantes Gold/Silver prospect in Sonora, Mexico. The agreement with Aztec represents our third successful option agreement in the past 12 months of our generative program. The agreement serves as a strong compliment to our previously announced option agreements over this same period, including optioning the Silver Fox property to the major copper mining company Antafogasta and the San Diego property to Alamos Gold. As we continue to advance our top priority La Negra silver discovery in Sonora, Mexico, our success finding and leveraging exciting new projects adds significantly to the intrinsic value in Kootenay, while providing maximum exposure*

to new discoveries and minimal share dilution through our generative program”.

The Cervantes Project

Previous work conducted by Kootenay shows the Cervantes concession to be underlain by a suite of mineralisation styles of which the California gold/copper porphyry is most significant. Important peripheral mineralized zones to the porphyry includes the sediment-hosted shear zone Brasil with polymetallic gold/silver, and low sulphidation epithermal veins and breccia's. The mineralized systems are hosted within Paleozoic fine-grained clastics intruded by high level, quartz-eye porphyritic intrusions. Mineralisation is associated with major fault structures controlling a pull-apart basin.

The primary prospects within the Cervantes concession were discovered or identified as a result of Kootenay's generative discovery program. All sampling results have been previously reported by Kootenay.

Brief descriptions of the principle mineralized zones follow and have been previously reported:

La California Gold/Copper Porphyry Prospect

A NE-trending keel-like stock measuring approximately 2 km long and between 200-500 metres wide. The porphyry system is divided into two parts: California East Au/Cu porphyry and the

California West (Jasper Zone).

La California East

The porphyry is highly fractured and marked by intense stockwork veining and locally by breccia zones. Alteration is dominantly quartz, sericite, pyrite and locally silicic (stockwork quartz veining and silica flooding). Textures of limonites goethite, jarosite and hematite within the stockwork system are indicative of a leached cap and are strongly suggestive of secondary copper enrichment at depth.

Prospector sampling taken by Kootenay showed gold and copper assays taken within a 500 x 500 metre area that is coincident with argillic and sericitic alteration and leach-cap limonites. Ninety prospector and chip samples were taken. Fifty-eight samples gave values greater than 100 ppb (0.1gpt), with high values of 19.0, 9.8, 9.0, 5.1 and 4.4 gpt gold. The average value of gold from the porphyry and its immediate surroundings is 1.03 gpt gold (and 351 ppb or 0.35 gpt for all samples less than 2 gpt). Copper averages 554 ppm (0.05%), values consistent with published values from other supergene enriched porphyries in southwest USA. Visible secondary copper minerals (malachite) were noted only outside the leach-cap weathering zone.

The California East porphyry was subject to historic exploration drilling by Peñoles S.A.B. de C.V ("Peñoles"), who reportedly drilled 14 holes during 1996 and 1997. The only information recovered of this work is from third party reports and due to the lack of verifiable information, is not discussed.

California West Porphyry (Jasper Zone)

The extension of the main California East porphyry lies 300 metres to the west and is strongly sheared and argillized. Host rocks are comprised of quartz eye rhyolite porphyry and hornfelsed Paleozoic dirty limestone/calcareous siltstones. Limited sampling (25 grab samples) gave values of gold from background to maximum values of 13.8, 1.85 and 0.68 gpt, silver up to 53 gpt and anomalous molybdenum (to 480 ppm). Copper (as secondary neotocite) and gold-silver mineralization are spatially associated with the porphyry Jasperoid and chalcedony occur both as replacement of country rock and pods of open-space infill's that appear suggestive of a retrograde alteration on the edges of a porphyry system. A series of NW-trending resistant quartz-hematite strataform ribs crop out to the immediate west of the jasperoid zones.

Brasil Polymetallic Gold/Silver Prospect Area.

The Brasil prospect lies 1200 metres south of the California porphyry.. Gold-Silver-polymetallic mineralization within a 100 x 300m area is associated with a series of near bedding parallel shears with argillization and erratic quartz veining accompanied by strong goethite, jarosite and hematite. Individual mineralized shears are typically <1.5 metres thick, but the stacking of parallel shears over at least a 50 metre interval may provide a bulk-tonnage target. Thirty-two samples (mostly grab) have been collected over the Brasil area with 22 with values of gold greater than 0.1 gpt and 11 greater than 1 gpt including highs of 11.5, 6.2, 4.3, 3.6, and 3.0 gpt. A single 116 gpt silver assay was noted with 13 greater than 10 gpt. Anomalous copper, lead and zinc accompanies the precious metal mineralization. The Brasil prospect is controlled by the same structures controlling the California porphyry and is

interpreted to represent a distal phase of the porphyry-style mineralisation.

Other Areas of Anomalous Mineraliation: Cervantes Concession

Cayo Norte: 400 metres north of the California East porphyry, reconnaissance exploration has noted epithermal silica veins and breccias hosting gold values from background to highs of 6.5, 6.4, 4.7, 4.2 and 1.4 gpt gold in grab samples.

Terms of the Agreement

The terms of the agreement allow Aztec to earn a 65% interest by spending an aggregate total US\$1.5 million in exploration expenditures over 4 years (by July 25, 2019), to pay an aggregate total of US\$150,000 in staged payments to the Company by July 25, 2019 and issue an aggregated total of 1,000,000 common shares of Aztec in staged payments on each anniversary with the final issuance payable 60 days after the fourth anniversary of July 25, 2019. Aztec will also be responsible for annual Mexican assessment work and mining concession taxes during the term of the agreement.

Upon earning the initial 65% interest and within 60 days of such date, Aztec will have the right to elect and acquire the remaining 35% interest by completing a preliminary economic assessment report ("Scoping Study") by the fifth anniversary date (July 25, 2020), paying US\$5.00 per gold or gold equivalent ounce of estimated recoverable, payable gold or gold equivalent ounce of the contained metal for the measured, indicated and inferred resources based on the Scoping Study. On acquisition by Aztec of 100% interest, Kootenay will

receive a 2.5% net smelter royalty. If Aztec decide not to exercise the Second Option in order to acquire the remaining 35%, a joint venture will be formed to further develop the project. If at anytime during the process of exploration and/or development after the completion of the Scoping Study and before the completion of a feasibility study or production decision, an additional resource is delineated on the property Aztec shall have the right to acquire the remaining 35% interest under the same terms of acquiring the initial resource outlined previously.

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 an exploration company actively engaged in the discovery and development of mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. The Company's top priority is the advancement of precious metals projects contained within its Promontorio Mineral Belt in Sonora, Mexico. This includes its La Negra high-grade silver discovery and its Promontorio Silver Resource. Kootenay's core objective is to develop near term discoveries and long-term sustainable growth. Management comprises 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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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

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