Kootenay Silver provides an update on their La Cigarra drill program

Kootenay Silver {TSX.V: KTN} provided an update on activities at its 100% owned La Cigarra silver project located in Chihuahua State, Mexico.

The Company reports drill permits are in place and preparations for the previously announced 3,000 metre drill program are well underway with expectations that drilling will commence on or by August 1, 2016.

VANCOUVER, July 21, 2016 – **Kootenay Silver Inc. {TSX.V: KTN}** is pleased to provide an update on activities at its 100% owned La Cigarra silver project located in Chihuahua State, Mexico.

The Company reports drill permits are in place and preparations for the previously announced 3,000 metre drill program are well underway with expectations that drilling will commence on or by August 1, 2016.

The targeted drill program is designed to test the high priority RAM target and to expand La Cigarra's current mineral resource estimate by targeting continuity of high-grade trends recently identified within the resource.

States **Kootenay President and CEO James McDonald** "*We are very*

pleased to proceed with our drill program on La Cigarra and the highly prospective nearby RAM target. This is a key drill campaign that will aid us in our goal of expanding known resources with focus on understanding and expanding high-grade silver zones extending from within the La Cigarra resource prior to proceeding with a Preliminary Economic Assessment on the project. We are also very excited to conduct a maiden drill program on the nearby RAM target that is a large, structurally controlled 3.8 kilometer anomalous silver trend that offers significant potential to further add to our current silver resources."

Drill testing will begin on the RAM target where the initial 8 holes of the program are planned, followed by drilling along extensions of the La Cigarra resource where several underlying high-grade silver zones have been identified. This includes the southern boundary of the Las Carolinas Zone where hole 155 returned 23 metres of 138 g/t silver. (See Northair News Release dated Dec 15, 2014). This area remains open down dip and along strike to the southeast, which could potentially extend an additional two kilometers. The overall objective of the program will be to further determine the controls of the high-grade mineralized zones, contained within and extending from La Cigarra with a focus on expanding the known NI 43-101 silver resource estimate.

A larger drill program will be designed as progress and results of re-logging to assess the potential to model the high-grade zones and the 3,000 metre program are made and received.

La Cigarra Resource Estimate

La Cigarra's updated NI 43-101 resource estimate was completed by Allan Armitage, PhD, P. Geo. and Joe Campbell, B.Sc., P. Geo., of GeoVector Management Inc. Resource Statement for the La Cigarra silver project located in Chihuahua State, Mexico: Effective Date January 14, 2015.

The resource estimate was calculated based on results from 156 of 173 holes totaling 27,617 metres drilled along the open ended La Cigarra mineralised system which has a defined strike length of at least three kilometers.

The 156 holes included in the Property's resource estimate were positioned within a potentially surface minable area comprised of the San Gregorio and Las Carolinas mineralised zones, which combined form a total strike length of 2.4 kilometers. The resource estimate was constrained by a constrained pit shell utilizing a $22 /oz silver price and reported at a 35 g/t silver cut-off grade, and considers metallurgical recoveries of 84% silver.

A summary of the mineral resource estimate is available on the website

Sampling and QA/QC
All technical information for the La Cigarra exploration program is obtained and reported under a formal quality assurance and quality control ("QA/QC") program. Samples are taken under the direction of qualified geologists and stored

in sealed bags. Samples are delivered by the Company via courier to ALS Minerals in Chihuahua. The samples are dried, crushed and pulverized with the pulps being sent airfreight for analysis by ALS in Vancouver B.C. Systematic assaying of standards is performed for precision and accuracy. Analysis for silver, zinc, lead and copper and related trace elements was done by ICP four acid digestion, with gold analysis by 30 gram fire assay with an AA finish.

Qualified Persons

The Kootenay technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 (Standards of Disclosure for Mineral Projects) and reviewed on behalf Kootenay by James McDonald, P.Geo, President, CEO & Director for Kootenay, a Qualified Person.

About Kootenay Silver Inc.

Kootenay Silver Inc. is an exploration company actively engaged in the discovery and development of mineral projects in Mexico and in British Columbia, Canada. The Company’s top priorities are the advancement of the La Cigarra silver project and the Promontorio Mineral Belt, in Chihuahua, Mexico and Sonora, Mexico, respectively. The La Cigarra property is 26 kilometers from the historic mining city of Parral and boasts nearby power, good road access, gentle topography, and established infrastructure. La Cigarra currently hosts a resource estimate of 18.54 million tonnes containing 51.47 million ounces of silver in the Measured & Indicated categories grading 86.3 g/t silver and 4.45 million tonnes containing 11.46 million ounces of silver in the Inferred category grading 80 g/t silver. The mineralized system at La Cigarra has been traced over 6.5 kilometers and is defined at surface as a silver soil anomaly and by numerous historic mine

workings. The La Cigarra silver deposit is open along strike and at depth and is approximately 25 kilometers north, and along strike, of Grupo Mexico's Santa Barbara mine and Minera Frisco's San Francisco del Oro mine.

The Promontorio Mineral Belt includes the Company's La Negra high-grade silver discovery and its Promontorio Silver Resource. The Promontorio Mineral Belt is under option to Pan American Silver whereby they can earn a 75% interest in the project with US$16 million of expenditures and payments with Kootenay retaining a 25% carried to production interest (see news release February 16 and March 4, 2016). The Promontorio Silver Resource currently hosts a resource estimate of 44.5 million tonnes containing 92 million ounces of silver equivalent in the Measured & Indicated categories grading 64.3 g/t silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 g/t silver equivalent. The Company's core objective is to create value by acquiring silver resources through discovery and acquisition and testing those resources with the ultimate goal of developing them into silver production if they are proven to be economically viable.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

The information in this news release has been prepared as at July 20, 2016. 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.

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, 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.

SOURCE: Kootenay Silver Inc.

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