Kootenay Silver regain control of La Negra and Promontorio as Pan American relinquishes

Kootenay Silver Inc. {TSX.V: KTN}

Has received notice from Pan American Silver Corp. {TSX: PAAS}, relinquishing its right to earn 75-per-cent interest in the Promontorio mineral belt, which includes the Promontorio resource and La Negra high-grade silver discovery, located in Sonora, Mexico.



Kootenay Silver regains 100% interest in Promontorio

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Mr. James McDonald reports

KOOTENAY REGAINS 100% OF PROMONTORIO AND LA NEGRA

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Kootenay President and CEO, James McDonald stated: *"We thank Pan American for the considerable work they have done on the Project, in particular the extensive drilling completed at the La Negra high-grade silver discovery. Combined with the existing large resource base of Promontorio and over US$3.6 million in exploration expenditures funded by Pan American in advancing the Project, we are regaining control of 100% of what we consider to be very valuable assets."*

The Company is conducting an internal review of the comprehensive work performed on both La Negra and Promontorio and will plan the next steps for advancing these assets.

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Kootenay is in the process of receiving and collating data of the work performed by Pan American so that it may update its digital data room in response to recent requests from other interested parties to review the project's technical information.

About Promontorio and La Negra High Grade Silver Discovery

The Promontorio Resource is situated on the "Promontorio Mineral Belt" Property that includes the La Negra silver discovery; located in the state of Sonora, Mexico. Promontorio is a large bulk tonnage silver resource that currently hosts an estimated 44.5 million tonnes containing 92 million ounces of silver equivalent in the Measured & Indicated categories grading 64.3 gpt silver equivalent and 14.6 million tonnes containing 24.3 million ounces of silver equivalent in the Inferred category grading 52 gpt silver equivalent.

La Negra, situated 7 kilometers north of the Promontorio Resource, is a high-grade silver discovery which the Company believes has the potential to become a low strip, open pit mining operation. To date, 87 drill holes totaling approximately 17,000 meters have been completed by Kootenay and Pan American with most intercepts returning widespread silver mineralization from surface to a vertical depth of over 300 meters.

NI 43-101 Compliant Silver Resource

The mineral estimate on Promontorio effective date March 31, 2013 (See May 14, 2013 news release) contains a combined Measured and Indicated silver resource of 92,428,000 silver equivalent ounces (39.9M oz's Ag, 508K oz's Au, 394.8M lb's

Pb, 462.2M lb’s Zn). In addition to the measured and indicated silver resources, there are an additional 26,814,000 silver equivalent ounces in the Inferred category (12.8 M oz’s Ag, 147 oz’s Au, 99.5M lb’s Pb, 109.1M lb’s Zn).

Measured and Indicated resources include open pit resources of 44,504,000 tonnes grading an average of 64.32 gpt silver equivalent (27.77 gpt Ag, 0.35 gpt Au and 0.87% Pb+Zn) and measured and indicated resources outside of the open pit of 215,000 tonnes grading an average of 56.96 gpt silver equivalent (22.89 gpt Ag, 0.28 gpt Au and 0.95% Pb+Zn). Inferred resources include open pit resources of 14,564,000 tonnes grading an average of 51.95 gpt silver equivalent (24.95 gpt Ag, 0.28 gpt Au and 0.59% Pb+Zn) and inferred resources outside of the open pit of 1,265,000 tonnes grading an average of 61.17 gpt silver equivalent (26.57 gpt Ag, 0.37 gpt Au and 0.74% Pb+Zn).

The NI 43-101 Resource Estimation was conducted on Promontorio by SRK Consulting Inc. (U.S.) of Lakewood, Colorado.