Kootenay Silver to option La Mina to Capstone

Kootenay Silver {TSX.V: KTN}

Has signed a deal to offer an option to Capstone Mining for the acquisition of their La Mina project in Sonora State, Mexico.

The project is located 180 km south-east of Hermosillo city.

Capstone Mining to acquire Kootenay's La Mina project in Mexico

Kootenay Silver {TSX.V: KTN}

Has signed a deal to offer an option to Capstone Mining for the acquisition of their La Mina project in Sonora State,

Mexico. The project is located 180 km south-east of Hermosillo city.

Under the deal, Capstone is required to make staged cash payments totalling $600,000 and spend $4m over the first four years towards exploration costs, in exchange for an initial 60% interest in La Mina. Thereafter, the company can increase its stake to 100% by completing a PEA, a pre-feasibility study, and making further payments totalling CAD $8.4 million to Kootenay in stages at each of the milestones.

La Mina hosts a large leached argillised pyritic zone, where surface grab and chip samples collected averaged about 300 ppm copper.

Kootenay Silver President and CEO James McDonald stated: *"We are pleased to have completed the agreement with Capstone Mining and are looking forward to have them drill test this exciting copper porphyry system."*

A third party holds a net smelter return royalty (NSR) of 2.5% over the project, and Kootenay has renegotiated the terms of the deal to be able to repurchase up to 2% before the commencement of commercial production.

If Capstone acquires 100% interest in the project, Kootenay will be able to retain a 1% NSR with no buy-out option, 0.5% of which will be held by the third party.