

Shares Outstanding: 79,421,397

VANCOUVER, Sept. 30, 2015 /CNW/ - [Kootenay Silver Inc.](#) (TSX VENTURE: KTN.V) ("Kootenay" or the "Company") is pleased to announce that it has entered into an option agreement ("Agreement") with a wholly-owned subsidiary of Antofagasta plc ("Antofagasta"). The Agreement allows Antofagasta the option to earn up to an 80% interest in the Silver Fox property ("Silver Fox") located in south-eastern British Columbia, Canada. Silver Fox comprises mineral rights to over 30 kilometres of strike length of geologic formations correlative to those that host the Montana Copper Sulfide Belt, NW Montana and the Silver Belt of Idaho, renowned exploration and mining regions that currently contain the largest silver resources in the United States.

The Silver Fox is a copper-silver sediment hosted prospect that bears strikingly similar geological characteristics to "Revett Type" copper-silver sediment hosted deposits of the Montana Copper Sulfide Belt in the United States, which are host to over 680 million ounces of silver and 5,600 million pounds of copper in several deposits. The largest deposits of this belt (Montanore and Rock Creek) individually contain in excess of 200 million ounces of silver and 1,700 million pounds of copper. The Company's interest in Silver Fox is a result of its generative exploration program and the Kennedy Grubstake Agreement (the "Grubstake Agreement") (see news release June 30th, 2015).

The Silver Fox Property

Exploration conducted by Kootenay at Silver Fox includes prospecting, mapping and extensive geophysical evaluation, results of which led to the subsequent claim acquisition by Kootenay. Geological features recognized at Silver Fox considered characteristic of "Revett Type" deposits include:

- Stratabound disseminated Cu occurrences in Revett Formation-equivalent quartzites.
- Copper mineralization characterized by disseminated grains of chalcopyrite, bornite and chalcocite in the host quartzite, with minor copper staining by chrysocolla, azurite and malachite
- Recognition of a northwest trending mineralized structural domain, bracketed to the north by the historic St. Eugene Ag-Pb-Zn vein. This fundamental structural feature is thought to have been active from the Precambrian to the Tertiary
- Regional-scale zones of bleaching, oxide, sulphide, carbonate and manganese alteration occurring with copper mineralization.
- Location along the northern extension of the Western Montana Copper Sulfide Belt

R P. Hartlaub Department of Mining and Mineral Exploration, British Columbia Institute of Technology, interpreted from a multi-year program co-funded by Geoscience BC and Natural Resources Canada that the area has high potential for hosting Revett Type Silver-Copper deposits. This is evidenced by major discoveries in northwest Montana. Thus it is considered that the Silver Fox has the potential to be an exciting exploration discovery in an underexplored area for very large silver-copper deposits.

Terms of the Agreement

The terms of the Agreement grant Antofagasta the right to earn a 65% interest ("First Option") by funding or incurring an aggregate total of US\$2.5 million (the "First Option Expenditures") in exploration expenditures on or before the fourth anniversary of the Agreement (i.e., September 29, 2019), of which amount US\$125,000 is a firm funding commitment in the first year. Antofagasta has the right to accelerate the First Option Expenditures.

Upon exercising the First Option, Antofagasta will have the right to acquire a further 15% interest ("Second Option") by incurring an additional aggregate total US\$1.65 million in exploration expenditures within two years of the First Option exercise date. Upon the exercise of the Second Option Antofagasta will have earned an 80% interest and Kootenay will hold a 20% interest in Silver Fox under a joint venture basis under the terms of the Agreement. If Antofagasta decides not to exercise the Second Option, a joint venture based on a 65/35% interest will form under the Agreement in relation to the property. In connection with the Agreement, the Grubstake Agreement has been replaced and superceded, in relation to Silver Fox, by a new option agreement between the 100% owner of Silver Fox, Craig Kennedy ("Kennedy"), and the Company (the "Underlying Option Agreement"). Under the terms of the Underlying Option Agreement, the Company can acquire a 100% interest in Silver Fox by issuing 75,000 common shares to Kennedy by July 3, 2018 (the "Underlying Option"), subject only to a 2.0% net smelter returns royalty in favour of Kennedy (the "Underlying Royalty"). The Underlying Royalty is subject to a purchase right in favour of the Company, exercisable by the Company by paying \$500,000 for each 0.5% of the Underlying Royalty.

Under the terms of the Agreement, the Company is obligated to exercise the Underlying Option prior to the exercise by Antofagasta of the First Option.

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 actively developing mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. Its flagship property is the former producing Promontorio Silver mine in Sonora State, Mexico. Kootenay's objective is to develop near term discoveries and long-term sustainable growth. Its management and technical team are 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: The information in this news release has been prepared as at September 29, 2015. 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.](#)

Contact
James McDonald, CEO and President at 403-238-6986; Ken Berry, Chairman at 604-601-5652, 1-888-601-5650; or
visit: www.kootenaysilver.com