

Kootenay Silver Proves Up 92 Million Ounces in Mexico

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VANCOUVER, British Columbia, Feb. 5, 2014 (GLOBE NEWSWIRE) -- While many metal exploration companies struggled in 2013, Kootenay Silver (TSX-V:KTN) built a 92 million ounce resource and forged a partnership with Agnico-Eagle Mines who invested \$4.7 million after a six month due diligence on the project.

Agnico-Eagle is a \$5.2 billion company with global operations. Its 2013 production guidance was 1,060,000 oz of gold at a cash cost of \$690 an ounce. AEM has declared a cash dividend for 31 consecutive years.

"We are pleased to be involved with the advancement of Promontorio," stated Sean Boyd, President and CEO of Agnico-Eagle, "a project that will continue to benefit from Kootenay's capable exploration team."

Kootenay's President and CEO, Jim McDonald, is an executive and geologist who was a key player in the development of National Gold, which merged with Alamos Minerals. McDonald was also President of Genco Resources which operated an underground silver mine in Mexico.

There are currently 6 billion ounces of gold above ground and only 1 billion ounces of silver. In 2013 the U.S. Mint sold 42 million Silver Eagle Bullion Coins, setting a new annual record. The iShares Silver Trust is up 5% already this year.

"There is a limited downside risk for the international price of silver," states Praveen Singh, a senior commodities analyst, in a recent interview with Economic Times. When the silver market recovers, silver explorers with proven resources in stable mining jurisdictions will see dramatic stock price increases.

Kootenay Silver's flagship asset is Promontorio, located in the state of Sonora, Mexico, approximately 75 km northeast of Ciudad Obregón.

The mineralization at Promontorio is hosted in a diatreme breccia complex, measuring 3.5 by 1.8 km in size. Diatreme complexes are known to host monster deposits of precious and base metals. Mexican examples include the Penasquito project with 17.8 million Proven & Probable ounces of silver, and the Pitarrilla project with 643M oz. of Measured & Indicated Silver.

A Breccia is fragmented rock which has been fused together by minerals. Breccia fragments provide multiple sites for the crystallization of precious metals.

At Promontorio, the mineralization is centered on multi-stage breccias and peripheral stock-work zones. Drilling has been concentrated at the Pit and NE zones. Both zones are open along strike and at depth – offering the potential for significant resource expansion.

"Mexico is a mature mining jurisdiction with high mineral endowments and high discovery rates," explains McDonald. "In a short period of time Kootenay has proven up 92 million measured and indicated ounces."

The Promontorio property has been mined historically going back to the 1920s. A small open pit open pit operation ran from 1988-1991, extracting about 50,000 tonnes of ore.

"Two things attracted us to the Promontorio project," states McDonald, "One - good grades from historical drilling. Secondly - it appeared to be a Breccia-hosted ore as opposed to a vein type deposit. This gave us

confidence that the mineralisation has the potential to expand into a large tonnage deposit."

In the fall of 2013, PI Financial, part of the Capital Markets Group, issued a "Buy Recommendation" for Kootenay Silver with a price target of \$1.00.

"This [latest] round of drilling is focused on delineating a new high grade breccia zone between the historic Promontorio Pit and the NE Zone," states the PI Financial Report. "The highlight hole outlined 25m of 183g/t Silver-equivalent."

On December 12, 2013 KTN announced assay results from a further fifteen drill holes reporting continued high-grade results within the Pit and NE Zones. A further 5,500 meters of drilling have been completed, bringing the total drilled since November 2012 to 21,500 meters.

"Results have been remarkably consistent throughout the current phase, generating multiple high-grade hits within broad zones of widespread mineralization," states McDonald. "Drilling continues to establish continuity of mineralization between the two main zones. Gold grades are increasing in the Central Breccia area underscoring the complexity and potential of Promontorio's large diatreme system."

Following extensive metallurgical testing conducted by ALS Minerals of Kamloops KTN's current NI 43-101 Resource Estimation includes gold assay results. The testing confirmed that a post pressure oxidation treatment process can achieve 94.5% gold recoveries.

"We are currently designing what the next drill program will look like," states McDonald. "Although there are a number of attractive secondary and tertiary targets on the property, we are going to focus on the Central Breccia area between the NE and Pit Zones because this is our shortest path to an economic mine."

Prior to 1900, the Gold/Silver ratio averaged about 16:1. In 1975 it was 40:1. Today the ratio is 62:1. A reversion to the historical Gold/Silver ratio would value silver at \$78/ounce – 390% higher than today's price.

Kootenay Silver is currently trading at .60 with a market cap of \$37.6 million.

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