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**Kootenay Reports Assay Results From 15 Holes on Promontorio;
Drilling Returns Consistent Silver Grades & Widespread Silver Mineralization
Extending From 43-101 Pit Discovery Zone (Silver Resource)**

Kootenay Gold Inc. (TSX VENTURE: KTN.V) is pleased to announce assay results from an additional 15 drill holes as part of a 10,000 meter, ongoing, multi-phase drilling program on its Promontorio Silver Project in Sonora, Mexico. To view map please visit: <http://www.kootenaygold.ca/i/projects/Promontorio/drillingupdate20110203.pdf>

The 15 Drill holes encountered consistent and multiple intercepts of widespread silver mineralization highlighted by values up to 149 g/t silver and 108 g/t silver over 10.5 and 16.5 meters respectively. Silver mineralization has now been extended from the 43-101 Pit Discovery Zone towards the North East Zone a further 200 meters, remaining open in three directions. Drilling to the southwest has extended silver mineralization up to 120 meters outside of existing drill intercepts, which sit outside of the 43-101 Pit resource.

Based on highly encouraging results to date, Kootenay further announces it has mobilized a second diamond drill rig that will run concurrent to its RC drilling program, to test the deposit at depth.

States Kootenay CEO James McDonald *“Our goal from the outset of the current 10,000 meter drill program has been to expand silver mineralization outside of the existing 43-101 Pit resource. We are very pleased and excited with results from the current 15 holes. Not only have we dramatically extended silver mineralization to the NE and SW of the Discovery Zone, we are achieving consistent grades and continuity within areas of widespread silver mineralization not yet calculated into the current 43-101 resource”.*

Adds McDonald *“Adding a second diamond drill rig will allow us to drill test a host of existing holes at depth that bottomed out in mineralization, which is expected to play a major factor in further boosting the size of our growing silver resource at Promontorio”.*

Highlights from the current batch of results are:

Area southwest of Pit resource:

PC 12:

- 24 meters of 58.6 g/t Ag, 1.15 g/t Au, 1.85% Pb+Zn within a broader interval of 70.5 meters of 38.8 g/t Ag, 0.55 g/t Au and 1.2% Pb+Zn.
- 16.5 meters of 32.6 g/t Ag, 0.27 g/t Au and 1.19 % Pb+Zn.
- PC 12 bottomed in mineralization at the end of the 70.5 meter intercept.
- Extends mineralization 50 meters to south from KP 35.

PC 11

- 10.5 meters of 39.3 g/t Ag, 0.49 g/t Au, 0.84% Pb+Zn within a broader interval of 58.5 meters of 14 g/t Ag, 0.25 g/t Au, 0.40% Pb+Zn.
- Bottomed in mineralization about 120 meters southward of KP 35.

PC 5:

- 3 meters of 112 g/t silver, 0.14 g/t Au, 0.053% Pb+Zn.
- May be offset continuation of higher grade in PC 4 (13.5 meters 262.4 g/t Ag, 0.49 g/t Au, 1.091% PbZn) some 60 meters to the northeast.

Area between Pit resource and North East Zone:

PC 13:

- 16.5 meters of 108.8 g/t Ag, 0.13 g/t Au, 1.39% Pb+Zn.
- 36.36 meters of 26.9 g/t Ag, 0.58 g/t Au, 0.87% Pb+Zn includes 3.0 meters of 58.5 g/t Ag, 2.7 g/t Au, 2.41% Pb+Zn.
- Hole bottomed in mineralized rock.

PC 14

- 1.5 meters of 3.06 g/t Au and 0.5 g/t Ag is of note because it indicates a second gold event as it is gold dominant.

PC 16

- 13.5 meters of 26.9 g/t Ag, 0.17 g/t Au, 0.56% Pb+Zn.

PC 18

- 10.5 meters of 149 g/t Ag, 1.10 g/t Au, 1.48% Pb+Zn.
- 45 meters of 23.6 Ag, 0.18 g/t Au, 0.295% Pb+Zn with a broader interval of 90 meters of 17.7 g/t Ag, 0.15 g/t Au, 0.23% Pb+Zn.
- PC 18 bottomed in mineralization within the 90 meter interval.

Other mineralized intercepts include; Area southwest of Pit resource:

PC 6

4.5 meters of 59.3 g/t Ag, 0.86 g/t Au, 0.58% Pb+Zn within a broader interval of 30 meters of 17.8 g/t Ag, 0.31 g/t Au, 0.36% Pb+Zn

PC 7

13.5 meters of 25.6 g/t Ag, 0.4 g/t Au, 0.44% Pb+Zn

Holes PC 8, 10, 14 and 19 encountered narrow anomalous values and PC 10 and 15 had no significant results. A table of complete results can be found on Kootenay's website.

Note: Metallurgical testing previously released indicates recoveries of 82% for Ag, 85% for Pb and 91% for Zn. It was found that gold reported to the pyrite concentrate and requires a secondary oxidation process to extract and so was not included in the resource estimate. Metallurgical testing outside the resource has not been conducted so it is not known if gold outside the resource area could be economically recoverable. Additional metallurgical testing will be required.

Highlights of the Promontorio Pit Resource (See Aug 18, 2010 Release):

- Contained Silver 10,070,000 oz
- Contained Lead 112,700,000 lbs
- Contained Zinc 125,100,000 lbs

The AGP Resource Calculation was based on only 27 of 54 drill holes conducted on the project to date. Several extensively mineralized holes at the time of the report were absent from the resource calculation based on the spacing of the drill holes.

QA/QC

All holes were drilled using reverse circulation. Samples were split using riffle or rotary splitters to make representative composites. All samples are over 1.5 meter intervals. All mineralized intercepts are drill hole length drilled across a vertically inclined breccias system at 60 degree angles. Quality Assurance and Quality Control procedures are posted on the Kootenay Gold website.

The foregoing geological disclosure has also 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 Gold is actively developing mineral projects in the Sierra Madre Region of Mexico and in British Columbia, Canada. The Company's flagship property is the former producing Promontorio Silver mine in Sonora State, Mexico. The Company's objective is to develop near term discoveries and long term sustainable growth. Kootenay's 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.

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