



**Rio Silver Inc.
Condensed Interim Consolidated Financial Statements
For the Three-Month Period Ended
March 31, 2015
(unaudited)
(Expressed in Canadian dollars)**

Notice to Shareholders of Rio Silver Inc.

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), we report that the accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(signed) "*Jeffery Reeder*"
Jeffery Reeder
President and Chief Executive Officer

(signed) "*Daniel Hamilton*"
Daniel Hamilton
Chief Financial Officer

Toronto, Canada
May 27th, 2015

Rio Silver Inc.
Condensed Interim Consolidated Statements of Financial Position

(unaudited, expressed in Canadian Dollars)

As at

	March 31, 2015	December 31, 2014
	\$	\$
ASSETS		
Current assets		
Cash	87,439	10,087
Government taxes recoverable	17,245	36,767
Prepaid expenses and other assets	7,503	1,049
	112,187	47,903
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	261,760	369,591
Promissory notes and interest payable (Note 3)	5,913	5,691
Due to related parties (Note 4)	341,375	371,390
	609,048	746,672
Shareholders' Equity (Deficiency)		
Share capital (Note 5)	10,317,753	10,177,753
Warrants (Note 5)	60,000	-
Contributed surplus	3,131,239	3,127,489
Accumulated deficit	(14,005,853)	(14,004,011)
	(496,861)	(698,769)
	112,187	47,903

GOING CONCERN (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 9)

Approved on behalf of the Board: “Jeffrey Reeder”

“Edward J. Badida”

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements

Rio Silver Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(unaudited, expressed in Canadian Dollars)

	Three months ended	
	March 31,	
	2015	2014
	\$	\$
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Expenses		
Exploration and evaluation (recovery) expenditures (Note 7)	(47,435)	(57,031)
Management fees and wages	21,000	21,000
Transfer agent and filing fees	6,290	8,579
Professional fees	16,292	27,712
Investor relations and business promotion	-	14,925
Rent	4,500	4,500
Office and administration	1,561	4,817
Share-based payments (Note 6)	3,750	-
Foreign exchange gain	(4,338)	(3,584)
Interest expense	222	44
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Comprehensive Loss	1,842	20,962
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Comprehensive loss per share, basic and diluted	\$ 0.00	\$ 0.00
Weighted average number of common shares	14,625,502	12,190,681

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements

Rio Silver Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited, expressed in Canadian Dollars)

	Share Capital		Warrants \$	Contributed Surplus \$	Deficit \$	Total \$
	Number of shares	Amount \$				
Balance December 31, 2013	12,143,569	9,892,990	92,000	2,897,858	(13,767,566)	(884,718)
Share issued on acquisition of mineral property	80,000	8,000	-	-	-	8,000
Warrant expiry	-	-	(92,000)	92,000	-	-
Comprehensive loss	-	-	-	-	(20,962)	(20,962)
Balance March 31, 2014	12,223,569	9,900,990	-	2,989,858	(13,788,528)	(897,680)
Share issued for debt settlement	9,458,768	283,763	-	130,131	-	413,894
Share issuance costs	-	(7,000)	-	-	-	(7,000)
Share-based payments	-	-	-	7,500	-	7,500
Comprehensive loss	-	-	-	-	(215,483)	(215,483)
Balance December 31, 2014	21,682,337	10,177,753	-	3,127,489	(14,004,011)	(698,769)
Shares issued for cash	4,000,000	140,000	60,000	-	-	200,000
Share-based payments	-	-	-	3,750	-	3,750
Comprehensive loss	-	-	-	-	(1,842)	(1,842)
Balance March 31, 2015	25,682,337	10,317,753	60,000	3,131,239	(14,005,853)	(496,861)

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements

Rio Silver Inc.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited, expressed in Canadian Dollars)

	Three months ended March 31,	
	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Comprehensive loss	(1,842)	(20,962)
Items not affecting cash:		
Gain on settlement of debt	-	-
Shares issued on acquisition of mineral properties	-	8,000
Share-based payments	3,750	-
Changes in non cash working capital items:		
Government taxes recoverable	19,522	13,536
Prepaid expenses & other assets	(6,454)	1,866
Trade and other payable	(107,831)	(37,062)
Due to related parties	(30,015)	15,000
Interest payable on promissory note	222	44
Cash generated by operating activities	(122,648)	(19,578)
FINANCING ACTIVITIES		
Promissory notes received	-	25,000
Shares and warrants issued for cash	200,000	-
Cash generated by financing activities	200,000	25,000
Increase (Decrease) in cash during the year	77,352	5,422
Cash, beginning of year	10,087	7,991
Cash, end of period	87,439	13,413

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

1. Reporting entity

Rio Silver Inc. (the "Company" or "Rio Silver") is listed on the TSX Venture Exchange under the symbol "RYO". It is incorporated in Canada under the Canada Business Corporations Act. The Company's corporate office and principal place of business is 40 University Avenue, Suite 606, Toronto, Canada M5J 1T1. The Company's principal business activity is the acquisition, evaluation and development of mineral properties in the Americas.

2. Basis of Preparation and Summary of Significant Accounting Policies

These condensed interim consolidated financial statements for the three month period ended March 31, 2015 have been prepared in accordance with IAS34 Interim Financial Reporting.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2014 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2014 annual consolidated financial statements.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2015 were reviewed by the Audit Committee and approved and authorized for issued by the Board of Directors on May 27, 2015.

a) Going Concern

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable mineral deposits. The recoverability of amounts shown as mineral exploration properties is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company will periodically be required to raise funds to continue operations by funding its working capital and capital expenditure requirements and, although it has been successful in the past, there can be no assurance it will be able to do so in the future on terms satisfactory to the Company. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on the business performance of the Company. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

At March 31, 2015, the Company had no revenues, had a working capital deficit of \$496,861 (December 31, 2014 – working capital deficit of \$698,769) had not achieved profitable operations, had accumulated deficit of \$14,005,853 (December 31, 2014 - \$14,004,011) and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

2. Basis of Preparation and Summary of Significant Accounting Policies (Continued)

a) Going Concern (Continued)

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

b) Basis of Consolidation

The financial statements of the Company consolidate the accounts of the following companies:

<u>Company</u>	<u>Location</u>	<u>Ownership</u>	<u>Principal Activity</u>
Rio Silver Inc.	Canada		Parent company
Rio Silver Exploration Ltd	Canada	100%	Holding company
Minera Rio Plata S.A.C.	Peru	100%	Exploration company

There were no changes during the current interim period to composition of the Company. The results of the subsidiaries are included in the condensed interim consolidated statement of comprehensive income from the effective date of acquisition. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

3. Promissory notes and interest payable

As at March 31, 2015 the Company had promissory notes payable outstanding of \$5,000 (December 31, 2014 - \$5,000). The promissory notes are due on demand and bear interest at an annual rate of 18%. As at March 31, 2015 there was an interest payable balance of \$913 (December 31, 2014 - \$691).

4. Related Party Transactions and Key Management Remuneration

The Company defines key management as its Board of Directors, President and Chief Executive Officer and Chief Financial Officer. Remuneration of key management personnel:

	Three months ended	
	March 31,	
	2015	2014
	\$	\$
Salaries, consulting fees and other short term benefits	15,000	15,000
Share-based payments	-	-
	15,000	15,000

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

4. Related Party Transactions and Key Management Remuneration (continued)

The Company's related parties consist of its Directors, President and Chief Executive Officer and Chief Financial Officer. The following is a summary of the Company's related party transactions during the period:

- (a) Due to related parties includes \$200,000 (December 31, 2014 - \$200,000) payable to the Company's Co-Chairman earned in his capacity as CEO of the Company up to July 12, 2013 and \$9,950 (December 31, 2014 - \$21,250) to a private company owned by the individual who was the Company's CFO up to July 31, 2013 and earned in his capacity as CFO up to July 31, 2013. Payment to the Co-Chairman has been deferred until the Company's working capital position has improved.
- (b) Due to related parties includes \$Nil (December 31, 2014 - \$10,000) payable to a private company owned by the Company's current CEO, all of which has been earned in his capacity as CEO since July 12, 2013 and \$15,000 (December 31, 2014 - \$23,965) payable to the Company's current CFO and earned since July 12, 2013.
- (c) Due to related parties includes \$56,668 (December 31, 2014 - \$56,418) payable to current directors and officers for services provided and reimbursable expenses incurred on behalf of the Company in the normal course of business. These amounts are unsecured, non-interest bearing and without fixed repayment terms.
- (d) Due to related parties includes \$59,757 (December 31, 2014 - \$59,757) payable to a legal firm of which a partner of the firm was a director of the Company at the time of the transactions.

5. Share Capital and Reserves

(a) Authorized

Unlimited number of voting common shares without nominal or par value.

Unlimited number of non-voting preferred shares issuable in a series. The directors may determine the number of shares of each series and fix the designation, privileges, rights, restrictions and conditions attaching to each series subject to the filing of Articles of Amendment.

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

5. Share Capital and Reserves (continued)

(b) Common Shares

The following is a summary of the changes in common share capital during the period:

	Number of shares	Issue Price \$	Amount \$
Balance December 31, 2013	12,143,569		9,892,990
Issued on acquisition of mineral properties (i)	80,000	0.10	8,000
Issued as settlement of debt (ii)	9,458,768	0.03	283,763
Share issue cost	-		(7,000)
Balance December 31, 2014	21,682,337		10,177,753
Share issuance (iii)	4,000,000	0.05	200,000
Proceeds allocated to warrants issued	-		(60,000)
Balance March 31, 2015	25,682,337		10,317,753

- (i) On February 6, 2014, the Company issued 80,000 common shares pursuant to its option agreement to acquire the KAN property (see note 3).
- (ii) On September 30, 2014 the Company issued 9,458,768 common shares with a fair value of \$283,763 on settlement of debt amounting to \$472,938. A total of 6,506,558 of the foregoing common shares were issued to officers and directors of the Company for an aggregate settlement amount of \$325,328. Accordingly the Company recorded a gain on settlement of debt in the amount of \$59,044 in the statement of comprehensive loss for the year ended December 31, 2014 and an amount of \$130,131 in contributed surplus. The gain on settlement of \$130,131 relating to common shares issued to officers and directors has been credited to contributed surplus as this was, in essence, a capital transaction. All shares issued as settlement for debt have a four month holding period.
- (iii) The Company completed two tranches of a private placement in February 2015. On February 3, 2015 the Company completed the first tranche of 3,400,000 units at \$0.05 per unit for gross proceeds of \$170,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at \$0.075 per share until February 3, 2017. In the second and final tranche of the private placement, which closed on February 20, 2015, the Company issued 600,000 units at a price of \$0.05 per unit for gross proceeds of \$30,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at \$0.075 per share until February 20, 2017.

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

5. Share Capital and Reserves (continued)

(c) Warrants

The following is a summary of the changes in warrants during the period:

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Balance, beginning of period	-	-	536,842	0.60
Granted - warrants	2,000,000	0.075	-	-
Expired	-	-	(536,842)	0.60
Balance, end of period	2,000,000	0.075	-	-

6. Stock Options

The Company has adopted an incentive stock option plan for employees, consultants, officers and directors. The number of common shares reserved for issue under the stock option plan may not exceed 10% of the number of issued and outstanding common shares of the Company at any given time. The term of options granted under the stock option plan may not exceed ten years from the date of the grant. The board of directors will determine the vesting period within the exercisable term and options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than ¼ of such options vesting in any 3-month period. The option exercise price, also determined by the board of directors of the Company, may not be less than the lower of: the market price for the common shares at the grant date and \$0.05.

As at March 31, 2015, the Company had 1,928,234 stock options available for issuance (December 31, 2014 – 1,528,234).

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

6. Stock Options (continued)

A summary of changes in common stock options outstanding is presented below:

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Options outstanding, beginning of period	640,000	0.49	700,000	0.55
Granted	-	-	60,000	0.25
Expired	-	-	(120,000)	0.63
Options outstanding, end of period	640,000	0.49	640,000	0.49
Options exercisable, end of period	640,000	0.49	640,000	0.49

The following table summarizes information about the common stock options outstanding and exercisable at March 31, 2015:

Expiry Date	Number Outstanding	Exercise Price (\$)	Number of options exercisable	Weighted Average Remaining Contractual Life (years)
February 23, 2016	20,000	1.25	20,000	0.90
June 26, 2017	360,000	0.50	360,000	2.24
February 4, 2018	200,000	0.50	200,000	2.85
June 26, 2019	60,000	0.25	60,000	3.54
	640,000	0.50	640,000	2.51

On June 26, 2014 the shareholders of the Company approved the grant of 60,000 options to a consultant at a price of \$0.25 per share. The fair value of these options at the date of grant was \$15,000, vesting over a one year period. A total of \$11,250 has vested up to March 31, 2015.

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

6. Stock Options (continued)

The grant date fair value of the options granted was estimated using the Black-Sholes option pricing model, using the following weighted average assumptions:

Risk-free interest rate	1%
Expected life (years)	5.0
Expected volatility	140%
Expected rate of forfeiture	Nil
Expected dividend yield	nil

7. Exploration and evaluation expenditures

Accumulated costs/expenditures	Niñobamba, Peru	KAN	Gerow Lake	Other Peru Concessions & Red Rock	Total
Balance December 31, 2013	\$ 2,849,524	\$ 2,426,212	\$ 845,245	\$ (10,636)	\$ 6,110,345
Acquisition costs and annual fees	-	52,520	-	-	52,520
Expenditures	27,455	29,344	-	-	56,799
Property option payments	(16,350)	-	-	-	(16,350)
Proceeds on sale of KAN	-	(150,000)	-	-	(150,000)
Balance March 31, 2014	2,860,629	2,358,076	845,245	(10,636)	6,053,314
Acquisition costs and annual fees	8,695	-	-	-	8,695
Expenditures	43,126	21,743	25,388	-	90,257
Property option payments	-	-	-	(22,342)	(22,342)
Refund of bond obligation	-	-	-	(11,116)	(11,116)
Québec mining tax credit	-	(7,588)	-	-	(7,588)
Balance December 31, 2014	\$ 2,912,450	\$ 2,372,231	\$ 870,633	\$ (44,094)	\$ 6,111,220
Expenditures	18,686	-	5,250	-	23,936
Proceeds on concessions sold	(71,371)	-	-	-	(71,371)
Balance March 31, 2015	\$ 2,859,765	\$ 2,372,231	\$ 875,883	\$ (44,094)	\$ 6,063,785

Niñobamba and non-core Peruvian properties

The Niñobamba property is located in the Department of Ayacucho, Peru and is owned 100% by the Company's wholly owned Peruvian subsidiary, Minera Rio Plata S.A.C., and is not subject to any royalties or exploration expenditures commitments. In December 2013 the Company entered into an option agreement whereby the optionee can earn a 100% interest in various non-core Peruvian property concessions for total cash consideration of US\$90,000. In January 2015 the option agreement was assigned to a Peruvian subsidiary of a public mining company (The "Optionee"). The Optionee earned 100% of the interest in the optioned concessions by making payments of US \$60,000 against the remaining option payments on January 22, 2015.

The option payments were paid as follows:

- US\$ 10,000 on December 23, 2013 (received \$10,636 CAD)
- US\$ 15,000 on January 10, 2014 (received \$16,350 CAD)
- US\$ 5,000 on June 10, 2014 (received \$5,475 CAD on August 22, 2014)
- US\$ 60,000 on January 22, 2015 (received \$71,371 CAD)

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenditures (continued)

KAN Project, Quebec

On February 6, 2014 the Company completed an agreement with Virginia Mines Inc. ("Virginia"), Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corporation and Les Resources Tectonic Inc. ("Tectonic") to acquire Rio Silver's KAN Project.

Rio Silver transferred 100% interest in the Project in consideration for (i) the issuance by Virginia of 3,571 of its common shares to Rio Silver at a deemed price of \$14.00 per share (the "**Virginia Shares**"); (ii) a cash payment equal to \$25,000 paid by Virginia; (iii) a cash payment equal to \$75,000 paid by Altius; (iv) the issuance by Rio Silver of 400,000 common shares to Tectonic (the "**Rio Silver Shares**"); and (iv) a cash payment of \$40,000 paid by Rio Silver to Tectonic.

The Rio Silver Shares issued to Tectonic and cash payment paid by Rio Silver were required under the option agreement (the "**Option Agreement**") between Rio Silver and Tectonic dated March 2, 2011, pursuant to which Rio Silver had the option to acquire from Tectonic 209 of the mining claims forming part of the KAN property.

As a result of the transaction, Rio Silver is wholly released and forever discharged from the observance and performance of its covenants and agreements in and under the Option Agreement.

8. Segmented Information

	Three months ended March 2015 \$	Year ended 2014 \$
Consolidated net loss		
Canada	60,002	195,862
Peru	(58,160)	40,584
	1,842	236,446
	March 31, 2015 \$	December 31, 2014 \$
Identifiable assets		
Canada	75,785	46,088
Peru	36,402	1,815
	112,187	47,903

Rio Silver Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2015

(unaudited, expressed in Canadian dollars unless otherwise noted)

9. Commitments and Contingencies

Operating lease

The Company is party to an operating lease agreement for office space with annual lease payments of approximately \$18,000, expiring on July 30, 2016.