



RIO SILVER ACQUIRES NEW GOLD/SILVER CONCESSION ADJACENT TO NINOBAMBA WITH HISTORICAL DRILL RESULT OF 1.19 G/T AU OVER 72 METRES

January 9, 2017, Toronto, Canada - ("Rio Silver" or the "Company") (TSX.V: RYO) is pleased to announce that it has acquired by application, an additional 553 hectare concession immediately west of and adjoining to the Niñobamba Silver-Gold Project ("Niñobamba") that now comprises 3653 hectares. The new concession covers a significant exploration program conducted by Newmont Mining Corporation and the concession title is expected to be granted from the Peruvian Ministry within the first half of 2017. The new concession will be included in the Option Agreement with Magellan Gold Corporation ("Magellan") (OTCQB – MAGE) (see Company's news release of October 24th, 2016).

In 2016, the Company acquired three concessions adjacent to the main Niñobamba zone from Newmont Mining Corp. and Southern Peru Copper Corp. (see Company's news release of September 8, 2016). The acquisition included an extensive database with results and reports from a substantial exploration program also encompassed by the 553 hectares.

Significant exploration was completed within the new concession that covers extensive alteration believed to be part of the same high-sulphidation silver-gold system identified on the main Niñobamba zone located 6.5 kilometres to the east. Four prospective areas were identified by the previous owners of which a zone called Jorimina returned prospective precious metal results.

The Jorimina zone is situated within a collapsed caldera and the rocks are dominantly rhyolite to dacite volcanics. Gold and silver mineralization in the zone is related to north easterly striking, steeply dipping, quartz-galena-pyrite veins and veinlets. Surface work programs completed by Newmont Mining included mapping, 2114 rock samples, and induced polarization geophysics that identified a gold anomalous area of approximately 700 metres by 1000 metres and four strong chargeability anomalies coinciding with gold-silver in rock anomalies. Two of the four chargeability anomalies were defined as 680 metres by 150 metres and 700 metres by 200 metres. Highlights of the surface sampling from channel rock samples from the historic database include 17.4 metres of 3.06 grams per tonne ("g/t") Au and 200 metres of 0.26 g/t Au. The Company has not completed work to verify the results of the historical surface work and diamond drilling.

From 2009 to 2010, Newmont Mining Corp. completed thirteen diamond drill holes totaling 4377 metres at Jorimina testing the 4 chargeability anomalies and limited detailed assays are available from the mineralized drill-hole intercepts in this zone. In highlight from the historic

reports available, the better intercept from those holes, show drill-hole JOR-001 returned 72.3 metres of 1.19 grams per tonne (“g/t”) Au starting at 53 metre depth. The true widths of mineralization from this drilling are not yet known and the Company is compiling the historic data in preparation for future work programs.

The Jorimina zone is located 6.5 kilometers west of the main Niñobamba mineralized zones located on the original concessions owned by the Company. Historical diamond drilling results conducted by AngloGold in 2001 on the main zone included DDH-2, which reported assay results of 87 g/t silver over a drilled interval of 130 metres starting from a depth of nine metres, and DDH-4, reporting 54 g/t silver over a drilled interval of 96 metres starting from 23 metres. The true widths of mineralization from this drilling are not yet known.

Highlights from the trenching program conducted by Rio Silver in 2012 at the main Niñobamba zone where the Company discovered a new gold-silver zone include; 56 metres of 1.03 g/t Au and 98.9 g/t Ag in trench TR-01 and 21.77 metres of 1.32 g/t Au and 102.46 g/t Ag in TR-04 ending in mineralization (see Rio Silver News Release of January 14, 2013). These results show that the Niñobamba property has a strong gold component, and further exploration is required to determine the precious metal zonation, alteration patterns and widths. The trenches were cut approximately perpendicular to the mineralized structure, and the true width of mineralization cannot be determined at this time.

Rio Silver has recently entered into a Definitive Agreement (see Company’s news release of October 24, 2016) that grants to Magellan an option to earn an undivided 50% interest in the Company's Niñobamba project which now includes the newly acquired concession. Magellan is required to spend the next \$2-million (U.S.) on exploration at Niñobamba.

Rio Silver’s CEO, Jeffrey Reeder, stated: "We are extremely pleased to acquire by application this new area adjoining our extensive land package. By acquiring this new area, the extent of the mineralization on our land has now expanded to over 6 kilometres in an east-west direction. More importantly, the gold and silver mineralization and alteration system present in the Niñobamba area is now consolidated into one land package. We plan on aggressively exploring the extensive high-sulphidation system with our partner Magellan in 2017”

Ryan Grywul, P.Geo., Vice President of Exploration, and a qualified person as defined in National Instrument 43-101, has prepared, supervised the preparation, and approved the scientific and technical disclosure contained in this news release.

ON BEHALF OF THE BOARD OF DIRECTORS OF RIO SILVER INC.

Jeffrey Reeder

Director, President and Chief Executive Officer

Rio Silver Inc.
40 University Avenue, Suite 603, Toronto, Ontario M5J 1T1 Canada
Tel: 416 479-9546
Website: riosilverinc.com

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For more information contact:

Jeff Reeder, President and CEO

Tel: (647) 302-3290

Website: www.riosilverinc.com

Steve Brunelle, Executive Co-Chairman

Tel: (416) 479-9546