



Rio Silver and Magellan Gold Sign Definitive Agreement for Earn – In at Niñobamba Silver/Gold Project in Central Peru

October 24, 2016, Toronto, Canada – Rio Silver Inc. (“Rio Silver” or the “Company”) (TSX.V: RYO) is pleased to announce that the Company and Magellan Gold Corporation (“Magellan”) (OTCQB – MAGE) have signed the Definitive Agreement (the “Agreement”) as referred to in their earlier news releases of July 4 and July 5, 2016. The Agreement sets out the detailed terms whereby Magellan has an option (the “Option”) to earn an undivided 50% interest in the Company’s Niñobamba Silver/Gold Project (“Niñobamba” or the “Project”) located approximately 330 kilometre southeast of Lima, in the Department of Ayacucho, Peru. Pursuant to the Agreement, in order to exercise the Option, Magellan must spend US\$2 million over the next 3 years, on qualifying expenditures for the further exploration of the silver/gold mineralization that was outlined at the Project in earlier trenching campaigns (trenching results can be viewed at the Company’s website <http://www.riosilverinc.com/peru.php>). Additionally, Magellan is obligated to subscribe for two Rio Silver Private Placement Unit financings of \$75,000 each. The first Private Placement closed on August 23, 2016 (see news release of August 23, 2016). The second Private Placement Financing is expected to close within the next 90 days. A technical committee with representation from both companies will set the work programs and associated budgets for the Project during the option period.

With the signing of the Agreement, exploration work will now begin at the Project. Local community agreements and drilling permits will be secured to allow for surface exploration and a first phase of drilling. The companies anticipate drilling in early 2017. Rio Silver’s extensive exploration experience (over 20 years of operating experience in Peru) will be relied upon to guide the work at the Project.

The Company recently acquired 3 concessions (2200 additional hectares) from Newmont/Southern Peru Copper Corp (see news release of September 8, 2016)

that adjoin to the west of the main Niñobamba concession. These concessions provide coverage of the potential for extensions of the surface silver and gold mineralization to the south and west of the zones trenched in 2012. These additional concessions now form a part of the Niñobamba Project and are subject to the Agreement. The companies expect to review data that was part of the acquisition and will undertake follow up exploration work as a result of this compilation and the recommendations from this review.

Rio Silver's CEO, Jeffrey Reeder, P Geo states, "We are excited that we now have the opportunity to advance the exploration work at Niñobamba. Magellan Gold is a knowledgeable partner that shares our vision of identifying a bulk mineable silver and gold deposit at Niñobamba and we welcome them as a shareholder of our Company. The imminent work programs under Magellan's "earn – in" will provide a steady stream of project news and we expect to have the drilling commence early in the coming year!"

Magellan Gold's CEO, P Geo, Pierce Carson says, "The Niñobamba Project has all the early indications of a significant, disseminated precious metal system. With Rio Silver's local expertise to guide us, we expect to begin our work immediately. We feel that there is great value to be defined by our upcoming programs and that our shareholders will be duly rewarded."

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

Steve Brunelle

Executive Co-Chairman

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This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required by

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

applicable laws.

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