



**Rio Silver Signs Non-Binding Letter of Intent to Merge with Norsemont II;
Adding Potential Silver-Lead-Zinc Producer in Northern Peru**

November 7, 2018: Toronto, Canada and Lima, Peru) Rio Silver Inc. (TSX.V: RYO) (“Rio” or the “Company”) is pleased to announce that the Company has signed a non-binding letter of intent (“LOI”), effective October 24, 2018, with Norsemont II Resources Corp. (“Norsemont”), a private Ontario based company. Norsemont owns a 100% interest in the Cochavara Silver-Lead-Zinc Project (“Cochavara”) in Northern Peru. Cochavara consists of two concessions totalling 1979 hectares located in the Department of La Libertad in Northern Peru, approximately 70 kilometres east of the city of Trujillo.

The historic Quiruvilca silver/lead/zinc mine (“Quiruvilca”) is located 3.5 kilometres north east of the northern boundary of Cochavara. Both Cochavara and Quiruvilca are located within the Mid-Miocene Calipuy volcanic complex that hosts several world class precious metal deposits such as Newmont’s Yanacocha and Barrick’s Pierina gold mines, which are located approximately 120km north and 180km southeast of Cochavara, respectively. Mineralization hosted at Quiruvilca, Yanacocha and Pierina is not necessarily reflective of the mineralization that may be hosted on the Cochavara Silver-Lead-Zinc Project.

According to Bartos¹, mineralization at Quiruvilca is controlled by a series of ENE-striking polymetallic (Ag/Pb/Zn) vein swarms which have extensive lateral and vertical continuity with abundant splits and pinch and swell structures. The mineralization observed and mapped by the Company’s geologist shows that mineralization at Cochavara is similarly controlled and occurs along strike of the Quiruvilca vein swarms. Production from the Quiruvilca mine was first recorded in 1789, and has been mined on an industrial scale since 1924. More recently, Pan American Silver acquired the Quiruvilca mine in 1995 and sold the mine to a private company in 2012. Cochavara currently has a valid exploitation permit to extract mineral for processing at third party plants. During 2018, Cochavara underground development provided access to the main mineralized vein structure. The development adit was used to drift along the mineralized structure, to provide mineralized material for processing and to provide access for underground drilling.

Terms of the LOI:

Subject to regulatory and all other necessary approvals, Rio will acquire all the issued and outstanding securities of Norsemont such that Norsemont shareholders will hold, upon closing, 50% of the shares of Rio on a non-diluted basis. The calculation for the share exchange will include any shares for debt completed by Rio, but exclude any private placement share issuances, prior to closing.

As at the date hereof, Rio has 41,049,885 common shares issued and outstanding. In connection with the transaction, Rio intends to conduct up to \$500,000 in private placements and shares for debt settlements, at a price of \$0.05 per share. The final terms of the private placements remain to be determined, and may include warrants issued in accordance with the policies of the TSX Venture Exchange. Upon completion of the proposed

¹ Bartos, P.J (1984) Mineralization, Alteration and Zoning of the Cu-Pb-Zn-Ag Lodes at Quiruvilca Peru, Master Thesis Stanford University.

transaction, Mr. Eric Sprott will become the Company's largest shareholder. Rio will provide the ongoing management team for the Company and the Board will be reconstituted with 2 members from each of the respective companies. At the present time, it is expected that Messrs. Jeffrey Reeder and Steve Brunelle (both current directors of Rio), and Chris Irwin and Stephen Dunn (proposed appointees of Norsemont) will serve as the directors.

The transaction remains subject to due diligence, the entering into of a definitive agreement, the receipt of all necessary approvals, and each party having less than \$200,000 in liabilities, in addition to other terms and conditions that are customary for a transaction of this nature. Under the rules of the Exchange, shareholder approval for the creation of a control person will be necessary, and Rio will use its best efforts to cause its insiders to enter into "lock-up" agreements in support of the transaction.

Highlights of the Proposed Transaction:

- Cochavara and Rio's Ninobamba precious metals project represent 2 exceptional 100% owned Peruvian mineral properties,
- Exploration and development of these projects will be managed by Rio's experienced Peruvian team that has been operating successfully in Peru for over 25 years,
- Ongoing G&A will be consolidated and the increased market capitalization should provide increased liquidity for all shareholders

Jeffrey Reeder, P.Geo., and a qualified person as defined in National Instrument 43-101, has prepared supervised the preparation, or approved the scientific and technical disclosure contained in this news release.

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

Steve Brunelle

Chairman and Director.

Neither the TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

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 applicable laws.

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