



RIO SILVER ANNOUNCES CLOSING OF PRIVATE PLACEMENT

January 19, 2017, Toronto, Ontario, Canada – Rio Silver Inc. (“Rio Silver” or the “Company”) (TSX.V: RYO) is pleased to announce that, further to its previous news release on January 13, 2017, the Company has received regulatory approval to close the second of two financings contemplated in its transaction (“**Transaction**”) with Magellan Gold Corporation (“**Magellan**”) (OTCQB – MAGE). The second financing was a non-brokered private placement (the “**Offering**”) consisting of 1,250,000 units (“**Units**”) of the Company at \$0.06 per Unit for gross proceeds of \$75,000. Each Unit consists of one common share of the Company and one common share purchase warrant (each a “**Warrant**”) entitling the holder to acquire one common share of the Company at a price of \$0.06 per share until July 19, 2018. All securities in the Offering were acquired by Magellan. The securities issued will be subject to a four-month statutory hold period until May 20, 2017. No finder’s fees were paid in connection with the Offering. The proceeds from the Offering will be used for working capital and general and administrative purposes.

Prior to giving effect to the recent acquisition, Magellan held ownership and control over 1,500,000 common shares of the Company, representing 5.11% of the issued and outstanding shares of the Company, and 1,500,000 warrants (which would represent 9.80% of the then issued and outstanding common shares of the Company assuming exercise of the 1,500,000 warrants). After giving effect to the shares and warrants acquired in the Offering, Magellan holds 2,750,000 common shares, representing 8.99% of the issued and outstanding shares of the Company. Assuming exercise of the 2,750,000 warrants now held, Magellan would hold 5,500,000 common shares of the Company, representing 16.49% of the issued and outstanding shares of the Company.

The shares and warrants were acquired for investment purposes. In the future, Magellan or its affiliates may acquire additional securities of the Company or dispose of such securities through the market or otherwise subject to a number of factors, including general market and economic conditions, other investment and business opportunities available and other circumstances.

This news release is being issued in accordance with National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* in connection with the filing of an early warning report dated January 19, 2017. The early warning report respecting the transaction has been filed on the System for Electronic Document Analysis and Review (“SEDAR”) under the Company’s profile at www.sedar.com or may be obtained by contacting Dan Hamilton at (416-479-9546).

The Purchaser’s office is at 2010A Harbison Drive #312, Vacaville, California, USA, 95687.

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

Jeffrey Reeder

President and Chief Executive Officer

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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