



RIO SILVER ANNOUNCES PRIVATE PLACEMENT

August 23, 2016, Toronto, Ontario, Canada – Rio Silver Inc. (“Rio Silver” or the “Company”) (TSX.V: RYO) is pleased to announce that, subject to final regulatory approval, further to its previous news releases on July 4, 2016 and July 22, 2016, the Company has closed the first of two financings contemplated in its transaction (the “**Transaction**”) with Magellan Gold Corporation (“**Magellan**”) (OTCQB – MAGE). The first financing consists of a non-brokered private placement of 1,500,000 units (the “**Units**”) at \$0.05 per Unit for gross proceeds of \$75,000 (the “**Offering**”). Each Unit consists of one common share of the Company and one common share purchase warrant entitling the holder to acquire one common share of the Company at a price of \$0.05 until February 23, 2018. Pursuant to the letter of intent with Magellan, Magellan has subscribed for the entire Offering.

No finder’s fees have been paid in connection with the Offering. The closing of the Offering remains subject to final regulatory approval. The securities issued are subject to a four month statutory hold period expiring on December 24, 2016. The proceeds from the Offering will be used for working capital and general and administrative purposes.

The Company will make additional announcements relating to the second financing when all the terms have been finalized.

The closing of the Transaction remains subject to a number of conditions including the entering into of the definitive agreement, satisfactory completion of due diligence by the parties, receipt of all required approvals and consents, including TSX Venture Exchange approval, and satisfaction of other customary closing conditions. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

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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