



**RIO SILVER INC.**

## **Private Placement for KAN Project**

December 28, 2011 – Rio Silver Inc. (the "Company"), (TSX.V: RYO) is pleased to announce a non brokered private placement (the "Offering") of up to 4,250,000 flow through units ("FT Units") for gross proceeds of up to \$850,000. Each FT Unit will be offered at \$0.20 and will consist of one common share and one-half of one common share purchase warrant, ("Warrant"). Each full Warrant entitles the holder to acquire one non flow through common share at a price of \$0.25 for a period of two years from closing.

The proceeds from the FT Units will be used to incur eligible Canadian Exploration Expenses ("CEE") as defined by the Income Tax Act (Canada), at the KAN Au, Pb-Zn-Ag project located in the northern Labrador Trough area, Nunavik Territory, Quebec.

The Company will pay certain finders' fees in connection with a portion of the Offering pursuant to Exchange policies. The securities issued herein will be subject to a four month statutory hold period. The closing of the Offering is subject to the approval of the TSX Venture Exchange.

### **KAN Gold Project:**

The KAN project is a Proterzoic hosted iron formation comparable in age to the historic Homestake gold deposit. Mineralization at KAN is similar to both the Meadowbank and Meliadine gold projects in Nunavut, with gold being associated with intense quartz carbonate veining and stockwork within structurally complicated and folded carbonate facies iron formation. The 2011 exploration program discovered several new surface gold showings which add to the innovative conceptual geological model of potential bulk mineable gold mineralization hosted in iron formation within the Labrador Trough, Quebec.

The Company has previously reported having confirmed the potential for exhalative base metal targets at the KAN project. Forty one massive sulphide boulders were sampled and the average grades reported were: 9.03% Zn, 6.94% Pb, 270 g/t Ag and 0.65 g/t Au. The size and angularity of the boulders and the fact that they exist in three known clusters seems to point to various sources for the boulders. Some boulders exceed two metres in diameter which suggest a proximal source. The Company also reported the discovery of a new massive sulphide boulder approximately 5.4 km south of the original KAN showing. Two grab samples from this new massive sulphide boulder averaged: 12.23% Zn, 2.29% Pb, 80 g/t Ag and 0.35 g/t Au. The distinct zinc/lead ratios and silver values compared to the KAN boulders suggest a different massive sulphide source.

The KAN project now represents a regional exploration district with numerous gold and base metal targets identified along 31km of favourable stratigraphy.

T. John Magee, P.Geo., President and CEO of the Company is the Qualified Person who has reviewed and is responsible for the technical data contained in this news release.

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

*John Magee*  
*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.*

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