



Rio Silver Announces Closing of Non-Flow-through Private Placement

August 24, 2012, Toronto, Ontario, Canada- Rio Silver Inc. (TSX-V: RYO) (the "**Company**") is pleased to report that it has completed its previously announced non-flow-through private placement consisting of 6,875,000 units (the "**Units**") at \$0.08 per Unit for gross proceeds of \$550,000 subject to final Exchange approval. Each Unit consists of one common share of the Company and one common share purchase warrant exercisable at \$0.12 per share until August 24, 2013. In connection with the private placement, the Company paid finder's fees comprised of an aggregate of \$16,320 in cash and issued an aggregate of 204,000 broker warrants exercisable to acquire one common share of the Company at a price of \$0.12 per share until August 24, 2013. All of the securities issued will be subject to a four month statutory hold expiring on December 25, 2012.

Under the financing, John Magee, President, CEO and a director of the Company acquired ownership and control over 1,182,500 Units at a price of \$0.08 per Unit (representing 2.4% of the Company's issued and outstanding share capital, and 4.7% assuming all warrants exercised) under the officer and director exemption. As a result of the acquisition, Mr. Magee has ownership and direction or control over an aggregate of 4,722,680 common shares of the Company, representing 9.61% of the issued and outstanding common shares of the Company (or 6,825,180 common shares and 13.32% of the Company's then outstanding common shares of the Company, assuming exercise of Mr. Magee's warrants and options). Neither the Company nor, to the knowledge of the Company after reasonable inquiry, Mr. Magee, have knowledge of any material information concerning the Company or its securities which has not been generally disclosed.

The Company has been advised that the securities were purchased by Mr. Magee for investment purposes and Mr. Magee has no present intention to acquire further securities of the Company, although Mr. Magee may, in the future, acquire or dispose of securities of the Company through the market or otherwise, as circumstances or market conditions warrant.

A copy of the Early Warning Report will be filed with the applicable securities regulators regarding the above acquisition within the applicable time on SEDAR (www.sedar.com).

The proceeds of the placement will be used by the Company in connection with its exploration program at the Company's Niñobamba silver and gold project in Peru, and for working capital purposes.

ON BEHALF OF THE BOARD OF DIRECTORS OF

RIO SILVER INC.

Dwight Walker
CFO

John Magee
President and CEO
c/o 40 University Avenue, Suite 710
Toronto, Ontario M5J 1T1

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) 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 the applicable laws.

For more information contact:

Dwight Walker, CFO
Tel: (416) 567-2785
Website: www.riosilverinc.com