

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**ITEM 1 – NAME AND ADDRESS OF COMPANY**

Rio Silver Inc. (the "**Company**")  
Suite 603 – 40 University Avenue,  
Toronto, ON M5J 1T1

**ITEM 2 – DATE OF MATERIAL CHANGE**

March 16, 2017

**ITEM 3 – NEWS RELEASE**

The Company issued a news release relating to the material change on March 16, 2017, which was disseminated to the TSX Venture Exchange and through Stockwatch and Marketnews and filed on SEDAR with the securities commissions of British Columbia and Alberta.

**ITEM 4 – SUMMARY OF MATERIAL CHANGE**

The Company settled an aggregate of \$244,774 of indebtedness by issuing 3,059,669 common shares.

**ITEM 5 – FULL DESCRIPTION OF MATERIAL CHANGE**

Following TSX Venture Exchange approval, the Company settled an aggregate of \$244,774 of indebtedness (the "**Debt**") owed to certain arm's length and non-arm's length creditors through the issuance of an aggregate of 3,059,669 common shares at a deemed issuance price of \$0.08 per common share (the "**Transaction**"), of which 1,305,663 common shares will be issued to non-arm's length creditors. All common shares issued to settle the Debt will be subject to a hold period expiring on July 17, 2017.

**ITEM 6 – RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102**

Not applicable.

**ITEM 7 – OMITTED INFORMATION**

No significant information has been omitted from this form on the basis that it is confidential information.

**ITEM 8 – EXECUTIVE OFFICER**

The following executive officer of the Company is knowledgeable about the material change and this Report:

Dan Hamilton, Chief Financial Officer – Telephone: (416) 479-9546

**ITEM 9 – DATE OF REPORT**

March 27, 2017



## **RIO SILVER ANNOUNCES COMPLETION OF SHARES FOR DEBT TRANSACTION**

March 16, 2017, Toronto, Ontario, Canada – Rio Silver Inc. (“Rio Silver” or the “Company”) (TSX.V: RYO) announces that it has received TSX Venture Exchange approval to settle an aggregate of \$244,774 of indebtedness (the “**Debt**”) owed to certain arm’s length and non-arm’s length creditors through the issuance of an aggregate of 3,059,669 common shares at a deemed issuance price of \$0.08 per common share (the “**Transaction**”), of which 1,305,663 common shares will be issued to non-arm’s length creditors. All common shares issued to settle the Debt will be subject to a statutory hold period expiring on July 17, 2017. Completion of the Transaction will allow the Company to significantly improve its current working capital deficiency position.

The Company also announces that Magellan Gold Corporation’s (“**Magellan**”) (OTCQB: MAGE) ownership of the Company has been reduced to 7.65% of the Company’s issued and outstanding share capital as a result of the common shares that were issued to settle the debt. Magellan neither acquired nor disposed of any securities of the Company.

Prior to the share issuances by the Company, Magellan held 2,750,000 common shares, representing 8.99% of the issued and, assuming exercise of the 2,750,000 warrants, Magellan would have held 5,500,000 common shares, representing 16.49% of the then issued and outstanding shares of the Company.

Following the additional share issuances by the Company as described above, Magellan holds 2,750,000 common shares, representing 7.65% of the issued and outstanding common shares of the Company, and assuming exercise of the 2,750,000 warrants, Magellan would hold 5,500,000 common shares, representing 14.05% of the issued and outstanding shares of the Company.

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 September 16, 2016. 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](http://www.sedar.com) or may be obtained by contacting Dan Hamilton at (416-479-9546).

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

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

“*Steve Brunelle*”  
Chairman

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the 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.*

For more information contact:

Jeff Reeder, President, CEO

Tel: (647) 302-3290

Steve Brunelle, Chairman

Tel: (416) 854-2552

Website: [www.riosilverinc.com](http://www.riosilverinc.com)