Form 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Rio Silver Inc. (the "**Issuer**")
40 University Avenue
Suite 603
Toronto, Ontario
M5J 1T1

2. **Date of Material Change**

October 24, 2016.

3. News Release

A press release disclosing the material change was issued by the Issuer through Newsfile Corp. on October 24, 2016.

4. Summary of Material Change

The Issuer and Magellan Gold Corporation (Magellan") signed a Definitive Agreement whereby Magellan has an option to earn an undivided 50% interest in the Issuer's Niñobamba Silver/Gold Project in Peru.

5. Full Description of Material Change

The Issuer and Magellan signed a Definitive Agreement (the "Agreement") whereby Magellan has an option (the "Option") to earn an undivided 50% interest in the Issuer's Niñobamba Silver/Gold Project ("Niñobamba" or the "Project") located approximately 330 kilometre southeast of Lima, in the Department of Ayacucho, Peru. Pursuant to the Agreement, in order to exercise the Option, Magellan must spend US$2 million over the next 3 years, on qualifying expenditures for the further exploration of the silver/gold mineralization that was outlined at the Project in earlier trenching campaigns. Additionally, Magellan is obligated to subscribe for two Issuer Private Placement Unit financings of $75,000 each. The first Private Placement closed on August 23, 2016. The second Private Placement Financing is expected to close within the next 90 days. A technical committee with representation from both companies will set the work programs and associated budgets for the Project during the option period.

With the signing of the Agreement, exploration work will now begin at the Project. Local community agreements and drilling permits will be secured to allow for surface exploration and a first phase of drilling. The companies anticipate drilling in early 2017.

The Issuer's extensive exploration experience (over 20 years of operating experience in Peru) will be relied upon to guide the work at the Project.

The Issuer recently acquired 3 concessions (2200 additional hectares) from Newmont/Southern Peru Copper Corp that adjoin to the west of the main Niñobamba concession. These concessions provide coverage of the potential for extensions of the surface silver and gold mineralization to the south and west of the zones trenched in 2012. These additional concessions now form a part of the Niñobamba Project and are subject to the Agreement. The companies expect to review data that was part of the acquisition and will undertake follow up exploration work as a result of this compilation and the recommendations from this review.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. Omitted Information

No significant facts have been omitted from this report.

8. Executive Officer

Dan Hamilton, Chief Financial Officer, is knowledgeable about the material change and this report and can be reached at (416) 479-9546.

9. Date of Report

October 25, 2016