

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014****Date: November 21, 2014**

The following management discussion and analysis (“MD&A”) of the financial condition and results of the operations of Rio Silver Inc. (the “Company” or “Rio Silver”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the nine month period ended September 30, 2014. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and should be read in conjunction with the consolidated condensed interim financial statements of the Company for the period ended September 30, 2014, together with the notes thereto (the “Financial Statements”). Results are reported in Canadian dollars, unless otherwise noted. The Company’s condensed consolidated interim financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”). The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Please review the cautionary note regarding forward looking statements at the end of this MD&A. Information contained herein is presented as at November 21, 2014, unless otherwise indicated. All of the scientific and technical information has been prepared or reviewed by Jeffrey Reeder, P.Geo., Chief Executive Officer and President of the Company. Mr. Reeder is a Qualified Person within the meaning of National Instrument 43-101.

Further information about the Company and its operation can be obtained from www.riosilverinc.com.

DESCRIPTION OF BUSINESS

Rio Silver is a Canadian-based resource company with a mandate to acquire, explore and develop precious and base metal deposits in the Americas and is currently focused on properties in Canada and Peru. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol “RYO”.

OVERVIEW - MINERAL EXPLORATION EXPENDITURES AND ACTIVITES

The following table summarizes the continuity of expenditures by the Company’s on its various mineral property projects during the nine months ended September 30, 2014 and year ended December 31, 2013:

Accumulated costs/expenditures	Property				Total
	Niñobamba, Peru	KAN	Gerow Lake	Other Peru Concessions & Red Rock	
Balance January 1, 2013	\$ 2,488,123	\$ 2,172,856	\$ 814,496	\$ -	\$ 5,475,475
Acquisition costs and annual fees	14,040	58,344	-	-	72,384
Exploration expenditures	449,001	291,506	30,749	-	771,256
Property option payments	(101,640)	-	-	(10,636)	(112,276)
Québec mining tax credit	-	(96,494)	-	-	(96,494)
Balance December 31, 2013	\$ 2,849,524	\$2,426,212	\$ 845,245	\$(10,636)	\$ 6,110,345
Balance January 1, 2014	\$ 2,849,524	\$2,426,212	\$ 845,245	\$(10,636)	\$ 6,110,345
Acquisition costs and annual fees	8,695	52,520	-	-	61,215
Exploration expenditures	54,021	61,847	5,250	-	121,118
Property option payments	-	-	-	(22,342)	(22,342)
Proceeds on sale of KAN	-	(150,000)	-	-	(150,000)
Refund of bond obligation	-	-	-	(11,116)	(11,116)
Balance, September 30, 2014	\$ 2,912,240	\$2,390,579	\$ 850,495	\$ (44,094)	\$ 6,109,220

Rio Silver Inc.
Management's Discussion and Analysis
For the nine month period ended September 30, 2014

The following table provides details of the exploration expenditures for the nine months ended September 30, 2014 and 2013:

	Property		
	Niñobamba, Peru	KAN	Gerow Lake
Geological	\$ 218,615	\$ -	\$ -
Analytical	3,974	-	-
Supplies, equipment and rental	10,477	-	-
Transportation and travel		6,922	-
Local office	44,200	-	-
Local community agreement	42,563	-	-
Consultation	-	-	22,248
Project management	76,118	153,160	-
Balance, September 30, 2013	\$ 395,947	\$ 160,082	\$ 22,248
Geological	\$ -	\$ 30,778	\$ -
Analytical	-	-	-
Supplies, equipment and rental	-	-	-
Transportation and travel	-	-	-
Local office	54,021	-	-
Local community agreement	-	-	-
Consultation	-	-	5,250
Project management	-	31,069	-
Balance, September 30, 2014	\$ 38,817	\$ 61,847	\$ 5,250

Niñobamba silver and gold project, Peru

The Company released the results of its successful 2012 trenching program on January 14, 2013 with detailed assays and findings also provided in the December 2012 Annual MD&A. The Company has closed out the open trenches left from the 2012 program as well as fulfilling its community obligations, employing the community members. Further work is subject to the Company's successful accessing of funding.

KAN project, Québec

On February 6, 2014, the Company completed an agreement with Virginia Mines Inc. ("Virginia"), Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corporation and Les Resources Tectonic Inc. ("Tectonic") to acquire Rio Silver's KAN property.

Rio Silver transferred its 100% interest in the KAN property in consideration for (i) the issuance by Virginia of 3,571 of its common shares to Rio Silver at a deemed price of \$14.00 per share (the "**Virginia Shares**"); (ii) a cash payment equal to \$25,000 paid by Virginia; (iii) a cash payment equal to \$75,000 paid by Altius' (iv) the issuance by Rio Silver of 80,000 common shares to Tectonic (the "**Rio Silver Shares**"); and (iv) a cash payment of \$40,000 paid by Rio Silver to Tectonic.

The Rio Silver Shares issued to Tectonic and cash payment paid by Rio Silver were required under the option agreement (the "**Option Agreement**") between Rio Silver and Tectonic dated March 2, 2011, pursuant to which Rio Silver had the option to acquire from Tectonic 209 of the mining claims forming part of the KAN property.

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014**

As a result of the transaction, Rio Silver is wholly released and forever discharged from the observance and performance of its covenants and agreements in and under the Option Agreement.

Gerow Lake

The Company has continued its dialogue with the Ontario Ministry of Northern Development and Mines and the local First Nation representatives in an ongoing effort to access the properties and begin exploration work.

Other Peru Concessions and Red Rock

In December 2013 the Company optioned its non-core Peruvian property concessions and has received \$22,342 in property option payments in 2014.

On May 30, 2014 the Company received proceeds of US\$10,465 (CAN \$11,116) on the receipt of a reclamation bond, previously posted in 2007 on behalf of the Red Rock project in Nevada, USA. The Company subsequently wrote down its investment in the Red Rock project at the end of 2008.

The Company does not presently have sufficient financial resources to complete, by itself, the exploration required to develop its properties to an advanced stage. The exploration and development of the Company's properties will therefore depend upon the Company's ability to obtain financing through private placement financing, public financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected data derived from the audited consolidated financial statements of the Company at December 31, 2013, 2012 and 2011. For the years ended December 31, 2012 and 2011 the Comprehensive loss for the year, Net loss per share, and Total assets have been restated to reflect the Company's change in accounting policy from capitalizing exploration and evaluation expenditures to expensing as incurred.

Years Ended December 31,	2013	2012	2011
	\$	\$	\$
Comprehensive loss for the year	1,234,662	2,984,313	1,365,855
Net loss per share-basic and diluted	0.02	0.06	0.04
Total assets	128,082	531,941	1,534,593

SELECTED QUARTERLY INFORMATION

The following table sets out certain financial information for the last eight quarters:

For the quarters	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Total Revenue (\$)	-	-	-	-	-	-	-	-
Comprehensive Loss for the period (\$)	49,655	152,642	20,962	158,311	306,641	273,536	496,174	676,286
Loss per share (\$)	0.00	0.02	0.00	0.01	0.03	0.02	0.04	0.06

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014**

Basic and diluted loss per share is calculated based on weighted-average number of shares outstanding. Diluted loss per share is the same as basic loss per share as the stock options and warrants outstanding are anti-dilutive. Comprehensive loss for the period and Loss per share for fiscal 2013 have been restated to reflect the Company's change in accounting policy from capitalizing exploration and evaluation expenditures to expensing as incurred.

DISCUSSION OF OPERATIONS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Expenses				
Exploration and evaluation expenditures (recovery)	40,281	176,237	(1,125)	650,523
Management fees and wages	21,000	39,750	63,000	196,682
Professional fees	23,249	73,990	136,106	110,990
Transfer agent and filing fees	15,731	3,045	27,254	15,988
Investor relations	-	-	14,925	10,036
Rent	4,500	12,000	13,500	36,000
Office and administration	3,711	1,620	12,491	17,133
Share-based payments	-	-	13,697	51,000
Gain on settlement of debt	(59,044)	-	(59,044)	-
Foreign exchange loss	-	-	766	-
Loss before the following	49,428	306,642	221,570	1,088,352
Interest expense	227	-	1,689	-
Comprehensive loss	49,655	306,642	223,259	1,088,352
Loss per share, basic and diluted	0.00	0.02	0.02	0.09
Weighted average number of common shares	12,274,335	12,143,570	12,241,375	12,061,765

Three months ended September 30, 2014 compared with three months ended September 30, 2013

The comprehensive loss for the quarter was \$49,655 (\$0.00 per share) compared to a comprehensive loss of \$306,642 (\$0.02 per share) for the same quarter in 2013. Exploration and evaluation expenditures of \$40,281 (2013 – \$176,237) reflect the reduction in exploration activity in Peru as well as the prior year period amounts including exploration costs on the KAN project, which was sold in January 2014. Management fees and wages of \$21,000 (2013 - \$39,750) are lower in 2014 as the prior year costs include consulting fees associated with the Company's former CEO. Professional fees of \$23,249 (2013 - \$73,990) were lower in the current period as the prior year costs included an additional provision for audit fees and accounting related costs. Transfer agent and filing fees of \$15,731 (2013 - \$3,045) were higher in the current period due to costs associated with the Company's share consolidation and shares-for-debt settlements during the period. Rent expense of \$4,500 (2013 - \$12,000) was lower as the Company has relocated to new office space. Gain on settlement of debt of \$59,044 (2013 - \$Nil) relates to a shares for debt settlement of accounts payable at a share issuance price of \$0.05, whereas the current share price at time of settlement was \$0.03. Interest expense of \$227 (2013 - \$Nil) relates to interest on the promissory notes issued during 2014.

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

Nine months ended September 30, 2014 compared with nine months ended September 30, 2013

The comprehensive loss for the nine months ended September 30, 2014 was \$223,259 (\$0.02 per share) compared to a comprehensive loss of \$1,088,352 (\$0.09 per share) for the same period in 2013. Exploration and evaluation expenditures in the current period (recovery of \$1,125 compared to expense of \$650,523 in 2013) were a net recovery due to the sale of the KAN property, option payments received on certain non-core Peru concessions, and the refund of the Red Rock reclamation bond during current period, combined with a reduction in exploration activity in Peru during the nine months ended September 30, 2014. Management fees and wages of \$63,000 (\$2013 - \$196,682) are lower in 2014 due to lower CEO and CFO management fees compared to the prior year period, as well as costs incurred in 2013 with respect to the departure of the Company's CEO in June 2013. Professional fees of \$136,105 (2013 - \$110,990) were higher in the current period due to legal costs associated with the sale of the KAN property, and finalization of prior year audit and accounting related costs. Investor Relations of \$14,925 (2013 - \$10,036) was higher in 2014 due to costs associated with newsletter marketing. Transfer agent and filing fees of \$27,254 (2013 - \$15,988) were higher in the current period due to costs associated with the Company's share consolidation and shares-for-debt settlements during the period. Rent expense of \$13,500 (2013 - \$36,000) was lower as the Company has relocated to new office space. Office and administration expense of \$12,498 (2013 - \$17,133) was lower in the current period due to general spending reductions. Gain on settlement of debt of \$59,044 (2013 - \$Nil) relates to a shares for debt settlement of accounts payable at a share issuance price of \$0.05, whereas the current share price at time of settlement was \$0.03. Share based payments of expense of \$13,697 (2013 - \$51,000) reflects stock options granted to the Company's investor relations consultant in October 2013 and approved by shareholders at the Company's annual meeting of shareholders on June 26, 2014; the prior year expense relates to options granted to a director in February 2013. Interest expense of \$1,689 (2013 - \$Nil) relates to interest on the promissory notes issued during 2014.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2014, the Company had cash of \$27,810 (\$7,991 – December 31, 2013) and a working capital deficit of \$729,983 (December 31, 2013 - \$884,717).

On February 6, 2014 the Company sold its interest in the KAN project for gross proceeds of \$150,000.

In December 2013 the Company optioned its non-core Peruvian property concessions and has received \$16,350 in property option payments in 2014.

On May 30, 2014 the Company received proceeds of US\$10,465 (CAN\$11,116) on the receipt of a reclamation bond, previously posted in 2007 on behalf of the Red Rock project in Nevada, USA. The Company subsequently wrote down its investment in the Red Rock project at the end of 2008.

In August 2014 the Company received a Quebec mining tax credit of approximately \$96,000 relating to its 2013 exploration activities at the KAN project.

On June 26, 2014 the Company's shareholders approved the share consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares (the "Consolidation"). The Consolidation came into effect September 8, 2014.

On September 30, 2014 the Company completed a shares-for-debt settlement whereby 9,458,768 common shares were issued to settle an aggregate of \$472,928 of debt.

During the nine months ended September 30, 2014 the Company obtained short-term financing by way of issuing \$40,000 in promissory notes. The promissory notes bear interest at 18% per annum and are repayable on

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

demand. As at September 30, 2014, principal amount of \$5,000 and interest of \$464 was payable on outstanding promissory notes.

The Company has no long term debt and is not subject to external capital requirements. Trade and other payables are short-term and non-interest bearing.

During the nine months ended September 30, 2014 the Company's average monthly cash burn rate, excluding exploration expenditures, gain on settlement of debt, and share based payments, was approximately \$30,000. The Company expects its monthly burn rate to continue to be lower going forward due to ongoing cost cutting measures, including a reduction in management fees and other operating expenses. The Company has significantly scaled back on exploration work on its Niñobamba project, and sold its interest in the KAN project in February 2014. The Company's future exploration programs will be a function of the Company's ability to raise additional capital.

As a junior exploration stage company, Rio Silver has traditionally relied on equity financings and warrant exercises to fund exploration programs and general working capital requirements of a publicly traded junior resource company. The Company will need additional capital in 2014 and 2015 to cover its current working capital requirements and fund further exploration work.

The Company's ability to raise additional funds and its future performance are largely tied to the health of the financial markets and investor interest in the junior resource sector. Financial markets are currently volatile, and are likely to remain so throughout 2014 and 2015, reflecting ongoing concerns about the stability of the global economy, sovereign debt levels, global growth prospects and many other factors that might impact the Company's ability to raise additional funds.

Although the Company has been successful to date in raising capital to fund project exploration programs and meet working capital requirements, there can be no assurance that adequate or sufficient funding will be available in the future on terms that are acceptable to the Company. These circumstances indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common shares

As at the date of this report, the Company had 21,682,337 common shares issued and outstanding.

Warrants

There are no warrants outstanding as at the date of this MD&A.

Stock options

Stock options outstanding as at the date of this MD&A are as follows:

Grant Date	Expiry Date	Options Outstanding	Exercise Price
February 23, 2011	February 23, 2016	40,000	\$ 1.25
June 26, 2012	June 26, 2017	360,000	\$ 0.50
February 5, 2013	February 5, 2018	200,000	\$ 0.50
October 15, 2013	October 15, 2018	60,000	\$ 0.25
		660,000	\$ 0.50

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014**

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the board of directors, officers, close family members and enterprises that are controlled by these individuals as well as persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

During the nine months ended September 30, 2014 and September 30, 2013 the Company's related parties consisted of the following officers and directors:

Edward J. Badida	Director
Steven Brunelle	Executive Co-Chairman and Director
Thomas John Magee (i)	Co-Chairman and Director (Chief Executive Officer up to July 12, 2013)
Jeffrey Reeder (ii)	President and Chief Executive Officer (since July 12, 2013 and Director)
Jay Sujir	Director (up to June 26, 2014)
Oscar Pezo	Director (since June 26, 2014)
Richard Mazur	Director (since June 26, 2014)
Dwight Walker (iii)	Chief Financial Officer (up to July 12, 2013)
Dan Hamilton (iv)	Chief Financial Officer (since July 12, 2013)
Ryan Grywul	Vice-President Exploration (since July 12, 2013)

(i) Mr. Magee was Chief Executive Officer of the Company until July 12, 2013, after which he was appointed Chairman

(ii) Mr. Reeder was appointed President and Chief Executive Officer of the Company on July 12, 2013. Mr. Reeder provides services to the Company through Single Jack Research & Exploration Ltd., a private company owned by Mr. Reeder.

(iii) Mr. Walker was Chief Financial Officer of the Company until July 12, 2013. From July 12, 2013 to December 31, 2013 Mr. Walker was engaged as a consultant to the Company. Mr. Walker's services as Chief Financial Officer were provided through Target Financial Services Inc., a private company owned by Mr. Walker.

(iv) Mr. Hamilton was appointed Chief Financial Officer of the Company on July 12, 2013.

(a) Remuneration of the President and Chief Executive Officer, and Chief Financial Officer was as follows:

	Nine Months ended September 30, 2014	Nine Months ended September 30, 2013
Management fees and wages		
Jeffrey Reeder	\$ 18,000	\$ 6,000
Thomas John Magee	-	153,334
Dan Hamilton	27,000	9,000
Dwight Walker	-	37,500
	\$ 45,000	\$ 205,834

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014**

	2014	2013
Share-based payments		
Jeffery Reeder	\$ -	\$ 51,000

- (b) At September 30, 2014 an amount of \$4,000 (December 31, 2013 - \$12,000) was payable to Single Jack Research & Exploration Ltd., which was earned by Mr. Reeder in his capacity as CEO of the Company, and \$12,500 (December 31, 2013 - \$18,000) was payable to Mr. Hamilton, which was earned in his capacity as CFO of the Company.
- (c) As at September 30, 2014 an amount of \$200,000 was payable to Mr. Magee (December 31, 2013 - \$200,000), earned in his capacity as CEO of the Company up to July 12, 2013 and \$21,250 (December 31, 2013 - \$ 31,250) was payable to Target Financial Services, earned in Mr. Walker's capacity as CFO of the Company up to July 12, 2013. Payment to Mr. Magee has been deferred until the Company's working capital position has improved.
- (d) As at September 30, 2014, a total of \$58,429 (December 31, 2013 - \$92,068) was payable to directors and officers for services provided, and reimbursable expenses incurred on behalf of the Company in the normal course of business. These amounts are unsecured, non-interest bearing and without fixed repayment terms.
- (e) As at September 30, 2014, an amount of \$59,757 (December 31, 2013 - \$59,042) was payable to a legal firm of which a partner in the legal firm was a director of the Company at the time the costs were incurred.
- (f) During the nine months ended September 30, 2014 the Company issued promissory notes of \$15,000 and paid interest of \$259 to the CEO of the Company. As at September 30, 2014 the promissory note due to the Company's CEO had been repaid.

During the nine months ended September 30, 2014 the Company issued promissory notes of \$15,000 and paid interest of \$725 to a party related to a Director of the Company. As at September 30, 2014 the promissory note had been repaid.

PROPOSED TRANSACTION

The Company has not entered into any significant transaction, nor is it currently reviewing any such transaction, that has not been discussed within this MD&A.

SUBSEQUENT EVENTS

No material subsequent events have occurred since September 30, 2014.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS***Critical accounting estimates:***

Significant assumptions about the future, that management has made, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred on the Company's property interests;

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

- the inputs used in accounting for share based payment transactions;
- management applied judgment in determining the functional currency of the Company as Canadian Dollars;
- management assumption of no material restoration, rehabilitation and environmental obligation based on the facts and circumstances that existed during the period; and
- management's position that there are no income tax considerations required within the consolidated financial statements.

Critical accounting judgments:

The categorization of financial assets and liabilities is an accounting policy that requires management to make judgments or assessments.

CHANGES IN ACCOUNTING POLICIES

Recent Accounting Pronouncements

Certain pronouncements have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretation Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2014. Some are not applicable or do not have a significant impact to the Corporation and have been excluded from the discussion below.

The following new standards, amendments and interpretations, which have not been early adopted, will or may have an effect on the Company's future results and financial position:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of the new standard.

CAPITAL MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$10,184,753 (December 31, 2013 - \$9,892,990), contributed surplus of \$3,133,686 (December 31, 2013 - \$2,897,858), warrants of \$Nil (December 31, 2013 - \$92,000), and deficit of \$13,990,824 (December 31, 2013 - \$13,767,565).

When managing capital, the Company's objective is to ensure that the Company continues as a going concern, as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2014. The Company is not subject to externally imposed capital requirements.

FINANCIAL RISK FACTORS

Fair value

The Company has designated its cash as fair value through profit and loss, which is measured at fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values for government taxes recoverable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

As at September 30, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the short-term nature of the instruments.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and government taxes receivable. Cash is held with a reputable Canadian chartered bank, for which management believes the risk of loss to be minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash available to meet liabilities when they become due and payable. As at September 30, 2014, the Company had cash of \$27,810 (December 31, 2013 - \$7,991) to settle current liabilities of \$729,983 (December 31, 2013 - \$1,012,799). Included in accounts payable is \$365,936 due to related parties. All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and liquidity

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency, including all subsidiaries, is the Canadian dollar. Some of the operational and other expenses incurred outside of Canada are paid in US dollars or Peruvian Nuevo sol. All assets and liabilities of the Company are recorded in Canadian dollars and as a result, fluctuations in the US dollar or Peruvian Nuevo sol vis-à-vis the Canadian dollar result in foreign exchange gains/losses. The Company currently has no plans for hedging its foreign currency transactions.

Account	Foreign Currency	Exposure (\$Cdn)
Cash	United States dollar	411
Cash	Peruvian new sol	-
Trade payables	Peruvian new sol	90,307

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

OUTLOOK

The capital markets for resource companies, and particularly for those in the junior space, continue to suffer from the European financial crisis and the slowdown in commodity consumption making the environment for financing early stage exploration projects challenging. (See Liquidity and Capital Resources above).

Management is confident about the prospects for its principal projects and believes it is prudent to continue to move them forward, subject to adequate financing being available, through well managed and modest cost exploration programs.

See section titled "Mineral Exploration Expenditures and Activities" for the Company's plans to develop its exploration properties. There is no guarantee that the Company will discover a viable mineral deposit.

COMMITMENTS AND CONTINGENCIES

The Company has no contingent assets or liabilities.

Under the terms of an operating lease agreement for office space the Company has annual lease payments of \$18,000 expiring on July 30, 2016.

RISK FACTORS

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Operating in a Foreign Country Usually Involves Uncertainties Relating to Political and Economic Matters

Peru, where the Company's principle foreign mineral properties are located is considered by the Company to be a mining friendly country. However, any change of government may result in changes to government legislation and policy, which may include changes that impact the Company's ownership of and its ability to continue exploration and, possibly, the development of its properties. Further, changes in the government may result in political and economic uncertainty, which may cause the Company to delay its exploration and, possibly, its development activities or they may decrease the willingness of investors to provide financing to the Company. Accordingly, changes in legislation and policy could result in increased costs to explore and develop the Company's projects and could require the Company to delay or suspend these activities.

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

Exploration and Development Efforts May Not Be Successful

There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves

The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties

While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs. The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

Competition

The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipated that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Rio Silver Inc.**Management's Discussion and Analysis****For the nine month period ended September 30, 2014**

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

ENVIRONMENTAL

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project are still in the exploration and development stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required to meet any ongoing environmental obligations at the projects material to its results or to financial condition of the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in the sections "Overview - Mineral Exploration Expenditures and Activities", "Liquidity and Capital Resources" and "Outlook" of this MD&A constitute forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper;
- the availability of financing for the Company's development project on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- market competition;
- the accuracy of our resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based; and/or
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity prices, access to skilled mining development and mill production personnel, results of exploration and development activities, the Company's limited experience with production and development stage mining operations, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to

Rio Silver Inc.

Management's Discussion and Analysis

For the nine month period ended September 30, 2014

specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors incorporated by reference herein. See "Risk Factors". The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law. The Company also cautions readers not to place undue reliance on these forward-looking statements. Moreover, these forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above.