TORONTO, ONTARIO--(Marketwired - May 24, 2016) -

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Rio Novo Gold Inc. (TSX:RN) (TSX:RN.WT) ("Rio Novo" or the "Company") is pleased to announce a non brokered private placement of 13,771,114 Ordinary Shares of the Company to Cyprus River Holdings Limited ("Cyprus River"), a private Cyprus based company and the principal shareholder of Rio Novo, at a deemed issue price of Cdn.$0.1050 per Ordinary share for an aggregate subscription amount of Cdn.$1,445,966.97 (or US$1,126,552.87).

This private placement has been made pursuant to a shares-for-debt satisfaction arrangement subscription agreement entered into on June 10, 2016. The number of Ordinary shares is equal to 10% of the currently outstanding Ordinary shares and the deemed issue price was at a 25% discount to the market price as at the date of the agreement. The full subscription amount has been applied to satisfy an equal principal amount owing by the Company to Cyprus River, as follows:

- the full principal amount owing under the following promissory notes issued by the Company to Cyprus River:
    1. the promissory note dated December 11, 2015 in the principal amount of US$230,000;
    2. the promissory note dated June 9, 2015 in the principal amount of US$150,000;
    3. the promissory note dated December 12, 2014 in the principal amount of US$216,000;
    4. the promissory note dated December 21, 2015 in the principal amount of US$110,000;
    5. the promissory note dated July 2, 2014 in the principal amount of US$152,752; and
    6. the promissory note dated January 23, 2015 in the principal amount of US$200,000; and
- US$67,800.87 of the principal amount owing under the promissory note dated July 30, 2014 in the principal amount of US$375,000 issued by the Company to Cyprus River.

The Company has received all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Cyprus River is not permitted to trade the purchased shares for a period of four months plus one day from the closing of the private placement.

About Rio Novo

Rio Novo is focused on the acquisition, exploration and development of gold properties in Brazil and Colombia. The Company has Measured & Indicated resources of 1,191,252 oz and 1,464,831 Inferred oz of gold at two projects in Brazil (Almas and Matupá Gold Projects) and one in Colombia (Tolda Fria Gold Project).

The Company's goal is to become a producer of gold by bringing the Almas Gold Project, located in the State of Tocantins in Brazil, into production. Almas Project enjoys both established infrastructure, main grid hydropower in a proven and mining friendly jurisdiction and is permitted for construction.

This press release contains forward-looking statements. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding the estimation of mineral resources, exploration results, potential mineralization, potential mineral resources and mineral reserves) are forward- looking statements. Forward-looking statements are often identifiable by the use of words such as "anticipate", "believe", "plan", may", "could", " would", "might" or " will", "estimates", "expect", "intend", "budget", "scheduled", "forecasts" and similar expressions or variations (including negative variations) of such words and phrases. Forward-looking statements are subject to a number of risks and uncertainties, many of which differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Company's expectations, the price of gold and other risks identified in the Company's most recent annual information form filed with the Canadian securities regulatory authorities on SEDAR.com. Any for ward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities la ws, the Company disclaims any intent or obligation to update any forward-looking statements.

Contact

Patrick Panero
President & CEO
Rio Novo Gold Inc.
+55 (21) 2429-5100
patrick.panero@Rnovogold.com