

June 1, 2011

09/11

Rio Novo Completes Acquisition of 100% of the Toldafria Gold Project in Central Colombia with Resource Estimate of 952,000 oz

TORONTO, ONTARIO - (Marketwire – June 1, 2011) - Rio Novo Gold Inc. (TSX:RN) (TSX:RN.WT) ("Rio Novo" or the "Company") is pleased to announce that it has completed the acquisition and assumed operational control of 100% of the Toldafria Gold Project, located in central Colombia. The acquisition, at an initial purchase price of about US\$10 per ounce, immediately doubles Rio Novo's existing resource base to approximately 1.8 million ounces, and provides geographic diversification into one of the most important and underexplored gold jurisdictions in the world.

The initial acquisition of 75% of the project from Core Values Mining & Exploration Company ("CVME") was announced in a press release dated April 12, 2011. Subsequently, Rio Novo has negotiated and acquired the remaining 25% from Universal Gold Mining Corporation ("Universal" or "UG"). An independent NI 43-101 compliant Technical Report, which has been prepared by Gustavson Associates, LLC ("Gustavson") of Denver, Colorado, has been filed with SEDAR and can be downloaded from the following link:

<http://www.rnovogold.com/RioNovo%2043-101%20Technical%20Report%20Toldafria%20v1.pdf>

Toldafria Gold Project Highlights:

- A 947,000 oz Au Inferred resource at a grade of 2.38 g/t and 5,000 oz Au Indicated at a grade of 3.88 g/t using 0.5 g/t cut off (for details please refer to the Technical Report);
- Favourable metallurgy – A simple gravity and environmentally friendly concentration process may recover a large portion of the gold at a relatively coarse grind of 80% passing 48 mesh;
- Current resources, which are open in all directions, occupy only about 15% of the central portion of the 164 hectares land package;
- Toldafria lies within the prolific Middle Cauca Gold Belt in central Colombia on an approximate North-South line, between Medoro Resources' Marmato project (9.8 Moz) and AngloGold Ashanti's La Colosa deposit (12.3 Moz);
- The elevation of the prospect ranges from 2,800 to 3,000 meters above sea level within Colombia's Central Cordillera, below the threshold elevation of 3,200 meters specified in the Paramos legislation;
- Located 12 km southeast from Manizales, a city with a population of over 400,000 people and good infrastructure, daily air service, abundant main grid hydropower, services, and an available workforce;
- Excellent drill targets for an initial 10,000m program after the granting of appropriate drilling permits.

Rio Novo's CEO David Beatty comments: "The acquisition of 100% of the Toldafria Gold Project doubles our current resources at a good price and provides multiple drilling targets. Additionally, it delivers on our stated strategic plan to become an important player in Colombia. Our immediate focus will be to open Rio Novo's branch in Colombia and start a dialogue with the local community, the appropriate authorities and all stakeholders with the objective of paving the way for a mutually beneficial and long-term partnership. The initial geologic program will include trenching, additional channel sampling, mapping, road construction and the drill site selection."

Terms of the Transaction with CVME

Rio Novo agrees to purchase CVME's 75% interest under the following terms:

1. pay US\$500,000 in cash and issue 1,500,000 ordinary shares of Rio Novo to CVME on closing;
2. issue an additional 2,300,000 ordinary shares of Rio Novo to CVME upon (i) the conversion of the current small-scale mining license into a 30 year Concession Contract, and (ii) the receipt of the approvals and permits from environmental authorities that allow exploration and mining activities to go forward on the Project;
3. pay to CVME at the commencement of Commercial Production, an amount equal to US\$10.00 per ounce of the recoverable, Proven and Probable reserves, up to a maximum of 3 million ounces, as evidenced by a Definitive Feasibility Study of the Project. This amount will be payable in ordinary shares of Rio Novo based on the prevailing market price of the shares at the time of Commercial Production;
4. pay the balance of US\$750,000 owed by CVME to the underlying Permit Holder in two payments; US\$350,000 at closing and the balance upon conversion of the current small scale mining license into a 30 year concession contract.

Terms of the Transaction with UG

Rio Novo agrees to purchase UG's 25% interest under the following terms:

1. pay UG US\$300,000 in cash and issue 500,000 ordinary shares of Rio Novo to UG;
2. issue an additional 766,667 ordinary shares of Rio Novo to UG upon (i) the conversion of the current small-scale mining license into a minimum 20 year Concession Contract, and (ii) the receipt of the approvals and permits from environmental authorities that allow exploration and mining activities to proceed on the Project.

Permitting and Exploration Program

Rio Novo and the Permit Holder are already working together to convert the existing mining license to a 30 year Concession Contract. The Project has an approved Environmental Management Plan for small-scale mining, which will have to be modified to operate under Colombian Mining regulations. Rio Novo intends to manage all such processes, including the conversion to concession contract, exploration permits, environmental approvals and

mining consents & authorizations at the local level, as well as establishing community relations, sustainability and institutional relations efforts as a priority in the development of the project.

Rio Novo Gold Inc. is opening a Colombian office in order to manage the project. Local geological and environmental staff familiar with Toldafria will be a key part of the exploration team. Rio Novo has initiated the regulatory process to obtain exploration permits to begin drilling.

Additional geological mapping, tunnel sampling, and surface trenching are planned prior to starting a diamond drilling program of up to 10,000m. The work program will be designed to increase the existing resource base and to establish continuity and grade distribution of the mineralized structures and of the mineralization in the wall rocks. In addition, other properties in the area, which may have synergies with Toldafria, will be evaluated for potential acquisition and incorporation into the project.

Rio Novo Colombian operations will be headed by Mr. Patrick Panero, who will be retained as Rio Novo Colombia Country Manager. Mr. Panero has over twenty years of experience in the Latin American infrastructure and mining fields.

Mr. Panero notes: "We have retained local Counsel and environmental consultants to assist us in working through the permitting issues with local mining and environmental authorities in a deliberate manner and in accordance with all Colombian regulations. Adherence to local procedures and regulations, and respect for local processes is key to the successful permitting and development of mining projects in any country, and Colombia is no different in this respect".

About Rio Novo

Rio Novo is currently focused on the acquisition, exploration and development of gold mineral resource properties in Brazil and is initiating similar efforts in Colombia. The Company's goal is to become a producer of gold in the short term by bringing into production its two Brazilian properties, the Almas Gold Project, located in the State of Tocantins State, and the Guarantã Gold Project, located in the State of Mato Grosso. Both projects enjoy established infrastructure in mining friendly jurisdictions. In addition to exploring and developing the Almas and the Guarantã Gold Projects, the Company intends to identify, explore and develop or acquire additional precious metals properties in Brazil and other established mineral jurisdictions in South America.

For further information on Rio Novo please contact:

David Beatty
Chief Executive Officer
+1 (416) 368-8288
david.beatty@Rnovogold.com

Alex Penha
General Manager, Corporate Development
+1 (416) 368-1573
alex.penha@Rnovogold.com

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 forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement.