

**FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR RIO CRISTAL RESOURCES CORPORATION**

Our Management's Discussion and Analysis

Introduction

The following interim management discussion and analysis (MD&A) of the Rio Cristal Resources Corporation ("Rio Cristal" or the "Company") has been prepared as of August 20, 2010 and is intended to supplement and complement the Company's unaudited interim consolidated financial statements for the three month period ended June 30, 2010. This MD&A should also be read in conjunction with the audited annual consolidated financial statements and annual MD&A for the year ended March 31, 2010. All financial information has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and all amounts disclosed are United States dollars unless otherwise stated.

Forward-Looking Information

This management discussion and analysis ("MD&A") contains certain forward-looking statements that are based on the beliefs and assumptions of its management and information currently available to Rio Cristal. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to Rio Cristal or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of Rio Cristal with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Therefore the reader is cautioned not to place undue reliance on forward-looking statements.

Overview

The Company was incorporated under the *Business Corporations Act* (British Columbia) on November 24, 2006 under the name "Rio Cristal Zinc Corporation". In June 2009, the Company changed its name to "Rio Cristal Resources Corporation".

The Company's head office is located at Suite 1510, 789 West Pender Street, Vancouver, British Columbia V6C 1H2 and the registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

Rio Cristal is a publicly traded Canadian exploration company without any mineral producing properties and does not have revenues from any mineral properties.

The Company has focused much of its resources in the past on the Charlotte Bongará project, which is its core project. In addition to the Charlotte Bongará project, the Company is in the process of evaluating a number of other mineral projects, including the Condor Project, where it has acquired an option to explore and develop the property based upon its potential for containing economic grade, near surface, gold oxide mineralization. The Company has also

entered into a letter of intent to enter into an option agreement on La Cumbre; an outcropping copper-oxide prospect, which is currently being evaluated by the Company. Current efforts are focused primarily in Peru, where the directors and management reside.

Current Developments

On July 5, 2010 the Company announced that its common shares have been approved for trading on the Bolsa de Valores de Lima ("BVL"). The listing in Lima is expected to provide significant liquidity for the Company's shares and a source for regional capital.

On August 5, 2010 the Company announced that it had signed an Exclusivity Agreement (the "Agreement") on a prospective copper oxide project located in Southern Peru. The Company's preliminary review of La Cumbre indicates evidence of potential zones of bulk-mineable copper oxide mineralization grading in excess of 1% copper. Additionally, there is potential for copper sulfide mineralization in a very prospective belt hosting iron oxide copper-gold deposits. The agreement with Marmin S.A. provides the Company with a 90 day exclusivity period to perform due diligence and negotiate an option agreement to acquire the La Cumbre project. The project consists of concessions covering approximately 4,200 hectares located near Chala, Peru at an altitude averaging 1,000 meters with excellent access and infrastructure. Terms of the Agreement include a payment of \$25,000 to the owners for legal and administrative expenses related to the signing of a final option agreement.

On August 20, 2010 the Company announced a non-brokered private placement of 32,941,176 units (the "Units") at a price of \$0.085 per Unit, each Unit consisting of one common share and one-half non-transferable warrant for total proceeds of US\$2.8 Million. Each whole warrant shall entitle the holder to purchase one additional common share of the Company at an exercise price of US\$0.115 per share for a period of two years and is subject to acceleration. If the closing price of the Company's common shares on the TSX Venture Exchange is at a price equal to or greater than US\$0.25 for a period of ten consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving 30-days written notice to the holders of the warrants.

CHARLOTTE BONGARÁ ZINC PROJECT, PERU

Current Operations and Status

The Charlotte Bongará Concessions ("Concessions") is a group of contiguous claims totaling 18,413 hectares located approximately 740 km north of Lima, Peru in the Region of Amazonas. The Charlotte Bongará Concessions contain several early stage prospects that are believed to be Mississippi Valley Type ("MVT") zinc-lead prospects.

The Project is adjacent to the Mina Grande zinc-oxide project known as the Bongará Property to the east. To the south, the Project is adjacent to the Florida Canyon zinc-lead deposit, an advanced joint-venture exploration project being conducted by Votorantim Metals from Brazil and Solitario Exploration & Royalty Corp (TSX: SLR).

The Company has focused its exploration primarily on the Cristal project, which is located within the Charlotte Bongará Concessions.

The Company's Charlotte Bongará Concessions consist of four separate exploration zones, which are at varying stages of exploration:

- Cristal Project: This target covers an area of approximately 2.5 km by 1.5 km. These prospects have seen the majority of exploration to date, including 4,229 meters of drilling to identify high-grade zinc oxides near surface, and to test for sulfides in lower horizons. Additional geochemical sampling and mapping at Cristal was also conducted and helped to identify additional drill targets.
- Alto Cristal: This area is situated four kilometers west of the Cristal Project, and was the target of reconnaissance, geological mapping and geochemical sampling for the purpose of identifying zinc sulfide drill targets.
- San Jose: This area occurs approximately 10 km south-southwest of Cristal and consists of a previously discovered zinc showing. This project is at an early stage of exploration and has only seen limited mapping, surface sampling and no drilling.
- Florida: This area shows similar structural control and stratigraphy observed at Votorantim Metals and Solitario Resources Florida Canyon advanced zinc/lead exploration project. Exploration at the Florida North Project commenced in mid-2008, and consisted of preliminary mapping and sampling to identify to drill targets.
- The remaining concessions are claims that surround the above principal target areas and have been subjected to limited exploration, and no drilling, but which are believed to contain potential for additional targets with additional exploration.

Drill Results

The Company intercepted zinc mineralization in the first 14 shallow drill holes completed at the Cristal Project. The Company has completed its 2008 drilling program with 39 holes totalling 4,229 meters of drilling. Thirty four drill holes totalling 1,999 meters relate to near surface drilling of the zinc oxide zones; and, 5 holes totalling 2,230 meters relates to deep drilling to test for zinc sulfides and the stratigraphic sequence beneath the oxide horizons. Laboratory assay results from the oxide drilling program are considered favourable ranging from 2.0 meters of 22.5% zinc to 58.7 meters of 10.0% zinc. Other drilling results from the campaign included hole CR-11-08 intersecting 8.59 m of oxide mineralization grading 22.73% Zn, starting at a depth of 9.63 m below surface and CR 03-08 intersecting 4 m of oxide mineralization grading 23.66% Zn, starting at a depth of 56.1 m at the Esperanza Occurrence. Intercepts are drill intercepts and may not reflect true thickness intercepts. Drill results from the sulfide targets did not intersect ore grade zinc mineralization in the lower horizons; however, the zinc values are considered highly anomalous and sulfides are visible in the drill core indicating potential for economic grade zinc mineralization elsewhere in the formations. Additional drilling to define the extent of the oxide zone and exploration drilling for sulfides beneath the oxide zone or at other targets is therefore warranted.

AMEC, an internationally recognized engineering firm, has completed a NI 43-101 report (“the Technical Report”) for the Company’s Charlotte Bongará zinc project. AMEC prepared a previous report for the project in 2007.

The AMEC report describes mapping, sampling and diamond drilling on the Property which indicates that at least two main mineral exploration targets exist:

1. Supergene oxide zinc mineralization overprinting MVT-style zinc-lead mineralization has been defined at the Cristal Prospect on the Charlotte-Bongará Property. The oxide mineralization is similar to that mined at Mina Grande on the adjacent Bongará property.

Significant potential exists to discover more oxide zinc mineralization in Condorsinga Formation sediments at the Cristal Prospect and elsewhere in other Formations and on other parts of the property.

2. The report goes on to say that primary MVT-style zinc lead mineralization and anomalous zinc values have been encountered in stream sediment and soil geochemical samples at the Quebrada Seca, Cristal, Alto Cristal and Florida areas. These areas indicate significant potential exists to find sulphide MVT-style mineralization in the Chambará and Aramachay formations.

A two phase exploration program with a budget of approximately \$2.5 million is recommended by the AMEC report. The phases would be independent and thus could be completed in tandem. Phase 1 would include mineral resource delineation and estimation for the zinc oxide mineralization at the Cristal Prospect with detailed trenching and drilling to better define the oxide mineralization encountered in the 2008 drill program. Phase 2 would include regional target development for large sulphide and oxide deposits based on the MVT model and guided by regional stratigraphic and structural interpretation, reconnaissance mapping and prospecting.

Christopher Wright, P.Geo. served as the Qualified Person responsible for the preparation of the AMEC Technical Report as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects, and in compliance with Form 43 101F1 (the Technical Report).

CONDOR PROJECT, PERU

Condor is a 2,543 hectare gold-silver-base metals prospect located 375 kilometres southeast of Lima in the department of Ayacucho on the western slopes of the Andes. The property comprises 12 contiguous mining claims situated in the traditional artisanal mining district of Otocha.

During a recently completed bulk sampling program, the gold assays from five bulk samples range from 1.12 to 6.82 grams per tonne and averages 3.25 grams per tonne. The Company has completed environmental impact and water use studies and is awaiting approval of drilling permits. Subject to receipt of applicable permits, drilling at Condor is expected to begin in September, 2010.

Please refer to section Current Developments above and the Company's press releases dated October 28th, 2009 and March 15, 2010 for technical details.

For the Three Month Period Ended June 30, 2010

Net Loss and Operating Expenses

The Company's net loss for the three month period ended June 30, 2010 (the "Current Period") was \$416,495 or \$0.01 per share compared to a net loss of \$289,083 or \$0.01 per share for the three month period ended June 30, 2009 (the "Comparative Period"), an increase of \$127,412 or \$nil per share.

General and administrative expenses were higher in the Current Period at \$427,954 compared with \$276,183 in the Comparative Period due mainly to: higher generative exploration expenditures (\$208,697 compared to \$139,453) due to increased exploration activity on the Condor property in the Current Period; higher administration expenses (\$61,963 compared to (\$1,821)) due to increased administration costs in Peru; and higher salaries and consulting

expenditures (\$47,500 compared to \$nil). These increases were offset by lower professional fees (\$36,695 compared to \$63,529) resulting from reduced legal expenses during the Current Period.

Of the total loss in the Current Period, \$126,370 related to exploration expenditures and mining rights expenses on its Charlotte Bongará Concessions.

Included in the \$126,370 in exploration expenditures on the Charlotte Bongará Concessions were fees for mining rights of \$95,879 to keep the claims in good standing, \$27,695 in supplies, salary and consulting, and travel expenses, and \$2,796 in assaying and geological costs.

Of the total loss in the Current period, \$62,719 related to exploration expenditures on the Condor property.

Included in the \$62,719 in exploration expenditures on the Condor property were \$33,179 in supplies, salary and consulting and travel expenses, \$9,934 in assaying and geological costs, \$5,982 for other exploration expenses and \$13,624 in option payments on the property.

Of the total loss in the Current period, \$19,608 relates to IGV expense (Peruvian value added tax) that has been paid to the Peruvian government. The IGV expense is not recoverable under the Company's current circumstances, and as a result the IGV receivable has been expensed.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Rio Cristal and is derived from unaudited quarterly consolidated financial statements prepared by management. Rio Cristal's interim consolidated financial statements are prepared in accordance with Canadian GAAP and expressed in US dollars.

Period	Revenues	Loss from Continued Operations \$	Basic and Fully Diluted Loss per Share from Continued Operations \$
1 st Quarter 2011	Nil	(416,495)	(0.01)
4 th Quarter 2010	Nil	(1,152,998)	(0.02)
3 rd Quarter 2010	Nil	(257,032)	(0.01)
2 nd Quarter 2010	Nil	(277,440)	(0.00)
1 st Quarter 2010	Nil	(289,083)	(0.01)
4 th Quarter 2009	Nil	(487,893)	(0.02)
3 rd Quarter 2009	Nil	(624,636)	(0.03)
2 nd Quarter 2009	Nil	(1,752,121)	(0.08)

The decrease in loss during the first quarter of the 2011 fiscal year is a result of an increase in exploration expenditures offset by a significant reduction in financing costs, as the costs related to the early exercise incentive option were incurred in the fourth quarter of 2010.

The increase in loss during the fourth quarter of the 2010 fiscal year is a result of an increase in financing fees related to the early exercise incentive option and an increase in exploration expenditures.

The decrease in loss during the third quarter of the 2010 fiscal year is a result of a reduction of salaries and consulting, filing fees, professional fees, general and administrative expenses and investor relations.

The decrease in loss during the third and fourth quarter of the 2009 fiscal year is a result of a reduction of drilling activities and additional exploration costs on the Company's exploration project from the previous quarter.

Liquidity and Capital Resources

The Company had a net working capital deficiency of \$152,802 as at June 30, 2010 compared to a net working capital of \$197,934 as at March 31, 2010. The cash balance at June 30, 2010 was \$388,957 compared to \$835,889 as at March 31, 2010. As at June 30, 2010 current liabilities were \$565,651 compared to \$664,913 as at March 31, 2010.

Investing Activity

During the three month period ended June 30, 2010, there were no property option payments due on either the Charlotte Bongará mineral property or the Condor project.

Going Concern

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and will require additional cash to continue exploration, pay for administrative overhead and maintain its mineral interests. As at June 30, 2010, the Company had a current working capital deficit of \$152,802 and had incurred losses since inception and an accumulated deficit of \$9,781,396.

The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has a current working capital deficit of \$152,802 and has incurred losses since inception and has an accumulated deficit of \$9,781,396 at June 30, 2010.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. The Company has been able to apply cost-cutting measures and was able to obtain \$2.8 million in additional financing subsequent to June 30, 2010. These funds should allow the Company to meet its ongoing exploration and administration costs for the next 12 months.

Financing Activity

There were no financing activities during the three month period ended June 30, 2010.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares, all without nominal or par value.

The table below summarizes the Company's common shares and securities convertible into common shares as at August 20, 2010:

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding Securities convertible into common shares			69,076,538
Warrants	\$0.10	April 22, 2011	12,977,553
	\$0.12	March 17, 2011	7,130,047
Options	\$0.50	January 29, 2013	1,175,000
	\$0.64	February 26, 2013	5,000
	\$0.50	April 13, 2013	150,000
	\$0.50	June 4, 2013	205,000
	\$0.50	October 3, 2013	150,000
	\$0.10	April 30, 2014	1,560,000
	\$0.10	May 20, 2015	965,000
			93,394,138

These amounts do not include the August 20, 2010 announced financing, as those shares and warrants have not been issued as of August 20, 2010.

During the three month period ended June 30, 2010, the Company granted 965,000 options to certain employees, directors and consultants of the Company at an exercise price of Cdn\$0.10 exercisable for five years. The options will vest at a rate of 50% over one year, with one half vesting immediately and one half in twelve months from the date of grant.

As at June 30, 2010, 2,670,000 options outstanding had vested.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties for the Three Month Period ended June 30, 2010.

In connection with the approval of related party transactions, the Company has a policy that requires that the terms of all such transactions must be comparable to terms available in arms-

length transactions. Each of the transactions described below meet those requirements and occurred during the three month period ended June 30, 2010.

The Company received legal services totaling \$11,725 from a law firm in which an officer of Rio Cristal is a partner. Legal services were rendered in association with the Company's listing on the Lima Stock Exchange and general legal requirements.

The Company received accounting services from an accounting firm in which an officer of the Company is a partner. The total accounting fees paid or accrued were \$14,602.

The Company paid investor relations fees of \$500 to a firm in which an officer of the Company is a principal.

The Company paid rent expense of \$4,500 to a firm in which an officer of the Company is a principal.

Included in accounts payable is \$46,832 of amounts due to related parties, which are unsecured, non-interest bearing and payable on demand.

Critical Accounting Policies and Estimates

The details of Rio Cristal's accounting policies are presented in note 2 of the annual consolidated financial statements. The following policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

a) *Resource Properties*

The Company is in the process of exploring its mineral properties and has adopted the policy of capitalizing significant acquisition costs for property rights. Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves and maintenance payments. Option payments are considered acquisition costs once the Company has the intention of exercising the option agreement.

Capitalized costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of ore reserves, while capitalized costs for prospects abandoned are written off.

Management reviews and evaluates the carrying value of its mineral properties for impairment when events or changes in circumstances indicate that the carrying amount of the related asset may not be recoverable. If the total estimated future operating cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired it is written down to its estimated fair value.

Ownership in mineral properties involves certain interest risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from

the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

b) *Estimates*

Financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) *Recent Accounting Pronouncements Not Yet Adopted*

i. *International Financial Reporting Standards*

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that significantly affects the financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. In July 2008, the AcSB announced that early adoption will be allowed in 2009 subject to seeking and obtaining exemptive relief. The Company is currently assessing the financial reporting impact of the transition to IFRS and the changeover date.

The Company has appointed a project manager to lead the conversion to IFRS. The project manager is working with other members of the finance group to develop and execute an implementation plan. An initial diagnostic review of significant IFRS differences is currently underway to identify the key areas which are likely to be impacted by accounting policy changes. After which, the Company will perform a more detailed review of the impact of IFRS on the Company’s consolidated financial statements and other areas of the Company. Any changes required to systems and controls will be identified as the project progresses. Draft financial statements and disclosure information will be prepared for each quarter in 2011 and reporting under IFRS will commence in the first quarter of 2012. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders’ equity as well as cash and cash equivalent and receivables balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's investment practice is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, price or credit risks arising from its financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Rio Cristal's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statement of Loss and Deficit contained in its Consolidated Financial Statements for June 30, 2010 and June 30, 2009 that is available on Rio Cristal's website at www.riocristalresources.com or on its SEDAR Page Site accessed through www.sedar.com.

Approval

The Audit Committee of Rio Cristal has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to Rio Cristal is on SEDAR at www.sedar.com.