

RIO CRISTAL RESOURCES CORPORATION
(Formerly Rio Cristal Zinc Corporation)

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010 and 2009

EXPRESSED IN US DOLLARS

Auditors' Report

To the Shareholders of Rio Cristal Resources Corporation

We have audited the consolidated balance sheets of Rio Cristal Resources Corporation as at March 31, 2010 and 2009 and the consolidated statements of loss, comprehensive loss, and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia

July 28, 2010

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)*Statement 1**Consolidated Balance Sheets****As at March 31,***(expressed in US dollars)*

ASSETS	2010	2009
	\$	\$
Current		
Cash and cash equivalents	835,889	26,924
Amounts receivable	11,407	10,769
Prepaid expenses	15,551	6,873
	862,847	44,566
Equipment <i>(note 7)</i>	96,999	122,293
Resource Property Costs <i>(note 8)</i>	570,819	401,003
	1,530,665	567,862
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>(note 10)</i>	664,913	295,748
Due to related parties	-	40,000
	664,913	335,748
SHAREHOLDERS' EQUITY		
Share Capital <i>(note 9a)</i>	8,348,700	6,617,587
Contributed Surplus <i>(note 9a)</i>	1,881,953	1,002,876
Deficit – <i>Statement 2</i>	(9,364,901)	(7,388,349)
	865,752	232,114
	1,530,665	567,862

Nature of Business and Going Concern *(note 1)*Commitments *(note 13)*Subsequent events *(note 15)*

ON BEHALF OF THE BOARD:

Signed "Tom Findley" _____ Director

Signed "Charles D. Preble" _____ Director

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the years ended March 31,

(expressed in US dollars)

	2010 \$	2009 \$
General and Administrative Expenses		
Amortization	25,294	27,184
Exploration expenditures	409,025	3,335,854
Filing fees	43,062	27,305
Financing costs <i>(note 9a (v))</i>	752,235	-
General administrative expenses	174,826	515,150
Professional fees	223,444	251,150
Salaries and consulting	190,000	404,332
Stock-based compensation <i>(note 9b)</i>	179,282	302,503
Travel	1,278	4,197
Loss before the undernoted	<u>1,998,446</u>	<u>4,867,675</u>
Interest income	(334)	(41,611)
Loss on disposal of assets	-	4,849
Foreign exchange gain	<u>(11,974)</u>	<u>(1,534)</u>
Loss before income taxes	1,986,138	4,829,379
Income tax recovery <i>(note 14a)</i>	<u>(9,586)</u>	<u>-</u>
Loss and Comprehensive Loss for the Year	1,976,552	4,829,379
Deficit - Beginning of year	<u>7,388,349</u>	<u>2,558,970</u>
Deficit - End of Year	<u>9,364,901</u>	<u>7,388,349</u>
Loss per Share – Basic and Diluted	<u>\$0.04</u>	<u>\$0.22</u>
Weighted Average Number of Shares Outstanding	<u>48,972,736</u>	<u>22,170,059</u>

The accompanying notes are an integral part of the consolidated financial statements.

Rio Cristal Resources Corporation
(Formerly Rio Cristal Zinc Corporation)
(an exploration stage company)

Statement 3

Consolidated Statements of Cash Flows

For the years ended March 31,

(expressed in US dollars)

	2010 \$	2009 \$
Operating Activities		
Loss for the year	(1,976,552)	(4,829,379)
Items not affecting cash:		
Amortization	25,294	27,184
Loss on disposal of fixed assets	-	4,849
Stock-based compensation	179,282	302,503
Financing costs <i>(note 9a (v))</i>	752,235	-
Income tax recovery	(9,586)	-
Changes in current assets and liabilities:		
Amounts receivable	(638)	34,924
Prepaid expenses	(8,678)	17,096
Accounts payable and accrued liabilities	369,165	102,917
Cash used in operating activities	<u>(669,478)</u>	<u>(4,399,906)</u>
Investing Activities		
Purchase of equipment	-	(23,145)
Resource property acquisition costs	(50,000)	-
Cash used in investing activities	<u>(50,000)</u>	<u>(23,145)</u>
Financing Activities		
Proceeds on issuance of shares	1,605,454	-
Share issuance costs	(37,011)	-
Funds repaid to related parties <i>(note 10)</i>	(40,000)	40,000
Cash provided by financing activities	<u>1,528,443</u>	<u>40,000</u>
Net increase (decrease) in cash and cash equivalents	808,965	(4,323,051)
Cash and cash equivalents - Beginning of year	26,924	4,349,975
Cash and cash equivalents - End of Year	<u>835,889</u>	<u>26,924</u>

Supplemental cash flow information (note 12)

The accompanying notes are an integral part of the consolidated financial statements.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

1. Nature of operations and going concern

Rio Cristal Resources Corporation ("Rio Cristal" or the "Company") was incorporated on November 24, 2006. It is in the business of acquiring and exploring mineral properties located in Peru.

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.

These 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 current working capital of \$197,934 and has incurred losses since inception and has an accumulated deficit of \$9,364,901 at March 31, 2010. The Company has limited resources, has no source of operating cash flow and has no assurances that sufficient funding will be available to meet its administrative overhead and conduct further exploration and development of its mineral property projects.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Significant accounting policies

a) Basis of consolidation and presentation

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries Cerro La Mina Cayman Ltd., Rio Cristal Zinc Cayman Ltd., and Cerro La Mina S.A. All inter-company transactions and balances have been eliminated.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

2. Significant accounting policies - continued

c) Equipment

Equipment is recorded at cost. The Company provides for amortization on exploration equipment at rates from 10% to 30% using the declining balance method over their useful lives and office equipment at a rate of 30% using the declining balance method over their useful lives.

d) Future income taxes

Future income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

e) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share has not been presented separately as the effect of common shares issuable on the exercise of stock options and share purchase warrants would be anti-dilutive. Accordingly, basic and diluted loss per share is the same.

f) Management's estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reported periods. Significant areas of estimation relate to the assessment of impairment of mineral acquisition costs, stock based compensation, financing costs, the valuation on warrants with private placements, and the future income tax valuation allowance. Actual results could differ from those estimates. By their nature, these estimates are subject to a degree of uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

g) Foreign currency translation

The accounts of the Company's foreign operations and the Canadian parent company have been translated into US dollars as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates,
- Revenue and expense and exploration and development items at the average rate of exchange prevailing during the year,
- Amortization of assets translated at historical rates is translated at the same rates as the asset to which it relates.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

2. Significant accounting policies - continued

h) Resource property acquisition and exploration costs

The Company expenses all resource property exploration and evaluation expenditures until management conclude that a future economic benefit is more likely than not capable of being realised. In evaluating if expenditures meet this criterion to be capitalised, management utilise several different sources of information depending on the level of exploration. While the criteria for concluding that an expenditure should be capitalised is always probable, the information that management use to make that determination depends on the level of exploration.

Costs relating to property acquisitions are capitalised. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalised for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

The Company assesses its capitalised resource property costs when events or changes in circumstances suggest they are potentially impaired. Estimated undiscounted future net cash flows for properties are calculated using estimates by reference to the timing of exploration and development work, work programs proposed the explorations results achieved to date and the likely proceeds receivable if the Company sold the properties to third parties. If the estimated undiscounted future net cash flows are less than the carrying value, the estimated fair value is calculated using the discounted future net cash flows and the asset is written down to the fair value with an impairment charge to operations. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Ownership in mineral properties involves certain inherent 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.

i) Asset retirement obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which it is incurred and when a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

As of March 31, 2010 and 2009, the Company does not have any material asset retirement obligations.

j) Property option agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

2. Significant accounting policies – continued

k) Long-lived asset impairment

Long-lived assets are reviewed when changes in circumstances suggest their carrying value may become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

l) Stock-based compensation

The Company accounts for all stock-based awards made to employees and non-employees using a fair value based method.

m) Financial instruments

The Canadian Institute of Chartered Accountants Handbook (“CICA HB”) establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the balance sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with gains and losses recognized in the Company’s loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in other comprehensive income (“OCI”) upon adoption.

Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in the Company’s loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which is recognized in OCI. The Company has elected to net all transaction costs against the carrying amount (for non-trading instruments) that are directly attributable to the acquisition or issue of a financial asset or financial liability to the financial instrument on initial recognition. CICA HB Section 3855 permits an entity to designate any financial instrument as held-for-trading on initial recognition or adoption of the standard, even if that instrument would not otherwise satisfy the definition of held-for-trading set out in Section 3855.

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

The Company’s financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

2. Significant accounting policies – continued

m) **Financial instruments – continued**

The Company has classified each of its significant categories of financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

3. New accounting policies

a) **Goodwill and Intangible Assets**

Effective April 1, 2009 the Company adopted CICA handbook section 3064, "Goodwill and Intangible Assets", which replaced CICA HB Section 3062, "Goodwill and Intangible Assets," and CICA HB Section 3450, "Research and Development Costs," and amendments to Accounting Guideline (AcG) 11, "Enterprises in the Development Stage," and EIC-27, "Revenues and Expenditures during the Pre-operating Period" and CICA HB Section 1000, "Financial Statement Concepts." The standard reduces the differences with International Financial Reporting Standards ("IFRS") in the accounting for intangible assets and results in closer alignment with U.S. GAAP. Under current Canadian standards, more items are recognized as assets than under IFRS or U.S. GAAP. The objectives of Section 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets that do not meet the definition and recognition criteria are eliminated. The standard will also provide guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The Company has evaluated the new section and determined that adoption of these new requirements had no impact on the Company's consolidated financial statements.

b) **Credit Risk and Fair Value of Financial Assets and Financial Liabilities**

Effective April 1, 2009 the Company adopted EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has evaluated the new section and determined that adoption of these new requirements had no impact on the Company's consolidated financial statements.

c) **Mining Exploration Costs**

Effective April 1, 2009 the Company adopted EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has evaluated the new section and determined that adoption of these new requirements had no impact on the Company's consolidated financial statements.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***3. New accounting policies – continued****d) Amendment to Financial Instruments – Disclosures**

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of financial assets and liabilities of the Company at March 31, 2010 are summarized in the following table:

	Fair Value Quoted in Active Markets for Identical Assets (Level 1)	Fair Value Significant Other Observable Inputs (Level 2)	Fair Value Significant Unobservable Inputs (Level 3)	Total Fair Value	Book Value
Assets					
Cash and cash equivalents	-	835,889	-	835,889	835,889

4. Recent accounting pronouncements not yet adopted**a) Business Combinations**

In October 2008, the CICA issued Handbook section 1582, "Business Combinations", which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company will be adopting this policy effective April 1, 2010. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

b) Non-Controlling Interest

In October 2008, the CICA issued Handbook section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. The section is effective for fiscal years beginning on or after January 2011. The Company will be adopting this policy effective April 1, 2010. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

4. Recent accounting pronouncements not yet adopted – continued

c) Consolidated Financial Statements

In January 2009, the CICA issued Handbook section 1601, "Consolidated Financial Statements", to provide guidance on the preparation of consolidated financial statements. The section is effective for fiscal years beginning on or after January 1, 2011. The Company will be adopting this policy effective April 1, 2010. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

d) Accounting Changes

This Section shall be applied in accounting for changes in accounting policies, changes in accounting estimates and corrections of prior period errors. CICA 1506 is amended to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. The amendments apply to interim and annual financial statements for years beginning on or after July 1, 2009. The Company is currently evaluating the impact of the adoption of this standard.

e) Comprehensive Revaluation of Assets and Liabilities

In August 2009, the CICA amended Handbook Section 1625, "Comprehensive Revaluation of Assets and Liabilities" to be consistent with Sections 1582, 1601 and 1602, which were issued in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

5. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (*note 1*) 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.

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.

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.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

6. Management of financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Foreign exchange risk

The Company holds cash balances and incurs payables that are denominated in US Dollars, Canadian Dollars and Peruvian Soles. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, Peruvian Soles and the U.S. Dollar, resulting in currency gains or losses for the Company.

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars and Peruvian Soles. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in US dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

The Company is exposed to foreign currency risk through the following financial assets and liabilities denominated in currencies other than US dollars:

	Cash and cash equivalents	Amounts Receivable	Accounts payable and accrued liabilities
March 31, 2010			
Canadian dollars	\$ 219,246	\$ 11,407	\$ 577,688
Peruvian Soles	24,800	-	87,228
March 31, 2009			
Canadian dollars	\$ 5,104	\$ 10,769	\$ 328,144
Peruvian Soles	8,570	-	8,577

At March 31, 2010 with other variables unchanged, a +/-10% change in exchange rates in the above currencies against the US dollar would increase/decrease pre-tax loss by +/- \$40,920.

Interest rate and credit risk

The Company has cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's primary exposure is on its bank accounts and guaranteed investment certificates. The Company's current practice is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions within Canada with which it keeps its bank accounts. Management believes the risk of loss to be remote, but its maximum exposure is the full amount of the Company's financial assets.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

6. Management of financial risk – continued

Interest rate and credit risk – continued

The Company's secondary exposure is on its receivables that consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote.

Liquidity risk

The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at March 31, 2010, the Company had a cash balance of \$835,889 (March 31, 2009 - \$26,924) to settle current liabilities of \$664,913 (March 31, 2009 - \$335,748).

Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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.

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading assets, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at March 31, 2010, the carrying amount of accounts receivable and payable equals fair market value. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to +/- 1% change in rates would affect net loss by \$8,359.
-

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***7. Equipment**

Details are as follows:

		Cost	Accumulated Amortization	March 31, 2010 Net Book Value
Office equipment	\$	1,152	\$ 670	\$ 482
Exploration equipment		163,075	66,558	96,517
	\$	164,227	\$ 67,228	\$ 96,999

		Cost	Accumulated Amortization	March 31, 2009 Net Book Value
Office equipment	\$	1,152	\$ 464	\$ 688
Exploration equipment		163,075	41,470	121,605
	\$	164,227	\$ 41,934	\$ 122,293

8. Resource property costs***Charlotte Bongara Project, Peru***

By agreement dated April 17, 2007 and as amended on November 15, 2007, the Company acquired 100% of Cerro La Mina S.A. ("CLM") from a company controlled by the founding shareholder of the Company, Compania Minera Pilar del Amazonas ("Amazonas"). The founding shareholder retained a nominal one share of CLM to meet Peruvian company law requirements. CLM holds the right to acquire 100% of the rights to the Charlotte Bongara Project in the Amazonas Region of Peru. This transaction is a related party transaction and is measured using Canadian generally accepted accounting principles applicable to a transaction between related parties. In exchange, the Company originally issued 5,000,000 common shares to the founding shareholder, reduced from 7,500,000, pursuant to the amended agreement dated November 15, 2007. The 5,000,000 shares are being valued on the following time schedule provided the property option agreement remains in good standing: an initial 5% tranche of property shares (250,000 shares) were valued on January 29, 2008 which is the date the common shares were listed on the TSXV (*note 9a(i)*) and subsequent valuation of 5% each six months thereafter for the following eighteen months (*note 9 a(ii) and (iii)*), and 10% each six months thereafter over the next forty-eight months(*note 9a(i)*) and subsequent valuation of 5% each six months thereafter for the following eighteen months (*note 9 a (iii)*), provided that no more than 2,500,000 of the shares may be released pursuant to the foregoing formula until the Issuer has completed a preliminary economic assessment as defined in National Instrument 43-101 in respect of the Project and met certain other conditions. To March 31, 2010, the Company has released 1,500,000 shares from escrow.

If the property lease agreement is terminated, all shares which have not been released from this escrow will be cancelled (*note 9a(iii)*). No value has been attributed to the remaining 3,500,000 shares at March 31, 2010 due to the performance conditions described above. These shares will be fair valued when the performance conditions are met.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***8. Resource property costs – continued*****Charlotte Bongara Project, Peru – continued***

In addition, an additional 2,500,000 common shares will be issued to the founding shareholder if: (i) the Company completes a preliminary feasibility study as defined in National Instrument 43-101, or (ii) the Company enters into a joint venture agreement with a third party, whereby the third party expends exploration expenditures of not less than \$7.2 million, or (iii) at least 50.1% of the issued and outstanding shares of the Company are acquired by an arm's length third party, pursuant to a formal take-over bid made to all of the Company shareholders or (iv) all of the issued shares of the Company are acquired by an arm's length third party. No value has been attributed to the 2,500,000 shares due to the performance condition. These shares will be fair valued upon completion of the performance criteria.

On March 26, 2009, the Company amended its Mining Concession Transfer Agreement ("Concession Transfer Agreement") with Amazonas on its Charlotte Bongara claim block in northern Peru.

The amended agreement allows the Company to make option payments to Amazonas in cash, common shares of the Company, or a combination of both from 2009 through 2013. Previously, all option payments were to be made in cash. The revised option payment schedule has two effects: first, to move \$400,000 of payments from the 2009-2013 periods to the 2014-2018 period and, second, to allow the Company to pay the remaining \$1.0 million of payments during the 2009-2013 periods in cash, shares or a combination of both. Total option payments remain unchanged for the period 2009-2018. The March 26, 2009 agreement replaces the prior amendment which was announced on December 4, 2008.

In order to acquire the Charlotte Bongara concessions, the Company at its option, is required to make the following payments, under the amended agreement, to a company controlled by the founding shareholder:

	Amount	Date
\$	40,000	Paid on acquisition of CLM
	40,000	Paid August 22, 2007
	100,000	Paid March 12, 2008
	25,000	Paid June 1, 2009
	50,000	669,696 shares issued March 15, 2010
	125,000	March 15, 2011
	300,000	March 15, 2012
	500,000	March 15, 2013
	600,000	March 15, 2014
	600,000	March 15, 2015
	600,000	March 15, 2016
	600,000	March 15, 2017
	2,500,000	March 15, 2018
\$	6,080,000	

Upon payment of the \$6,080,000, CLM will own 100% of the Project, subject only to applicable government royalties.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***8. Resource property costs - continued*****Charlotte Bongara Project, Peru - continued***

If CLM elects to make any of the payments in whole or in part in shares, the number of installment payment shares shall be determined by dividing the dollar amount of such amount that CLM is electing to pay in installment payment shares by the 15 day volume weighted average trading price for the 15 trading days on the TSX-V preceding the payment due date, with such dollar amount converted from U.S. dollars to Canadian dollars using the average noon spot rate quoted by Bank of Canada for each of the said 15 trading days.

On March 15, 2010 a total of 669,696 shares, valued at \$50,000 were issued to satisfy the payment required on that date.

Cumulative resource expenditures to March 31, 2010 on the Charlotte Bongara Project, Peru are as follows:

	Acquisition Costs	Exploration and Property Maintenance Costs	Total Incurred to March 31, 2010
Option payments	\$ 255,000	\$ -	\$ 255,000
Property escrow shares – timed and performance released	277,176	-	277,176
Supplies and general	-	1,420,639	1,420,639
Salary and consulting	-	888,497	888,497
Travel	-	876,228	876,228
Drilling and drill rig mobilization	-	739,631	739,631
Assay and sampling	-	50,472	50,472
Geophysics	-	113,082	113,082
Mining rights	-	320,557	320,557
VAT	-	524,427	524,427
	\$ 532,176	\$ 4,933,533	\$ 5,465,709

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***8. Resource property costs - continued****Condor Project, Peru**

On December 10, 2009 the Company signed an option agreement ("Agreement") to acquire the Condor mineral gold property ("Condor") located in Southern Peru. The consideration for the transfer of a 100% divided interest in the Condor project is (i) a cash payment of US\$880,000, (ii) 1,700,000 common shares of the Company and (iii) a 1% net smelter return royalty upon commencement of production which may be bought out during the first 60 days of production for US\$3,000,000.

The optional cash payments and share issuances are as follows:

Due Date	Cash payment	Share issuance
Upon signing the Agreement (Year 1) (paid)	\$20,000	200,000
On or before December 10, 2010	\$60,000	300,000
On or before December 10, 2011	\$300,000	400,000
On or before February 10, 2013	\$500,000	800,000

On March 11, 2010 a total of 200,000 shares valued at \$13,643 were issued.

To maintain its option in good standing, the Company must complete the "Work Expenditures" on the Condor property as set out in the table below:

Due Date	Work Expenditures
On or before December 10, 2010	\$150,000
On or before December 10, 2011	\$200,000
On or before December 10, 2012	\$250,000
On or before December 10, 2013	\$300,000

The Company will have the right to accelerate the Work Expenditures for the property. Any surplus of expenditures in excess of the required level of Work Expenditures in a given year will be carried forward and credited towards Work Expenditures of the following or subsequent years. The Company may exercise the option at any time and pay the balance of the transfer price. To exercise the option, the Company will deliver to the titleholder a written notice of exercise.

The Company will be entitled to terminate the Option at any time with immediate effect by delivering notice in writing to the Titleholder.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***8. Resource property costs - continued*****Condor Project, Peru - continued***

Cumulative resource expenditures to March 31, 2010 on the Condor Project, Peru are as follows:

	Acquisition Costs	Exploration and Property Maintenance Costs	Total Incurred to March 31, 2010
Option payments	\$ 20,000	\$ -	\$ 20,000
Shares issued for property	13,643	-	13,643
Supplies and general	-	127	127
Salary and consulting	5,000	1,922	6,922
Legal fees	-	11,576	11,576
Travel	-	3,227	3,227
Assay and sampling	-	3,824	3,824
	<u>\$ 38,643</u>	<u>\$ 20,676</u>	<u>\$ 59,319</u>

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***9. Share capital****a) Details of shares issued are as follows:**

	Number of shares	Amount \$	Contributed Surplus \$
Authorized:			
Unlimited common shares without par value			
Issued, allotted and fully paid:			
Balance – March 31, 2008	26,709,100	6,533,012	700,373
Fair value of stock-based compensation	-	-	302,503
Property shares released from escrow <i>(note 9a(ii))</i>	-	84,575	-
Balance – March 31, 2009	26,709,100	6,617,587	1,002,876
Units issued for cash pursuant to private placement, net of allocation to warrants	26,000,001	350,610	293,394
Units issued as finders' fees, net of allocation to warrants	1,237,647	18,339	13,796
Units issued as finders' fees pursuant to private placement, recognition of share issuance cost	-	(18,339)	(13,796)
Share issuance costs, paid in cash	-	(20,014)	(16,997)
Exercise of warrants from private placement	-	160,916	(160,916)
Units issued on warrant exercise, net of allocation to warrants	14,260,094	725,957	235,493
Fair value of early incentive option	-	-	752,235
Exercise of early incentive option	-	393,828	(393,828)
Fair value of stock-based compensation	-	-	179,282
Capital tax on expired warrants <i>(note 14)</i>	-	-	(9,586)
Shares issued for Condor property <i>(note 8)</i>	200,000	13,643	-
Shares issued for Charlotte Bongará property <i>(note 8)</i>	669,696	50,000	-
Property shares released from escrow <i>(note 9a(iii))</i>	-	56,173	-
Balance – March 31, 2010	69,076,538	8,348,700	1,881,953

- i. The Company issued 5,000,000 Property escrow shares, which will only be released from escrow upon the completion of certain performance conditions and provided that the property lease agreement with CLM has not been terminated (note 8). The shares were issued, in escrow, to a related party of the Company. These shares will be fair valued as they meet their performance criteria. During fiscal 2008, pursuant to the property agreement, 5% of the property shares met their performance criteria. These 250,000 shares have been valued at Cdn\$0.55 per share or Cdn\$137,500 (\$136,428), which is the fair value of the shares on January 29, 2008.

Rio Cristal Resources Corporation

(Formerly Rio Cristal Zinc Corporation)

(an exploration stage company)

Notes to Consolidated Financial Statements

For the years ended March 31, 2010 and 2009

(expressed in US dollars)

9. Share capital - continued

a) Details of shares issued - continued

- ii. During the year ended March 31, 2009, pursuant to the Property escrow share agreement, 250,000 shares were released on July 29, 2008 with these shares valued at Cdn\$0.32 per share or Cdn\$80,000 (\$78,432), which is the fair value of the shares on July 29, 2008. A further 250,000 shares were released on January 29, 2009 with these shares valued at Cdn\$0.03 per share or Cdn\$7,500 (\$6,143), which is the fair value of the shares on January 29, 2009.
- iii. During the year ended March 31, 2010, pursuant to the Property escrow share agreement, 250,000 shares were released on July 29, 2009 with these shares valued at Cdn\$0.08 per share or Cdn\$20,000 (\$18,500), which is the fair value of the shares on July 29, 2009. A further 500,000 shares were released on January 29, 2010 with these shares valued at \$0.08 per share or Cdn\$40,000 (\$37,673), which is the fair value of the shares on January 29, 2010.
- iv. During the year ended March 31, 2010, the Company completed a private placement by issuing 26,000,001 units at a price of Cdn\$0.03 per unit for total proceeds of Cdn\$780,000 (\$644,004). Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the holder to acquire a further common share at a price of Cdn\$0.07 per share for the first year and Cdn\$0.10 per share for the second year. The warrants are exercisable on or before April 22, 2011.

The warrants attached to the above private placement have been valued at Cdn\$358,147 (\$293,394) based upon the Black Scholes model which utilizes the following weighted average assumptions:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	146%
Risk-free interest rate	1.04%
Expected life of options	1.5 years

The finders' fee units have been valued at cdn \$0.03 per unit totalling Cdn\$37,129 (\$32,135). Each finders' fee unit has the same terms as the above private placement units. The warrants attached to the finders' fee units have been valued at Cdn\$17,052 (\$13,796) based upon the Black Scholes model which utilizes the following weighted average assumptions:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	146%
Risk-free interest rate	1.04%
Expected life of options	1.5 years

Each warrant entitles the holder to acquire a further common share at a price of Cdn\$0.07 per share for the first year and Cdn\$0.10 per share for the second year. The warrants are exercisable on or before April 22, 2011.

The Company also paid Cdn\$38,652 (\$37,011) for share issuance costs associated with above private placement.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***9. Share capital - continued****a) Details of shares issued - continued**

v. During the year ended March 31, 2010, the Company applied for and received TSX Venture Exchange approval of an incentive program to encourage the early exercise of warrants issued in April, 2009. This incentive offer was applicable to 27,237,647 warrants, which could be exercised at a price of Cdn\$0.07 per share for total gross proceeds of Cdn\$1.9 million. The terms were such that each warrant holder who exercised its April 2009, warrants on or before March 17, 2010, would receive one unit (in lieu of one common share) consisting of one common share and one-half of one warrant. Each 2010 warrant would allow the holder to acquire one common share of the capital of the company at an exercise price of Cdn\$0.12 for a period of 12 months following the date of the issuance of the units. The Company as a result, incurred a non-cash incentive charge of \$752,235 as current period financing cost based upon the Black Scholes model which utilized the following assumptions:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	285%
Risk-free interest rate	1.16%
Expected life of options	0.15 years

The Company received Cdn\$998,207 (\$961,450) for the exercise of 14,260,094 warrants under the incentive program. Warrants unexercised under the incentive option continue to be exercisable for common shares of the Company on their original terms.

The 7,130,047 warrants attached to the early warrant exercise incentive program have been valued at \$235,493 based upon the Black Scholes model which utilizes the following assumptions:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	204%
Risk-free interest rate	1.19%
Expected life of options	1 year

- vi. During the year ended March 31, 2010 a total of 200,000 shares with a value of Cdn\$14,000 (\$13,643) were issued with respect to the Condor Project.
- vii. During the year ended March 31, 2010 a total of 669,696 shares with a value of Cdn\$51,843 (\$50,000) were issued with respect to the amended agreement on the Charlotte Bongara Project.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***9. Share capital - continued****b) Share purchase options**

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Toronto Stock Exchange on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan.

	Number of options	Weighted average exercise price (in CDN\$)
Options outstanding at March 31, 2008	1,735,000	0.50
Granted	842,500	0.50
Forfeited	(592,500)	0.51
Options outstanding at March 31, 2009	1,985,000	0.50
Forfeited	(300,000)	0.51
Granted	1,560,000	0.10
Options outstanding at March 31, 2010	3,245,000	0.31

A summary of the Company's options as at March 31, 2010 is as follows:

	Number	Exercise Price	Expiry Date
Options	1,175,000	Cdn\$0.50	January 29, 2013
	5,000	Cdn\$0.64	February 26, 2013
	150,000	Cdn\$0.50	April 13, 2013
	205,000	Cdn\$0.50	June 4, 2013
	150,000	Cdn\$0.50	October 3, 2013
	1,560,000	Cdn\$0.10	April 30, 2014
	3,245,000		

As at March 31, 2010, 1,900,000 options with a weighted average exercise price of \$0.39 had vested.

During the year ended March 31, 2010, 300,000 options were forfeited due to termination of certain employees and officers of the Company.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***9. Share capital - continued****b) Share purchase options - continued**

During the year ended March 31, 2010, the Company granted 1,560,000 options to employees, officers and directors of the Company at an exercise price of Cdn\$0.10 and with an expiry date of April 30, 2014. These stock options were valued at Cdn\$75,660 using the Black-Scholes option pricing model, based on the following weighted average assumptions:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	99%
Risk-free interest rate	1.63%
Expected life of options	5 years

During the year ended March 31, 2009, 592,500 options were cancelled due to termination of certain employees and officers of the Company.

During the year ended March 31, 2009, the Company granted 842,500 options, with various vesting periods, to employees, officers, directors and consultants of the Company at a weighted average exercise price of Cdn\$0.50. The resulting stock based compensation is charged to earnings over the related vesting period.

The options granted during the year ended March 31, 2009 were valued at Cdn\$139,700 using the Black-Scholes option pricing model, based on the following weighted average assumptions:

	2009
Expected dividend yield	0.00%
Expected stock price volatility	71.97%
Risk-free interest rate	3.04%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***9. Share capital - continued****c) Share purchase warrants and agent options**

A summary of the Company's share purchase warrants is as follows:

	Warrants outstanding		Weighted average exercise price (in CDN\$)
Balance – March 31, 2008	-	\$	-
Issued	6,956,716	\$	0.76
Balance – March 31, 2009	6,956,716	\$	0.76
Issued	34,367,694	\$	0.08
Exercised	(14,260,094)	\$	0.10
Expired	(6,956,716)	\$	0.76
Balance – March 31, 2010	20,107,600	\$	0.11

As at March 31, 2010, the following warrants were outstanding:

	Number	Exercise Price	Expiry Date
Warrants	12,977,553	\$0.10	April 22, 2011
	7,130,047	\$0.12	March 17, 2011
	20,107,600		

If the closing price of the Company's common shares on the TSX Venture Exchange is at a price equal to or greater than Cdn\$0.12 for a period of ten consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving written notice to the holders of the warrants which will then expire on the date that is not less than thirty (30) days from the date of the notice.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***10. Related party transactions**

The following represents the details of related party transactions paid or accrued during the year ended March 31, 2010:

	March 31, 2010		March 31, 2009
Legal fees paid or accrued to a firm in which an officer of the Company is a partner	\$ 87,208	\$	74,629
Accounting fees paid or accrued to a firm in which an officer of the Company is a partner	55,636		70,767
Investor relations fees paid to a director of the Company	-		25,000
Rent paid or accrued to a firm in which an officer of the Company is a principal	12,000		-
Property shares released from escrow	56,173		84,575
	\$ 211,017	\$	254,971

Included in accounts payable and accrued liabilities are \$112,091 (March 31, 2009 - \$240,415) of amounts due to related parties, which pertain to the above amounts including tax, and which are unsecured, non-interest bearing and payable on demand.

On March 6, 2009, the Company entered into loan agreements consisting of certain directors and officers of the Rio Cristal issuer, whereby the Lenders advanced an aggregate of \$40,000. Each loan agreement provided that the loan was to be repaid on the earlier of (i) completion of a private placement or prospectus offering by the Issuer which raises not less than US\$200,000 in gross proceeds; (ii) declaration by the Lender that the principal and interest of the Loan and Notes is immediately due and payable; and (iii) upon demand by the Lender which shall be not earlier than six months from the date of the agreement. The loans bore interest at ten percent per annum and were secured by a promissory note of the Issuer. During the year ended March 31, 2010, the loans were repaid in full with the completion of a private placement. No interest amounts were paid on the loan balances.

These related party transactions are in the normal course of operations, and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)***11. Segmented information**

Details of identifiable assets by geographic area are as follows:

	Canada		Peru		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Capital assets	\$ 9,247	\$ 689	\$ 87,752	\$ 121,604	\$ 96,999	\$ 122,293
Total assets	1,176,694	31,061	353,971	536,801	1,530,665	567,862
Year ended:	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net loss	\$ 1,366,627	\$ 993,895	\$ 609,925	\$ 3,835,484	\$ 1,976,552	\$ 4,829,379

12. Supplemental disclosure of cash flow information

Supplementary disclosure of cash flow information:	March 31, 2010	March 31, 2009
Cash received for interest	\$ 334	\$ 23,373
Cash paid for income taxes	\$ Nil	\$ Nil

Supplementary disclosure of non-cash investing and financing transactions:	March 31, 2010	March 31, 2009
Fair value of finders' fee – Share Capital <i>(note 9a)</i>	\$ 18,339	\$ -
Fair value of finders' fee – Warrants <i>(note 9a)</i>	\$ 13,796	\$ -
Fair value of early incentive option exercised <i>(note 9a)</i>	\$ 393,828	\$ -
Fair value of warrants exercised <i>(note 9a)</i>	\$ 160,916	\$ -
Fair value of shares released from escrow <i>(note 9a (iv))</i>	\$ 56,173	\$ 84,575
Fair value of shares issued for property <i>(note 9a (vi and vii))</i>	\$ 63,643	\$ -

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)*

13. Commitments

Pursuant to a resolution of the Board of Directors on March 18, 2010, the Company entered into a compensation arrangement with the Company's President and Chief Executive Officer for a fee of US\$190,000 per annum.

By an agreement dated May 1, 2007 with the Company entered into a compensation agreement with the now former President, Chief Executive Officer and Director, for fees of US\$190,000 per annum. The agreement had a term of three years commencing on May 1, 2007. In the event of certain "events of termination" following a change of control, the Company was to provide a payment equal to 24 months of the monthly salary. In the event of termination for any other reason including sickness or death, except just cause, the Company was to provide a payment equal to 12 months salary. Subsequent to March 31, 2009, the Company agreed to a severance amount payable of \$152,871. There are no set terms for repayment however, during the year ended March 31, 2010, an amount of \$20,000 was paid under the severance agreement.

14. Income Tax

a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2010	2009
Loss before income taxes	\$ (1,986,138)	\$ (4,829,379)
Federal and provincial statutory income tax rates	29.63%	30.63%
Income tax recovery based on the above rates	\$ (588,493)	\$ (1,479,239)
Increase (decrease) due to:		
Non-deductible expenses	325,319	115,959
Foreign tax rates different from statutory rates	(2,257)	24,132
Change in valuation allowance	198,963	1,318,630
Current/deferred tax rate differential	48,922	53,594
Foreign exchange and other	7,960	(33,076)
Total income tax recovery	\$ (9,586)	\$ -

Rio Cristal Resources Corporation*(Formerly Rio Cristal Zinc Corporation)**(an exploration stage company)***Notes to Consolidated Financial Statements****For the years ended March 31, 2010 and 2009***(expressed in US dollars)*

14. Income Tax – continued

b) The components of the Company's future income tax assets are as follows:

	2010	2009
Future income tax assets		
Non-capital losses	\$ 810,616	\$ 664,356
Resource properties	1,219,637	1,174,507
Other	237,617	220,458
Total future tax assets	2,267,870	2,059,321
Valuation allowance	(2,267,870)	(2,059,321)
Net future income tax assets	\$ -	-

The Company has non-capital loss carry-forwards of approximately \$3,072,000 that may be available for tax purposes. The loss carry-forwards are all in respect of Canadian and Peruvian operations and expire as follows:

2027	\$ 37,000
2028	684,000
2029	856,000
2030	648,000
No expiry	847,000
	\$ 3,072,000

A full valuation allowance has been recorded against the net potential future income tax assets associated with all the loss carry-forwards and certain other deductible temporary differences as their utilization is not considered more likely than not at this time.

15. Subsequent event

- a) Subsequent to year end, the Company granted 965,000 options to certain employees and consultants of the Company at an exercise price of \$0.10 exercisable for five years. Vesting is over twelve months, with one-half vesting immediately and one-half vesting 12 months after the date of grant.
-