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

Our Management's Discussion and Analysis

Introduction

The following management discussion and analysis (MD&A) of the Rio Cristal Resources Corporation ("Rio Cristal" or the "Company") has been prepared as of July 28, 2010 and is intended to supplement and complement the Company's audited consolidated financial statements 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 being both base metal and precious metal prospects. Current efforts are focused primarily in Peru, where the directors and management reside.

Current Status

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 March 31, 2010, the Company had current working capital of $197,934 and had incurred losses since inception and an accumulated deficit of $9,364,901 at March 31, 2010. The Company will either need to raise sufficient funds or enter into a joint venture agreement to fund ongoing exploration and administration expenses. The Company has no assurance that such financing or joint venture opportunities will be available or be available on favorable terms, especially considering current market conditions for issuance of capital. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity. The Company is looking at alternative methods for advancing its project, which may include optioning its property or entering into a joint venture with another mining company.

The Company has recognized the current status of capital markets and the difficulty in raising additional capital and as a result has decreased its ongoing exploration expenditures in order to preserve its current cash and cash equivalents. The Company projects that its current cash position is not sufficient to fund its operations without additional funding from the issuance of share or the exercise of outstanding warrants.

Current Developments

On April 29, 2009 the Company announced that it has closed a non-brokered private placement for proceeds of C$780,000. The offering consisted of 26,000,001 units of the Company at the price of C$0.03 per Unit, with each Unit consisting of one common share and one share purchase warrant.

On June 9, 2009, the Company announced that it is expanding its exploration efforts to include metals other than zinc. As a result, Company has changed its name to Rio Cristal Resources Corporation.

On October 28, 2009, the Company announced results of its due diligence work on its Condor early stage gold project. The Company completed an evaluation of the property consisting of review and compilation of the historic exploration data, confirmatory geological mapping of key prospects and rock geochemical sampling. At the Zone 2 prospect, continuous channel sampling from an 8-10 meter thick sandstone containing abundant quartz-sulfide veins reported a section of 54 meters assaying 1.16 grams/tonne gold, including a section of 3 meters of 7.69 grams/tonne gold. Future work will focus on defining and extending the limits of the outcropping gold-mineralized zones discovered to date.

On December 1, 2009 the Company signed an Exclusivity Agreement (the “Agreement”) on a highly prospective copper oxide project in southern Peru. The Agreement is with the owners of Minas Andinas S.A. and Los Chapitos S.A. and provides the Company with a two month exclusivity period which has now expired. The prospect consists of 19 concessions (the “Chapitos Project” or “Chapitos”) near Chala, Peru. Terms of the Agreement include a payment of $15,000 to the owners for legal and administrative expenses. The Company is still considering the acquisition of the property but has not settled on terms with the vendor.

On December 10, 2009 the Company signed an option 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.

In January 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. The incentive offer was applicable to 27,237,647 warrants, which were originally exercisable at a price of $0.07 per share. The terms of the warrants were amended such that each warrant holder who exercised its 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 (the "2010 warrants") allowing the holder to acquire one common share of the capital of the Company at an exercise price of $0.12 for a period of 12 months following the date of the issuance of the units. The 2010 warrants are subject to a four month hold period. The value of the early exercise incentive was $752,235. A total of 14,260,094 warrants were exercised for aggregate proceeds to the Company of $961,450. The proceeds from the early exercise of the April, 2009, warrants will be used to finance exploration expenditures and for general working capital purposes.

On February 4, 2010, the Company announced that AMEC, an engineering firm, has completed a NI 43-101 report ("the Technical Report") for the Company's Charlotte Bongará zinc project in Peru. The AMEC report describes mapping, sampling and diamond drilling on the Property which indicates that at least two main mineral exploration targets exist: a Supergene oxide zinc mineralization overprinting Mississippi Valley Type ("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. 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; and the report states 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 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 one 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 two 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.

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.

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 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 totaling 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. 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.

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.

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 kilometers 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 Otoca.

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.

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 Year Ended March 31, 2010

Net Loss and Operating Expenses

The Company's net loss for the year ended March 31, 2010 (the "Current Period") was $1,976,552 or $0.04 per share compared to a net loss of $4,829,379 or $0.22 per share for the year ended March 31, 2009 (the "Comparative Period"), a decrease of $2,852,827 or $0.18 per share.

General and administrative expenses were lower in the Current Period at $1,998,446 compared with $4,867,675 in the Comparative Period due mainly to: lower generative exploration expenditures ($409,025 compared to $3,335,854) due to less exploration activity due to the economic slowdown; lower administration expenses ($174,826 compared to $515,150) due to a significant reduction in investor relations costs and an overall effort to reduce costs; lower professional fees ($223,444 compared to $251,150) due to a reduction in costs; and lower salaries and consulting expenditures ($190,000 compared to $404,332) due to the resignation of two senior officers of the Company.

Of the total loss in the Current Period, $388,349 related to exploration expenditures on its Charlotte Bongará Concessions.

Included in the $388,349 in exploration expenditures on the Charlotte Bongará Concessions were fees for mining rights of $116,857 to keep the claims in good standing, $141,936 in supplies, salary and consulting, and travel expenses, $8,348 in drilling, $27,896 in assaying and geological costs, as well as $93,312 in 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.

Of the total loss in the Current period, $20,676 related to exploration expenditures on the Condor property.

Included in the $20,676 in exploration expenditures on the Condor property were $2,049 in supplies, salary and consulting and travel expenses, $11,576 in legal fees, $3,824 for travel and $3,227 for assaying and sampling.

For the Three Months Ended March 31, 2010

Net Loss and Operating Expenses

The Company's net loss for the three months ended March 31, 2010 (the "Current Period") was $1,152,998 or $0.02 per share compared to a net loss of $487,893 or $0.02 per share for the three month period ended March 31, 2009 (the "Comparative Period"), an increase of $665,105 or $nil per share.

General and administrative expenses were higher in the Current Period at $1,215,018 compared with $504,826 in the Comparative Period due mainly to: higher financing costs ($752,235 compared to $nil) related to the early exercise incentive option and higher general exploration expenditures ($77,437 compared to a reversal of $11,938). These increases were offset by reductions in general administrative expenses ($58,762 compared to $91,639) due to the termination of an investor relations contract and overall efforts to reduce costs and lower stock-based compensation expense ($31,897 compared to $141,542) due to fewer option grants in the current period.

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 $
4th Quarter 2010	Nil	(1,152,998)	(0.02)
3rd Quarter 2010	Nil	(257,032)	(0.01)
2nd Quarter 2010	Nil	(277,440)	(0.00)
1st Quarter 2010	Nil	(289,083)	(0.01)
4th Quarter 2009	Nil	(487,893)	(0.02)
3rd Quarter 2009	Nil	(624,636)	(0.03)
2nd Quarter 2009	Nil	(1,752,121)	(0.08)
1st Quarter 2009	Nil	(1,964,729)	(0.09)

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.

Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended 31 March 2010, 2009 and 2008.

	Years Ended March 31, (audited)		
	2010 $	**2009 $**	**2008 $**
Total revenues	Nil	Nil	Nil
Loss for the year	1,976,552	4,829,379	2,151,601
Basic and diluted loss per share	0.04	0.22	0.19
Total assets	1,530,665	567,862	4,867,246
Total current liabilities	664,913	335,748	192,831
Cash dividends declared	Nil	Nil	Nil

Liquidity and Capital Resources

The Company had net working capital of $197,934 as at March 31, 2010 compared to a net working capital deficiency of $291,182 as at March 31, 2009. The cash balance at March 31, 2010 was 835,889 compared to $26,924 as at March 31, 2009. As at March 31, 2010 current liabilities were 664,913 compared to $335,748 as at March 31, 2009.

Investing Activity

During the year ended March 31, 2010, the Company paid $25,000 related to its property option payment due on the Charlotte Bongará mineral property and $20,000 related to its property option payment due on the Condor project.

Going Concern

The Company does not have the funds available to fund its exploration expenditures and administrative expenses to meet its future obligations and requires financing in order to be a going concern. This estimate is based on current information, as the Company's expenditures and cash requirements may change over time. These obligations as well as exploration expenditures planned will require the Company to raise additional funds or look at other alternatives for advancing its project, which include joint venture partners or entering into an option agreement. The Company has no assurance that such financing or alternatives will be available or be available on favorable terms, especially considering the current market conditions. Factors that could affect the availability include the Company's performance (as measured by various factors including the progress of its projects, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets). If successful, the Company would obtain additional financing through but not limited to, the issuance of additional equity. The Company's March 31, 2010 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.

Financing Activity

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.

Additionally, the Company received cash proceeds of $961,450 for the early exercise of 14,260,094 warrants. In January 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 million warrants. The proceeds from the early exercise of the April, 2009, warrants will be used to finance exploration expenditures and for general working capital purposes.

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 July 28, 2010:

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			69,076,538
Securities convertible into common shares			
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	175,000
	$0.50	June 4, 2013	30,000
	$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

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 Company paid a 7% finder's fee consisting of 1,237,647 units to a broker in connection with the private placement.

During the year ended March 31, 2010, the Company completed the early exercise of 14,260,094 warrants for total proceeds of Cdn$998,207 ($961,450).

During the year ended March 31, 2010, the Company granted 1,560,000 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 33.33% over two years, with one third vesting immediately, one third in twelve months and one third in twenty four months from the date of grant.

Subsequent to the year ended March 31, 2010, the Company granted 965,000 options to certain employees and consultants of the Company at an exercise price of Cdn$0.10 exercisable for five years. The options will vest over twelve months, with one-half vesting immediately and one-half vesting 12 months after the date of grant.

During the year ended March 31, 2010, pursuant to the Property escrow share agreement, 250,000 shares were released on July 29, 2009 with the 250,000 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 the 500,000 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.

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 and 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.

As at March 31, 2010, 1,900,000 options outstanding had vested.

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties for the Year ended March 31, 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 year ended March 31, 2010.

The Company received legal services totaling $87,208 from a law firm in which an officer of Rio Cristal is a partner. Legal services were rendered in association with the Company's private placement 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 $55,636.

The Company paid rent expense of $12,000 to a firm in which an officer of the Company is a principal.

The Company paid a $25,000 option payment to a company with a former director in common pursuant to the Company's mineral property agreement. In addition, a total of 669,696 shares with a value of $50,000 were issued to a company with a former director in common pursuant to the same agreement.

Included in accounts payable is $112,091 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) ***Changes in Accounting Policies***

i. **Goodwill and Intangible Assets**

Effective April 1, 2009 the Company adopted CICA Handbook section 3064, "Goodwill and Intangible Assets", which replaces 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.

ii. **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.

iii. **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.

d) ***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 indentify the key ares 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.

ii. **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.

iii. **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.

iv. **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.

4. Recent accounting pronouncements not yet adopted *– continued*

v. 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.

vi. 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.

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 March 31, 2010 and March 31, 2009 that is available on Rio Cristal's website at www.riocristalresources.com or on its SEDAR Page Site accessed through www.sedar.com.

Internal control over financial reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting for the year ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company's management, including the Chief Executive Officer and Chief Financial Officer, acknowledges responsibility for the design and operation of disclosure controls and procedures and internal controls over financial reporting, and the requirement to evaluate the effectiveness of these controls on an annual basis.

Management evaluated the effectiveness of these controls at the end of the reporting period and based on this evaluation concluded that the Company's internal controls over financial reporting and the disclosure controls and procedures were effective as at March 31, 2010.

Approval

The Board of Directors of Rio Cristal has approved the disclosure contained in this annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.

Additional Information

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