RIO CRISTAL RESOURCES CORPORATION

(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

Three Months Ended June 30, 2012 and 2011

EXPRESSED IN US DOLLARS

Reader's Note:

These unaudited interim consolidated financial statements for the three months ended June 30, 2012 and 2011 of Rio Cristal Resources Corporation ("Rio" or the "Company") have been prepared by management and have not been reviewed by the Company's auditors.

Rio Cristal Resources Corporation
(An exploration stage company)

Interim Consolidated Statements of Financial Position

(Expressed in US dollars)
(Unaudited – Prepared by Management)

	Note	**June 30, 2012 $**	March 31, 2012 $
ASSETS			
Current			
Cash		**325,947**	890,642
Amounts receivable		**10,009**	56,995
Prepaid expenses		**10,055**	15,964
		346,011	963,601
Equipment	4	**156,602**	165,229
Resource Property Costs	5	**1,156,265**	1,156,265
		1,658,878	2,285,095
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**425,921**	422,633
Derivative liability – warrants	6	**2,855**	35,086
		428,776	457,719
SHAREHOLDERS' EQUITY			
Share capital	7	**19,833,507**	19,831,847
Shares issuable		**-**	1,660
Contributed surplus		**2,039,541**	1,889,751
Deficit		**(20,642,946)**	(19,895,882)
		1,230,102	1,827,376
		1,658,878	2,285,095

Nature of Operations *(note 1)*
Going Concern *(note 2)*
Subsequent events *(note 10)*

ON BEHALF OF THE BOARD:

Signed "*Tom Findley* " Director

Signed " *Charles D. Preble* " Director

The accompanying notes are an integral part of these financial statements

Rio Cristal Resources Corporation
(An exploration stage company)
Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)
(Unaudited – Prepared by Management)

		For the three months ended June 30, 2012 $	For the three months ended June 30, 2011 $
Operating Expenses			
Amortization		**8,627**	8,644
Exploration and evaluation costs	5	**432,108**	764,672
General office expenses		**108,025**	126,522
Investor relations		**2,171**	54,971
Professional fees		**32,106**	37,067
Salaries and consulting		**51,328**	55,530
Share-based payments expense	7	**149,790**	147,847
Travel		**1,966**	7,480
Loss before other items		**786,121**	1,202,733
Change in fair market value of warrants	6	**(32,231)**	(159,729)
Finance income		**(605)**	(5,976)
Foreign exchange (gain) loss		**(6,221)**	13,062
Net Loss and Comprehensive Loss for the Period		**747,064**	1,050,090
Loss per Share – Basic and Diluted		**0.01**	0.01
Weighted Average Number of Shares Outstanding		**146,746,854**	143,630,111

Rio Cristal Resources Corporation
(An exploration stage company)

Interim Consolidated Statements of Cash Flows

For the Three Months Ended June 30

(Expressed in US dollars)
(Unaudited – Prepared by Management)

	2012 **$**	2011 $
Operating Activities		
Loss for the period	**(747,064)**	(1,050,090)
Adjustments for		
Amortization	**8,627**	8,644
Non-cash change in fair market value of warrants	**(32,231)**	(159,729)
Stock compensation expenses	**149,790**	147,847
	(620,878)	(1,053,328)
Changes in current assets and liabilities		
Amounts receivable	**46,986**	4,885
Prepaid expenses	**5,909**	(14,677)
Accounts payable and accrued liabilities	**3,288**	30,354
Cash used in operating activities	**(564,695)**	(1,032,766)
Investing Activities		
Purchase of equipment	**-**	(18,106)
Cash used in investing activities	**-**	(18,106)
Net Decrease in Cash Position	**(564,695)**	(1,050,872)
Cash Position – Beginning of period	**890,642**	5,331,379
Cash Position – End of period	**325,947**	4,280,507

The accompanying notes are an integral part of these financial statements

Rio Cristal Resources Corporation
(An exploration stage company)

Interim Consolidated Statements of Changes in Equity

(Expressed in US dollars)
(Unaudited)

	Share Capital (Number of Shares)	Share Capital (Amount) $	Common Share Subscriptions $	Contributed Surplus $	Deficit $	Total $
March 31, 2011	145,017,473	19,200,358	160,468	1,666,794	(15,158,822)	5,868,798
Common shares subscribed	1,277,724	234,807	(146,938)	(87,869)	-	-
Shares issued for mineral properties – La Cumbre	300,000	67,533	-	-	-	67,533
Stock-based compensation expense	-	-	-	147,847	-	147,847
Net loss for the period	-	-	-	-	(1,050,090)	(1,050,090)
June 30, 2011	146,595,197	19,502,698	13,530	1,726,772	(16,208,912)	5,034,088
Common shares subscribed	117,647	21,621	(13,530)	(8,091)	-	-
Shares issued on warrant exercised	50,000	9,188	-	(3,438)	-	5,750
Shares issued for mineral properties – Bongara	2,483,740	298,340	1,660	-	-	300,000
Stock-based compensation expense	-	-	-	174,508	-	174,508
Net loss for the period	-	-	-	-	(3,686,970)	(3,686,970)
March 31, 2012	149,246,584	19,831,847	1,660	1,889,751	(19,895,882)	1,827,376
Common shares subscribed	13,841	1,660	(1,660)	-	-	-
Stock-based compensation expense	-	-	-	149,790	-	149,790
Net loss for the period	-	-	-	-	(747,064)	(747,064)
June 30, 2012	**149,260,425**	**19,833,507**	**-**	**2,039,541**	**(20,642,946)**	**1,230,102**

1. Nature of Operations

Rio Cristal Resources Corporation ("Rio Cristal" or the "Company") is in the business of acquiring and exploring mineral properties located in Peru. The Company is a public company with shares listed on the TSX Venture Exchange and the Lima Stock Exchange. The Company's head office is located at Suite 206, 9440 202 Street, Langley, British Columbia V3G 2M6 and the registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The 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's activities in Peru are subject to the impact of changes in legal, tax and regulatory regimes at the national level and changes in community relations, labor and political issues at the local level. While the Company actively monitors all such changes and makes plans accordingly, factors beyond the Company's control could adversely impact its operations in Peru or result in material impairment of its properties. While the Company believes that the current conditions in Peru are stable and conducive to conducting business, the Company's current and future mineral exploration and mining activities could be impacted by adverse political or economic developments. The adverse developments may include the imposition of unfavourable government regulations on foreign investment. Additionally, even though the Company's current relationships with local communities are in good standing, these relationships are subject to change, which may be beyond the Company's control.

2. Going Concern

These interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred losses since inception and has an accumulated deficit of $20,642,946 at June 30, 2012. 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 properties.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. However, there can be no assurance the Company will be successful in these initiatives. 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.

3. Basis of Preparation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the consolidated financial statements. The term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year, The Board of Directors approved the consolidated financial statements on August 29, 2012.

All dollar amounts are presented in US dollars unless otherwise specified.

.

4. Equipment

	Office Equipment $	Exploration Equipment $	Total $
Cost			
Balance as at March 31, 2011	3,229	195,337	198,566
Additions	911	90,331	91,242
Balance as at March 31, 2012	4,140	285,668	289,808
Additions	-	-	-
Balance as at June 30, 2012	**4,140**	**285,668**	**289,808**
Accumulated Amortization			
Balance as at March 31, 2011	1,126	88,912	90,038
Additions	768	33,773	34,541
Balance as at March 31, 2012	1,894	122,685	124,579
Additions	168	8,459	8,627
Balance as at June 30, 2012	**2,062**	**131,144**	**133,206**
Carrying Amounts			
At March 31, 2012	2,246	162,983	165,229
At June 30, 2012	**2,078**	**154,524**	**156,602**

(Expressed in US dollars)

5. Resource Property Costs

Cumulative capitalized acquisition costs

	Bongara $	Condor $	La Cumbre $	Total $
Balance at March 31, 2011	856,265	-	181,197	1,037,462
Option payments	300,000	-	67,533	367,533
Write off of costs	-	-	(248,730)	(248,730)
Balance at March 31, 2012	1,156,265	-	-	1,156,265
Option payments	-	-	-	-
Write off of costs	-	-	-	-
Balance at June 30, 2012	**1,156,265**	**-**	**-**	**1,156,265**

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"). CLM holds the right to acquire 100% of the rights to the Bongara Project in the Amazonas Region of Peru. This transaction is a related party transaction. 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 and subsequent valuation of 5% each six months thereafter for the following eighteen months, and 10% each six months thereafter over the next forty-eight months, 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. As at June 30, 2012 the Company has released 2,500,000 shares from escrow.

If the property lease agreement is terminated, all shares which have not been released from this escrow will be cancelled. No value has been attributed to the remaining 2,500,000 shares at June 30, 2012 due to the performance conditions described above. These shares will be fair valued using the spot price on the day they are issued once the performance conditions are met.

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.

(Expressed in US dollars)

On March 26, 2009, the Company amended its Mining Concession Transfer Agreement ("Concession Transfer Agreement") with Amazonas on its 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 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	Paid March 14, 2011
300,000	2,483,740 shares issued March 14, 2012 and 13,841 shares issued on June 08, 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.

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.

La Cumbre Project, Peru

On August 5, 2010 the Company signed a 90-day Exclusivity Agreement on a highly prospective copper oxide project in Southern Peru. Terms included a payment of $25,000 to the owners for legal and administrative expenses related to the signing of a final option agreement.

(Expressed in US dollars)

On November 12, 2010 the Company signed an Option Agreement (the "Agreement") on the property. The terms of the Agreement allowed the Company to acquire up to a 70% interest in the La Cumbre project through a series of cash and share payments over a six year period totalling $3,235,000 ($55,000 payable upon signing of the Agreement) and 3,000,000 Rio Cristal common shares (300,000 shares issuable upon signing of the Agreement).

On January 6, 2011 a total of 300,000 shares valued at $105,189 were issued. A further 300,000 shares valued at $67,533 were issued on May 24, 2011.

During the year ended March 31, 2012, management of the Company decided not to renew its option to acquire the La Cumbre project and has written off its acquisition costs totalling $248,730 related to the project.

Exploration costs for the period ending June 30, 2012 are as follows:

	Three months ended June 30	
	2012	2011
	$	$
Bongara		
Assaying and sampling	**1,868**	11,702
Community Relations	**24,074**	-
Drilling	**-**	113,757
Geophysics	**-**	11,519
Mining rights	**86,441**	124,919
Salary and consulting	**208,094**	176,115
Supplies and general	**55,817**	49,865
Travel	**33,687**	42,816
	409,981	530,693
La Cumbre		
Assaying and sampling	**-**	940
Drilling	**-**	2,787
Geophysics	**-**	2,028
Mining rights	**-**	14,087
Salary and consulting	**-**	51,511
Supplies and general	**-**	33,937
Travel	**-**	38,444
	-	143,734
IGV	**21,397**	59,800
Generative	**730**	30,445
Costs for the Period	**432,108**	764,672

6. Derivative Liability - Warrants

Warrants issued in private placements that have an exercise price denominated in a currency other than the Company's functional currency meet the definition of a derivative liability and are recorded as a financial liability and are marked-to-market each period. The warrants issued in the February 2008, January 2010, October 2010 and May 2011 private placements have an exercise price denominated in Canadian dollars, which is not the Company's functional currency. As a result, the warrants do not meet the definition of an equity instrument and are initially recorded at fair value as a derivative liability, with the difference between the fair value and the carrying value, upon transition, being recognized in equity. Subsequent changes in the fair value of the warrants will be recognized as gains or losses in the Statement of Loss and Comprehensive Loss until they are fully exercised. Of the total amount of warrants outstanding as at June 30, 2012 a total of 1,884,000 have been accounted for using marked-to-market accounting policy.

An additional 272,510 warrants have been issued to agents for services provided for a capital raising transaction and are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as a share issuance costs and included in contributed surplus.

Of the remaining warrants, 5,231,469 are denominated in US dollars, which is the Company's functional currency and are, therefore, not classified as a financial liability of the Company. The initial fair value of these warrants has been included in contributed surplus.

The changes in warrants during the three months ended June 30, 2012 and the year ended March 31, 2012 were as follows:

	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)
Balance – March 31, 2011	8,833,350	$0.15
Exercised	(1,445,371)	$0.12
Balance – March 31 and June 30, 2012	**7,387,979**	**$0.15**

A summary of the Company's warrants at June 30, 2012 is as follows:

Number of warrants	Exercise price	Expiry
5,231,469	$0.12	August 31, 2012
2,156,510	Cdn$0.22	January 20, 2013
7,387,979		

In relation to the 2,156,510 warrants granted at Cdn$0.22, 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$0.30 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 days from the date of the notice.

The fair value of the financial liability warrants has been estimated at June 30 and March 31, 2012 and was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in US dollars)

	June 30, 2012	March 31, 2012
Risk-free interest rate	**1.04%**	1.19%
Expected dividend yield	**Nil**	Nil
Expected stock price volatility	**81%**	104%
Expected life in years	**0.6 years**	0.8 years

7. Capital

Authorized share capital

Unlimited common shares without par value

On June 8, 2012, the Company issued 13,841 additional common shares related to the option payment on the Bongara property in the prior period. Due to a change in the calculation method, the number of shares required to be issued increased, but the total value of the shares did not change.

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. The option plan provides that the aggregate number of Shares reserved for issuance under the plan which may be made subject to options at any time and from time to time (including those issuable upon the exercise of pre-existing options) shall not exceed 10% of the total number of issued and outstanding Shares, on a non-dilutive basis, as constituted on the grant date of such options. At June 30, 2012 a total of 6,171,042 options were reserved under the Plan with 8,755,000 options outstanding.

a) Movements in share options

The changes in share options during the three months ended June 30, 2012 and the year ended March 31, 2012 were as follows:

	June 30, 2012		March 31, 2012	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Options outstanding, beginning of the period	**6,205,000**	**0.22**	4,670,000	0.26
Granted	**2,550,000**	**0.11**	2,250,000	0.18
Forfeited	**-**	**-**	(715,000)	0.36
Options outstanding, end of the period	**8,755,000**	**0.22**	6,205,000	0.22

(Expressed in US dollars)

b) Fair value of share options granted

During the three months ended June 30, 2012 the Company granted 2,550,000 options to employees, officers, directors and consultants of the Company at a weighted average exercise price of Cdn$0.11. These stock options were valued at Cdn$262,172 using the Black-Scholes option pricing model. The weighted average grant date fair value per option was Cdn$0.10.

	Three months ended June 30, 2012	Year Ended March 31, 2012
Expected dividend yield	**0%**	0%
Expected stock price volatility	**172% - 178%**	160% - 188%
Risk-free interest rate	**1.54%**	1.17% - 1.74%
Expected life of options	**3.6 – 4.4 years**	2.5 – 4.4 years

Option pricing models require the input of subjective assumptions including the expected price volatility and the expected option life. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The stock options vest in one-third increments, a third of the stock options vest on the grant date, the remaining stock options vest on the anniversary of the grant date over a two year period.

c) A summary of the Company's options as at June 30, 2012 is as follows:

Outstanding Options	**Options Exercisable**	**Price per Share**	**Remaining Contractual Life (Years)**	**Expiry Date**
160,000	106,667	Cdn$0.205	0.37	November 12, 2012
975,000	975,000	Cdn$0.50	0.58	January 29, 2013
5,000	5,000	Cdn$0.64	0.66	February 26, 2013
100,000	66,666	Cdn$0.27	0.70	March 11, 2013
150,000	150,000	Cdn$0.50	0.79	April 13, 2013
150,000	150,000	Cdn$0.50	0.93	June 4, 2013
1,370,000	1,370,000	Cdn$0.10	1.83	April 30, 2014
945,000	945,000	Cdn$0.10	2.89	May 20, 2015
100,000	100,000	Cdn$0.32	3.67	March 1, 2016
1,800,000	1,200,000	Cdn$0.18	3.84	May 2, 2016
300,000	100,000	Cdn$0.17	4.03	July 12, 2016
150,000	50,000	Cdn$0.135	4.59	February 1, 2017
2,550,000	850,000	Cdn$0.11	4.76	April 3, 2017
8,755,000	**6,068,333**			

The weighted average exercise price of the options exercisable at June 30, 2012 is Cdn$0.21.

(Expressed in US dollars)

8. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

a) Trading transactions

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner.

	Nature of transactions
DuMoulin Black	Legal fees
Avisar Chartered Accountants	Accounting fees
Global Vista	Investor relations and rent

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

	Note	**Three Months Ended June 30, 2012 $**	**Three Months Ended June 30, 2011 $**
Legal fees		**6,367**	5,200
Accounting fees		**25,242**	26,336
Investor relations fees		**-**	12,600
Rent		**-**	4,500
	(i)	**31,609**	48,636

(i) Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable as at June 30, 2012 included $9,342 (March 31, 2012 - $9,586) which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

b) Compensation of key management personnel

The remuneration of the directors, chief executive officer, president and chief financial officer (collectively the key management personnel) during the three months ended June 30, 2012 and 2011 were as follows:

	Note	**Three Months Ended June 30, 2012 $**	**Three Months Ended June 30, 2011 $**
Salaries		**50,500**	50,500
Share-based compensation	(i)	**28,601**	30,348
	(ii)	**79,101**	80,848

(i) Share-based compensation represents the expense for the three months ended June 30, 2012 and 2011 translated at the grant date foreign exchange rates.

(Expressed in US dollars)

(ii) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the three months ended June 30, 2012 and 2011.

9. Segmented Information

Details of identifiable assets and net loss by geographic area are as follows:

Total Assets	**June 30, 2012 $**	March 31, 2012 $
Canada	**228,993**	786,864
Peru	**1,429,885**	1,498,231
	1,658,878	2,285,095

Total Non-Current Assets	**June 30, 2012 $**	March 31, 2012 $
Canada	**2,078**	2,247
Peru	**1,310,789**	1,319,247
	1,312,867	1,321,494

Net Loss	**Three Months ended June 30, 2012 $**	Three months ended June 30, 2011 $
Canada	**154,480**	124,342
Peru	**592,584**	925,748
	747,064	1,050,090

10. Subsequent Events

a) On August 9, 2012, the Company announced that it has reached an Agreement in Principle (the "Agreement") with MMR Exploration Ltd. ("MMRE") to form a joint venture wherein MMRE has the right to earn up to a 70% interest in the Company's Peruvian subsidiary, Cerro La Mina S.A. ("CLM"), through the staged expenditure of USD$10 million plus the completion of a feasibility study on the Company's Bongará zinc project (Bongará) over 8 years.

Pursuant to the Agreement, MMRE can earn a 30% interest in CLM by incurring $3 million in exploration expenditures on Bongará within 18 months of the date of a definitive agreement. MMRE can earn an additional 30% interest in CLM by incurring a further $7 million ($10 million in aggregate) on exploring Bongará within five years of the date of a definitive agreement. To earn the final 10% interest in CLM, MMRE must complete a feasibility study on Bongará within a period of 8 years of the date of a definitive agreement. The Agreement is subject to finalization of a binding agreement and conditions including due diligence, regulatory approvals, Minmetals Resources Limited board approval and any third party consents.

The Company can maintain a 30% interest in CLM if it contributes its pro-rata share of capital once a feasibility study on Bongará is complete. If the Company does not contributed its share of capital, it will be diluted to 10%, at which time the Company must either commence contributing its share of capital or MMRE will loan the necessary funds to be repaid (plus interest at a rate of LIBOR plus 4%) from future cash flow from the project in the form of dividends from CLM.

b) On August 14, 2012, the Company announced that at the annual general meeting of shareholders of the Company to be held on September 11, 2012, an ordinary resolution will be proposed to consolidate the Company's share capital on a one new for ten old (1:10) basis (the "Consolidation"). Management believes that the Company's issued and outstanding share capital is not conducive to completing additional equity financing and that the Consolidation is required in order to attract new equity investment in the Company.