RIO CRISTAL RESOURCES CORPORATION

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

EXPRESSED IN US DOLLARS

Reader's Note:

These unaudited condensed interim consolidated financial statements for the three months ended June 30, 2014 and 2013 of Rio Cristal Resources Corporation ("Rio Cristal" 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)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in US dollars)

	Note	**June 30, 2014 $**	March 31, 2014 $
ASSETS			
Current			
Cash		**7,577**	6,613
Amounts receivable		**496**	727
Prepaid expenses		**2,005**	-
		10,078	7,340
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**473,339**	425,503
Due to related parties	11	**611,141**	604,439
Loans payable	8	**389,741**	374,490
		1,474,221	1,404,432
Derivative liability – warrants	9	**-**	1,328
		1,474,221	1,405,760
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	10	**20,478,240**	20,478,240
Contributed surplus		**2,147,944**	2,147,818
Deficit		**(24,090,327)**	(24,024,478)
		(1,464,143)	(1,398,420)
		10,078	7,340

Nature of Operations *(note 1)*
Going Concern *(note 2)*

ON BEHALF OF THE BOARD:

Signed "*Tom Findley* " Director

Signed "*Miguel Cardozo*" Director

Rio Cristal Resources Corporation
(An exploration stage company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in US dollars)

		For the three months ended June 30, 2014 $	For the three months ended June 30, 2013 $
Operating Expenses			
Amortization		**-**	2,990
Exploration and evaluation costs		**-**	60,880
General office expenses		**2,947**	106,765
Investor relations		**-**	189
Professional fees		**36,283**	45,346
Salaries and consulting	11	**7,500**	50,500
Share-based compensation expense	10	**126**	15,444
Loss before other items		**46,856**	282,114
Change in fair market value of warrants	9	**(1,328)**	3,992
Finance income		**(6)**	(24)
Finance expense		**7,014**	4,301
Foreign exchange (gain) loss		**13,313**	(9,953)
Net Loss and Comprehensive Loss for the Period		**65,849**	280,430
Loss per Share – Basic and Diluted		**0.00**	0.02
Weighted Average Number of Shares Outstanding		**17,009,163**	15,598,003

Rio Cristal Resources Corporation

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in US dollars)

	For the three months ended June 30, 2014 $	For the three months ended June 30, 2013 $
Operating Activities		
Loss for the period	**(65,849)**	(280,430)
Adjustments for		
Amortization	**-**	2,990
Non-cash change in fair market value of warrants	**(1,328)**	3,992
Share-based compensation expenses	**126**	15,444
Financing costs	**7,014**	4,285
	(60,037)	(253,719)
Changes in current assets and liabilities		
Amounts receivable	**231**	21,596
Prepaid expenses	**(2,005)**	3,623
Accounts payable and accrued liabilities	**53,775**	184,614
Cash used in operating activities	**(8,036)**	(43,886)
Financing Activities		
Funds from related parties	**-**	64,000
Loans received	**9,000**	-
Cash provided by financing activities	**9,000**	64,000
Net Decrease in Cash Position	**964**	20,114
Cash Position – Beginning of period	**6,613**	8,240
Cash Position – End of period	**7,577**	28,354
Cash paid for interest	**-**	16
Cash paid for taxes	**-**	-

Supplemental cash flow information:

Shares issued for the Bongara property	**-**	500,000

The accompanying notes are an integral part of these condensed interim financial statements

Rio Cristal Resources Corporation
(An exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in US dollars)

	Share Capital (Number of Shares)	Share Capital (Amount) $	Shares Issuable $	Contributed Surplus $	Deficit $	Total $
March 31, 2013	15,546,955	19,978,240	500,000	2,133,400	(23,528,944)	(917,304)
Shares issued for mineral properties – Bongara	1,712,208	500,000	(500,000)	-	-	-
Share-based compensation expense	-	-	-	15,444	-	15,444
Loss for the period	-	-	-	-	(280,430)	(280,430)
June 30, 2013	17,259,163	20,478,240	-	2,148,844	(23,809,374)	(1,182,290)
Share-based compensation expense	-	-	-	(1,026)	-	(1,026)
Loss for the period	-	-	-	-	(215,104)	(215,104)
March 31, 2014	17,259,163	20,478,240	-	2,147,818	(24,024,478)	(1,398,420)
Share-based compensation expense	-	-	-	126	-	126
Loss for the period	-	-	-	-	(65,849)	(65,849)
June 30, 2014	**17,259,163**	**20,478,240**	**-**	**2,147,944**	**(24,090,327)**	**(1,464,143)**

The accompanying notes are an integral part of these condensed interim financial statements

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 publicly traded with shares listed on the TSX Venture Exchange and the Lima Stock Exchange. The Company's head office is located at Suite 302, 8047 199 Street, Langley, British Columbia V2Y 0E2 and the registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

The Company consolidated its share capital on a one new for ten old (1:10) basis on July 31, 2013. Accordingly, all common share, stock option, warrant, and per share awards have been retroactively restated to reflect this consolidation.

The Company has focused much of its resources in the past on the Bongará zinc project, located in Northern Peru. The Company had an option to acquire 100% interest in the project by making cash payments, issuing common shares of the Company, or a combination of both. The Company has allowed this option to lapse and therefore does not have any active exploration projects.

The business of mining and exploration involves a high degree of risk and there can be no assurance that 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. 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.

2. Going Concern

These condensed 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 $24,090,327 at June 30, 2014. The Company has limited resources, has no source of operating cash flow, has a working capital deficit of $1,464,143 and has no assurances that sufficient funding will be available to meet its administrative overhead and conduct further exploration and development on new properties, should any new properties be acquired.

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 Condensed Interim 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

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2014, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

4. Significant Accounting Estimates and Judgments

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed interim consolidated financial statements. The significant estimates and judgments are unchanged from those disclosed in the Company's annual financial statements for the year ended March 31, 2014.

5. Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Effective April 1, 2014, the following amendment to an existing standard was adopted but had no material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2015. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement.

(Expressed in US dollars)

6. Financial Instruments

Categories of financial instruments

	June 30, 2014	March 31, 2014
Financial assets		
Loans and receivables		
Cash and cash equivalents	7,577	6,613
Amounts receivables	496	727
	8,073	7,340
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	473,339	425,503
Due to related parties	611,141	604,439
Loans payable	389,741	374,490
Fair value through profit or loss		
Derivative liability - warrants	-	1,328
	1,474,221	1,405,760

a) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 directly or indirectly observable for the asset or liability; and
Level 3 – Inputs that are not based on observable market data.

	June 30, 2014	March 31, 2014
Level 2		
Derivative liability - warrants	**-**	1,328

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties and loans payable approximate their fair value because of the short-term nature of these instruments.

7. Resource Property Costs

Bongara Project, Peru

By an agreement in 2007 the Company acquired 100% of Cerro La Mina S.A. ("CLM") which held the right to acquire 100% of the rights to the Bongara Project in the Amazonas Region of Peru. CLM was acquired from a company controlled by the founding shareholder of the Company and, in exchange, the Company issued 500,000 common shares to the founding shareholder. Per the agreement, no more than 250,000 of the shares were to be released until the Issuer had 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, 2014 the Company has released 250,000 shares from escrow. No value has been attributed to the remaining 250,000 shares at June 30, 2014 due to the performance conditions described above. Management decided not to renew its option and as a result the acquisition costs related to the project were written off as of March 31, 2013. Pursuant to the property lease agreement, the remaining 250,000 shares that have not been released from escrow will be cancelled.

On April 7, 2014, the subsidiary, Cerro La Mina S.A., was dissolved.

8. Loans payable

The Company has loans payable to a former officer and former directors of $364,230 which are unsecured, have a term of one year, and bear annual interest of 6%. Of the total, $67,000 was received subsequent to resigning their positions. As of June 30, 2014 interest totaling $25,511 has been accrued on these loans.

9. 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. 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.

On January 21, 2013, a total of 620,913 warrants were granted as part of units in a private placement transaction (Note 10). These warrants will expire on January 20, 2015. Of the total granted, 602,913 warrants have an exercise price denominated in Canadian dollars and are accounted for using marked-to-market accounting policy. The remaining 18,000 warrants were granted to agents for services provided for a capital raising transaction and have an exercise price denominated in Canadian dollars but 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.

There have been no changes in the financial liability warrants during the three months ended June 30, 2014 and the year ended March 31, 2014 :

	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)
Balance – March 31, 2013, March 31, 2014 and June 30, 2014	**620,913**	**$0.86**

	$
Derivative warrant liability – March 31, 2013	71,071
Fair market value change	(69,743)
Derivative warrant liability – March 31, 2014	1,328
Fair market value change	(1,328)
Derivative warrant liability – June 30, 2014	**-**

10. Capital

Authorized share capital

Unlimited common shares without par value

On July 31, 2013, the Company consolidated its share capital on a one new for ten old (1:10) basis. Accordingly, all common share, stock option, warrant and per share awards have been retroactively restated to reflect this consolidation.

On June 14, 2013 1,712,208 shares were issued relating to the option payment on the Bongara property owing on March 15, 2013.

On January 21, 2013, the Company issued 602,913 units as part of a non-brokered private placement for total proceeds of $237,994. The units were issued in two parts. The first is for 442,913 units (the "First Units") of the Company at the price of Cdn$0.35 per First Unit, each First Unit consisting of one common share and one non-transferable warrant. The second involved an issuance to certain Directors and an officer of 160,000 units (the "Second Units") at a price of Cdn$0.50 per Second Unit, each Second Unit consisting of one Share and one non-transferable warrant.

Each first Warrant entitles the holder to purchase one additional Share (a "Warrant Share") at an exercise price of $0.60 for the first year and $1.00 for the second year. Each second Warrant shall entitle the holder to purchase a Warrant Share at an exercise price of $1.00 for two years.

In addition, commencing on the date that is four months and one day after the closing of the private placement, if the closing price of the Company's common shares on the TSX Venture Exchange (the "Exchange"), is at a price equal to or greater than $1.20 for a period of ten (10) consecutive trading days, the Company will have the right to accelerate the expiry date of all 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.

As part of the non-brokered private placement, a finder’s fee was paid consisting of: (i) a cash commission of $4,254; and (ii) the issuance of 18,000 Second Units (the “Finder’s Fee Units”).

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 TSX Venture 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, 2014 a total of 1,460,916 options remain reserved under the Plan exclusive of the 265,000 options outstanding.

(Expressed in US dollars)

a) Movements in share options

The changes in share options during the three months ended June 30, 2014 and the year ended March 31, 2014 were as follows:

	June 30, 2014		March 31, 2014	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Options outstanding, beginning of the period	**350,000**	**1.25**	632,500	1.44
Forfeited	**-**	**-**	(252,500)	1.29
Expired	**(85,000)**	**1.00**	(30,000)	5.00
Options outstanding, end of the period	**265,000**	**1.33**	350,000	1.25

b) A summary of the Company's options as at June 30, 2014 is as follows:

Outstanding Options	**Options Exercisable**	**Price per Share**	**Remaining Contractual Life (Years)**	**Expiry Date**
50,000	50,000	Cdn$1.00	0.89	May 20, 2015
90,000	90,000	Cdn$1.80	1.84	May 2, 2016
15,000	15,000	Cdn$1.35	2.59	February 1, 2017
110,000	110,000	Cdn$1.10	2.76	April 3, 2017
265,000	**265,000**			

11. 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 (ended December 30, 2013)	Legal fees
Avisar Chartered Accountants (ended September 18, 2013	Accounting fees

(Expressed in US dollars)

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

	Three months ended June 30, 2014 $	Three months ended June 30, 2013 $
Legal fees	**-**	30,000
Accounting fees	**-**	14,664
	-	44,664

Due to related parties consists of $611,141 owing to individuals or companies whose officers, directors or partners were also officers or directors of the Company. Of this amount, $109,051 are loans from Directors and Officers of the Company. These loans are unsecured, have a term of one year, and bear annual interest of 6%. As of June 30, 2014, interest of $10,164 has been accrued. The remaining deferred salaries and services payable of $491,926 is unsecured, non-interest bearing and due on demand.

b) Compensation of key management personnel

For the period ended June 30, 2014 and for the year ended March 31, 2014, all salaries to key management personnel have not been paid and have been accrued in the due to related parties balance. The remuneration of the directors, chief executive officer, and president and chief financial officer (collectively the key management personnel) during the three months ended June 30, 2014 and 2013 were as follows:

	Three months ended June 30, 2014 $	**Three months ended June 30, 2013 $**
Salaries	**7,500**	50,500
Share-based compensation	**126**	14,851
	7,626	65,351

12. Segmented Information

All of the identifiable assets are located in Canada.