



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nine Months Ended September 30, 2015 AND 2014

(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the nine months ended September 30, 2015 and 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 1,056,953	\$ 954,509
Receivables (Note 4)	313,220	50,092
Prepays and deposits	21,284	64,401
Total current assets	1,391,457	1,069,002
Non-current assets		
Restricted cash equivalents (Note 5)	46,000	46,000
Equipment (Note 6)	25,968	30,690
Exploration and evaluation assets (Note 7)	192,634	1,108,981
Investment in associated companies and joint ventures (Note 9)	408,053	409,331
Loan receivable (Note 10)	402,270	348,780
Long-term investments (Note 10)	423,304	714,366
Total non-current assets	1,498,229	2,658,148
TOTAL ASSETS	\$ 2,889,686	\$ 3,727,150
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 228,092	\$ 338,746
TOTAL LIABILITIES	228,092	338,746
EQUITY		
Share capital (Note 11)	20,980,656	20,863,240
Commitment to issue shares	51,560	39,503
Share-based payments reserve	8,339,445	8,202,304
Accumulated other comprehensive income (Note 10)	102,900	12,189
Deficit	(26,812,967)	(25,728,832)
TOTAL EQUITY	2,661,594	3,388,404
TOTAL LIABILITIES AND EQUITY	\$ 2,889,686	\$ 3,727,150

Nature of operations and ability to continue as a going concern (Note 1)

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 25, 2015.

Approved by the Board of Directors

"Miles Thompson" , Director

"Christopher Jones" , Director

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

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2015	2014	2015	2014
EXPLORATION EXPENDITURES (Note 8)	\$ 185,525	\$ 204,366	\$ 654,285	\$ 1,082,738
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services	82,575	83,601	248,135	270,296
Depreciation (Note 6)	281	281	843	840
Management and directors' fees	30,000	50,804	114,537	192,899
Professional fees	13,015	41,076	56,175	121,336
Investor relations and shareholder communication	(1,708)	4,151	16,886	36,992
Share-based payments (Note 11)	158,327	10,237	206,197	59,788
Transfer agent and filing fees	2,319	3,159	38,084	43,567
Travel and related costs	8,495	21,192	40,877	69,762
	293,304	214,501	721,734	795,480
Loss before other items	(478,829)	(418,867)	(1,376,019)	(1,878,218)
OTHER INCOME (EXPENSES)				
Equity in (loss) gain of associated companies (Note 9)	(21,248)	77,136	(66,669)	(25,394)
Foreign exchange gain (loss)	43,802	7,590	74,240	4,051
Gain on settlement of accounts payable	-	-	12,083	-
Impairment loss on AFS financial instruments (Note 10)	-	-	-	(257,250)
Interest income	446	2,598	1,364	11,674
Loss on dilution of former subsidiaries (Note 9)	-	-	(4,099)	-
Option payments received (Note 8)	621,976	-	1,040,809	433,587
Other income	512	1,339	72,362	167,882
Realized gain (loss) on sale of long-term AFS investment	(16,714)	(359,117)	78,141	(359,117)
Write-off of exploration and evaluation assets (Note 7)	-	-	(916,347)	-
	628,774	(270,454)	291,884	(24,567)
Net income (loss) for the period	149,945	(689,321)	(1,084,135)	(1,902,785)
Other comprehensive income (loss)				
Net income (loss) for the period	\$ 149,945	\$ (689,321)	\$ (1,084,135)	\$ (1,902,785)
Items that may be reclassified to profit or loss				
Change in fair value of investments (Note 10)	(125,515)	25,294	168,852	(69,128)
Transfer on disposal of AFS investments	16,714	359,117	(78,141)	359,117
Transfers of permanent impairment of financial instruments to net loss	-	-	-	257,250
Comprehensive income (loss)	\$ 41,144	\$ (304,910)	\$ (993,424)	\$ (1,355,546)
Basic and diluted net income (loss) per common share	\$ 0.00	\$ (0.02)	\$ (0.03)	\$ (0.06)
Weighted average number of common shares outstanding	31,228,117	30,969,691	31,033,412	30,911,326

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

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months ended September 30,	
	2015	2014
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,084,135)	\$ (1,902,785)
Items not affecting cash:		
Depreciation	843	840
Depreciation included in exploration expenditures	6,434	7,751
Equity loss on investment in associated companies and joint ventures	66,669	25,394
Gain on sale of long-term investments	(78,141)	-
Gain on settlement of accounts payable	(12,083)	-
Impairment loss on AFS financial instruments	-	257,250
Loss on dilution of a subsidiary	4,099	-
Write-off of exploration and evaluation assets	916,347	-
Option payments received as shares	(418,833)	(245,400)
Realized loss on AFS financial instruments	-	359,117
Share-based payments	206,197	59,788
Unrealized foreign exchange gain on loans receivable	(53,490)	-
Changes in non-cash working capital items:		
Receivables	(283,301)	(23,336)
Prepays and deposits	43,117	9,408
Accounts payable and accrued liabilities	20,661	(156,595)
Advance from partners	-	(183,292)
	(665,616)	(1,791,860)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	-	(79,725)
Cash held by former subsidiary	(46,678)	-
Cash received for exploration and evaluation assets	-	160,643
Investment in associated companies and joint ventures	(61,454)	(88,147)
Purchase of long term investment	-	(327,000)
Purchase of equipment	(2,555)	(1,017)
Proceeds from sale of investments	878,747	99,835
	768,060	(235,411)
FINANCING ACTIVITIES		
Bonus shares issued	-	-
Shares issued for debt	-	37,500
	-	37,500
Change in cash and cash equivalents	102,444	(1,989,771)
Cash and cash equivalents, beginning of period	954,509	2,788,769
Cash and cash equivalents, end of period	\$ 1,056,953	\$ 798,998
Supplementary cash flow information		
Interest received	\$ 1,364	\$ 11,674
Received common shares as option payments (Note 14)	418,433	245,400

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

LARA EXPLORATION LTD.

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Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of shares	Share capital	Commitment to issue shares	Share-based payments reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance as at December 31, 2014	30,969,691	\$ 20,863,240	\$ 39,503	\$ 8,202,304	\$ 12,189	\$ (25,728,832)	\$ 3,388,404
Bonus shares issued	74,999	56,999	(56,999)	-	-	-	-
Share-based payments	-	-	69,056	137,141	-	-	206,197
Shares to be issued for debts	241,667	60,417	-	-	-	-	60,417
Change in fair value of AFS investments	-	-	-	-	168,852	-	168,852
Transfer of gain on sale of AFS investments	-	-	-	-	(78,141)	-	(78,141)
Net loss for the period	-	-	-	-	-	(1,084,135)	(1,084,135)
Balance as at September 30, 2015	31,286,357	\$ 20,980,656	\$ 51,560	\$ 8,339,445	\$ 102,900	\$ (26,812,967)	\$ 2,661,594
Balance as at December 31, 2013	30,836,359	\$ 20,714,041	\$ 82,817	\$ 8,181,635	\$ (1,829)	\$ (23,172,478)	\$ 5,804,186
Bonus shares	73,332	88,733	(88,733)	-	-	-	-
Share-based payments	-	-	16,153	43,635	-	-	59,788
Stock options exercised	60,000	37,500	-	-	-	-	37,500
Re-allocation of reserve for share-based payments	-	22,966	-	(22,966)	-	-	-
Change in fair value of AFS investments	-	-	-	-	(69,128)	-	(69,128)
Transfer of loss on sale of AFS investments	-	-	-	-	359,117	-	359,117
Transfer of impairment of AFS investments to net loss	-	-	-	-	257,250	-	257,250
Net loss for the period	-	-	-	-	-	(1,902,785)	(1,902,785)
Balance as at September 30, 2014	30,969,691	\$ 20,863,240	\$ 10,237	\$ 8,202,304	\$ 545,410	\$ (25,075,263)	\$ 4,545,928

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Lara Exploration Ltd. (the “Company” or “Lara”) was incorporated under the British Columbia Business Corporations Act on March 31, 2003. The Company’s principal business activities are the acquisition, exploration and development of mineral properties in South America, currently with exploration and evaluation properties in Brazil, Peru, Colombia and Chile. These condensed consolidated interim financial statements of the Company as at and for the nine months ended September 30, 2015 and 2014 are comprised of the Company and its subsidiaries. The Company’s common shares are listed on the TSX Venture Exchange under the symbol of “LRA”.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the necessary permits to mine them and future profitable production or proceeds from the disposition of these assets.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. At September 30, 2015, the Company has not achieved profitable operations and has accumulated losses since inception. The Company may have to raise additional capital resources to fund its exploration programs and administrative expenses for the next twelve months.

2. BASIS OF PRESENTATION

Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2014, except that they do not include all the information required for annual audited financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2014.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale (“AFS”) and fair value through profit or loss (“FVTPL”), which are stated at their fair value. The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Basis of Consolidation

These condensed consolidated interim financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and deposits at bank earning interest at both fixed and floating rates based on daily bank deposit rates:

	September 30, 2015	December 31, 2014
Cash	\$ 994,716	\$ 954,509
Short-term bank deposits	62,237	-
Cash and cash equivalents	\$ 1,056,953	\$ 954,509

4. RECEIVABLES

The Company’s receivables arise from goods and services tax (“GST”) receivable from government taxation authorities, and recovery of exploration expenditures from joint venture partners. At September 30, 2015, the Company accrued an account receivable from Aguia of \$194,787 which was due as a final option payment on the Sergipe property. This amount was received immediately subsequent to September 30, 2015. Receivables also included an amount of \$76,647 due from Paradigm Metals Ltd.

	September 30, 2015	December 31, 2014
Accounts receivable	\$ 307,623	\$ 43,488
GST receivable	5,597	6,604
Receivables	\$ 313,220	\$ 50,092

5. RESTRICTED CASH EQUIVALENTS

At September 30, 2015 and December 31, 2014, the Company classified \$46,000 as restricted cash equivalents. This amount is held as collateral for the Company’s corporate credit cards.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

6. EQUIPMENT

	Computer equipment	Field equipment	Office equipment	Total
Costs				
December 31, 2014	\$ 39,268	\$ 3,015	\$ 93,918	\$ 136,201
Additions	2,357	-	198	2,555
September 30, 2015	41,625	3,015	94,116	138,756
Accumulated depreciation				
December 31, 2014	33,268	319	71,924	105,511
Additions	2,617	226	4,434	7,277
September 30, 2015	35,885	545	76,358	112,788
Net book value				
December 31, 2014	6,000	2,696	21,994	30,690
September 30, 2015	\$ 5,740	\$ 2,470	\$ 17,758	\$ 25,968

Of the \$7,277 (2014 -\$8,591) of depreciation expense recognized during the nine months ended September 30, 2015, \$6,434 (2014 - \$7,751) was included as exploration expenditures and \$843 (2014 - \$840) was recorded as depreciation on the statements of comprehensive loss.

7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2014	Acquisition	Write-offs	September 30, 2015
Brazil				
Itaituba Iron	\$ 54,246	\$ -	\$ -	54,246
Planalto Copper	25,777	-	-	25,777
Peru				
Condorama	916,347	-	(916,347)	-
Corina	112,611	-	-	112,611
Total	\$ 1,108,981	-	\$ (916,347)	192,634

Brazil**Curionópolis Copper-Gold Project**

In October 2013 the Company signed an option agreement with Tessarema Resources Inc. ("Tessarema") whereby Tessarema can earn a 100% interest in the Curionópolis Copper Project. Under the terms of the agreement, Tessarema has earned an initial 49% interest by: making staged cash payments to Lara totalling US\$750,000, completing 2,000 metres of drilling and delivering a National Instrument ("NI") 43-101 report confirming a mineral resource which could be economically mined of at least 100,000 tonnes of contained copper and copper equivalent by-products, all by September 30, 2015. Tessarema can earn a further 11% interest (for a total of 60%) by paying Lara US\$500,000 within one year, completing permitting for pilot mining and granting Lara a royalty of 5% on any pilot scale production. Finally, subject to completion of the first two stages (that can be run concurrently), Tessarema can earn an

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7. EXPLORATION AND EVALUATION ASSETS (continued)

additional 40% interest in the project (for a total of 100%) by paying Lara US\$750,000, placing the project into commercial production at a minimum rate of 500 tonnes per day. If that milestone is achieved, the 5% pilot royalty would terminate and Lara would be granted a 2% production royalty.

Curionópolis Iron Project

The Company has an agreement whereby Vertical Mineração Ltda. ("Vertical"), a special purpose company owned by a group of Brazilian pig iron producers, has acquired the iron ore targets within the Curionópolis licenses for cash payments, exploration work commitments and royalties. Vertical has completed exploration and development studies on the iron deposits in the property and is currently in the process of completing environmental permitting to secure a mining license. Lara is entitled to royalties of US\$1.50/ton on sales of granular iron ore and US\$0.75/ton on sales of fine-grained iron ore produced from the project.

During the period the Company filed for arbitration with the Forum Arbitral do Rio de Janeiro ("FARJ"), over its Mineral Rights Transfer Agreement ("the Agreement") with Vertical. Among the terms of the agreement, signed in May 2009, whereby Lara transferred its rights to the Curionópolis Iron Project to Vertical, were obligations for Vertical to make purchase payments and pay minimum royalties to the Company. Despite several renegotiations extending payment terms and repeated notifications Vertical has not made these payments. Lara has requested that the Arbitrators rule on the unpaid amounts, plus interest and fines, as defined by the Agreement. Eventually if Vertical is unable or unwilling to pay, the Company is requesting return of the property.

Itaituba Iron Project

In 2011, the Company entered into an option agreement to acquire the Itaituba Iron Project by paying 100,000 reals (approximately \$55,000); 50,000 reals were paid upon signing the agreement and another 50,000 reals were due upon the transfer of the title of one license area. In March 2013, the transfer of the title to the license area was completed and Lara made the second payment of 50,000 reals. The Company must make a third purchase payment of US\$0.30 per ton of measured reserves of iron ore and a royalty payment of US\$0.45 per ton of economically mineable reserves as determined by a NI 43-101 compliant report.

Planalto Copper Project

In February 2013, the Company entered into an option agreement to acquire a 100% interest in the Planalto Copper Project by paying US\$450,000 (US\$25,000 paid to date) in cash and a 2% net smelter return ("NSR") royalty. Lara has the right to acquire 50% of the NSR for US\$2,000,000. The Planalto mineral rights are currently subject of an administrative dispute with the Brazilian Department of Mines and the payments to the vendor have been suspended until the matter is resolved.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Liberdade Copper Project

In September 2010 the Company signed an agreement with a local subsidiary of a Chilean copper company, Codelco do Brasil Mineracao Ltda. (“Codelco”) to earn an initial 51% interest in the property by investing US\$3,300,000 in exploration which has been completed. Codelco at its election, can then earn a further 24% interest by sole-funding such additional exploration work as is necessary to define a minimum resource of at least 500,000 tonnes of copper equivalent, independently reported under NI 43-101 guidelines. Work on the project is currently suspended, pending the renewal of the exploration license by the Brazilian Department of Mines. The Brazilian Department of Mines (“DNPM”) has delayed analysis of the renewal, as Vale S.A. (“Vale”) has claimed to have a license dating back to 1986 that is still valid. Codelco has filed a lawsuit with the Federal Courts in Brasilia, against both the DNPM and Vale to nullify Vale’s old license and safeguard its rights under the Liberdade exploration license.

Sergipe Potash Project

In June 2012, Lara entered into an option agreement with Aguia Resources Ltd. (“Agua”) whereby Agua could pay a total of US\$100,000, issue up to 15,000,000 shares to Lara and carry out US\$1,500,000 of exploration expenditures within two years of the renewal of certain exploration licenses in order to acquire a 100% interest in Lara’s Sergipe Potash Project in northeast Brazil. In March 2014, the parties amended the terms of the agreement and Agua is now committed to pay US\$400,000 in stages to Lara (US\$200,000 of which has been paid) by September 30, 2015 and issue four million new Agua shares to Lara by March 31, 2014 (issued) and a further eleven million shares if it exercises its option to acquire 100% interest in the project or fails to drill. The Company received eleven million shares from Agua in June and sold them to a third party for proceeds of \$418,833.

Caninde Graphite Project

On October 27, 2014 Lara signed an option agreement with Paradigm Metals Limited (“Paradigm”) to earn up to an 80% interest in the Company’s Canindé Graphite Project in northeastern Brazil by making staged payments totalling US\$700,000 to Lara (US\$100,000 paid), funding a minimum US\$4,500,000 of exploration and development work and putting the project into commercial production. Paradigm has elected to terminate the option and has agreed to return \$77,587 of Lara’s funds.

Peru

Corina Gold Project

In June 2014 the Company signed a binding Letter of Intent with Compañía Minera Ares S.A.C. (“Ares”), a subsidiary of London-listed Hochschild Mining plc. that operates mines nearby, granting an option to purchase its Corina Gold Project in southern Peru. Under the proposed terms, Ares can acquire the Corina property from Lara for staged cash payments totalling US\$4,150,000, carrying out US\$2,000,000 in exploration and paying a 2% NSR royalty on any future production. Lara and Ares signed a definitive agreement in July 2014 and Ares made the first cash payment of US\$150,000. This payment was recorded as a recovery of exploration and evaluation assets on the statement of financial position. Ares has up to 36 months to obtain a community access agreement, which would allow them to begin exploration. On obtaining this agreement Ares is required to pay the Company US\$150,000 and the 36 month option agreement will begin.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Grace Gold Project

In November 2013, Lara signed an option agreement with Apumayo S.A.C., a subsidiary of Peruvian gold miner Aruntani S.A.C. ("Aruntani"), to acquire 100% of the Company's Grace Gold Project in southern Peru for a total of US\$2,000,000 (US\$75,000 received to date) within 36 months of receiving approval by Dirección General de Minería for the start of exploration activities. Lara will also be entitled to NSR royalty payments of between 0.75% and 1% on gold and gold equivalent production in excess of 200,000 troy ounces.

Aruntani further committed to minimum exploration expenditures on the property of US\$500,000 and the completion of a minimum of 3,000 metres of drilling. The timing of the payments to Lara and the work commitments are subject to securing community agreements and drilling permits from the Peruvian government.

Picha Copper Project

During the period ended September 30, 2015, the Company signed a Letter of Intent ("LOI") granting the Kiwanda Group ("Kiwanda") a six-month exclusive option to acquire the Project in exchange for assuming mineral rights and community obligations that fall due during 2015. In the event that Kiwanda elects to complete its option, the Project will be transferred to a new company controlled by Kiwanda, which will grant Lara an NSR royalty of 2% on any precious metals and 1% on any base metals or other minerals produced from the Project. Kiwanda will also pay or transfer to Lara 30% of the proceeds upon a sale or transfer of the Project to a third-party.

Condorama Copper-Gold Project

In December 2014, the Company signed a Letter of Intent ("LOI") with Goldplata Mining International Corporation ("Goldplata"). Under the terms of the LOI, Goldplata has an exclusive six-month option to negotiate an agreement to acquire Lara's interest in the Condorama project in exchange for agreeing to pay the property holding costs for the coming year. Lara and Goldplata also agreed to negotiate on a best efforts basis the terms to exchange their respective interests in the Condorama and Murindo Projects for shares in a new company and to seek financing to develop these projects and to acquire other similar copper porphyry projects in the region. The Parties were unable to agree terms for the Condorama consolidation and the LOI was terminated at the end of the second quarter and Lara elected to write down its investment in the Condorama Project in the amount of \$916,347.

Minas Dixon - Lara and Tingo Este Copper Projects

Lara has a 45% interest in the Lara Copper Project. Lara retains a 1% NSR royalty on all production from the projects. The Company acquired Tingo Este from Tinka Resources Ltd. ("Tinka") and there is an obligation to pay Tinka a 1% NSR royalty on any production from the property.

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Notes to the Condensed Consolidated Interim Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Strategic Alliances

Kiwanda Phosphate Alliance

In December 2011, Lara completed a definitive agreement with the Kiwanda Group LLC (“Kiwanda LLC”) to generate, acquire and develop phosphate projects in the Andean Region of South America. Under the terms of the agreement, Kiwanda LLC was supposed to fund a US\$1,500,000 generative exploration program over three years, with US\$500,000 committed in year one. Once a minimum of US\$150,000 has been spent on the evaluation, exploration or acquisition of a specific project, Kiwanda LLC would either nominate it as a “Designated Project” or return it to Lara. Each Designated Project will be transferred into an operating company owned equally by Lara and Kiwanda LLC, Kiwanda Alliance (BVI) Inc. (Note 9). Kiwanda LLC agreed to invest US\$5,000,000 over a four-year period (US\$1,000,000 is a firm commitment) in exploration and development of the Designated Project to raise its interest to 65%. Kiwanda could then further raise its interest to a total of 75% by delivering a feasibility study as defined by NI 43-101 within a further two years, subject to spending a minimum of US\$2,000,000 per year. Kiwanda LLC is in default on its funding obligation for the Phosphate Alliance. Lara has provided an extension to allow them more time to raise funds for the generative exploration program.

Kiwanda Coal Alliance

In July 2012, Lara completed a definitive agreement with the Kiwanda Mining Partners LP (“Kiwanda LP”) to generate, acquire and develop coal projects in Peru and Colombia through an operating company owned equally by Lara and Kiwanda LP, Andean Coal (BVI) Ltd. (Note 9). Under the terms of the agreement, Kiwanda LP was supposed to fund a US\$1,800,000 generative exploration program over three years with US\$600,000 committed in year one. Kiwanda LP is in default on its funding obligation for the Coal Alliance. Lara has provided an extension to Kiwanda LP to allow them more time to raise funds for the generative exploration program.

On October 14, 2014 the Company signed a Definitive Agreement with partner Kiwanda Mines LLC (“Kiwanda”) to sell the rights and options held under their Phosphate Alliance and Coal Alliance, to Australian Securities Exchange listed Phillips River Mining Limited (“Phillips River”). Lara has agreed to sell all of its direct project rights under both Alliances to Phillips River in exchange for 50% of the vend-in shares to be issued by Phillips River and a 2% production royalty. Under the terms of the agreement, Phillips River will now acquire all of the Phosphate Alliance and Coal Alliance assets and options as follows:

- a) Lara’s 19.9% interest in central Colombian coal producer Carbid S.A.
- b) The Coal Alliance’s option to earn a 51% interest in Carbid’s Escalones mining rights.
- c) The Coal Alliance’s option to earn a 100% interest in the Pelaya coal exploration rights in northern Colombia.
- d) The Phosphate Alliance’s option to acquire a 100% interest in the Bifox phosphate mining rights in northern Chile.
- e) The Phosphate Alliance’s 100% owned Ki phosphate exploration rights adjacent to the Bifox mining rights.

Lara has received US\$200,000 from Kiwanda LP that was due upon signing of the Heads of Agreement and is entitled to a further US\$570,000 upon the earliest of either the completion of the acquisition of the assets by Phillips River or May 30, 2015. Phillips River will acquire the assets through the issue of new shares at a deemed price of Australian \$0.20 each, based on an independent valuation. After payment of the amounts

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7. EXPLORATION AND EVALUATION ASSETS (continued)

due to Lara, the new Phillips River shares will be issued equally to Lara (50%) and Kiwanda (50%), with 50-60% of the shares payable upon closing of the transaction and the remainder only payable subject to achieving certain production and resource definition milestones. Phillips River will assume the day-to-day management and costs of these assets, with Lara retaining the right to appoint a director to the Phillips River's board of directors. Lara is further entitled to a 2% production royalty on the Coal Alliance assets and once an annual production capacity of 50,000 tons has been achieved, a 2% production royalty on the Phosphate Alliance assets. Phillips River shareholders approved the transaction on May 15, 2015. The transaction is proceeding and is expected to be completed by the end of the 2015.

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8. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2015, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Curionópolis Brazil	Caninde Brazil	General and other Brazil	Condoroma Peru	Corina Peru	Piccha Peru	Sami Peru	General and other Peru	Total
Administrative	\$ 138,218	\$ 57,395	\$ 78,820	\$ 1,486	\$ 8,446	\$ 3,316	\$ 24,849	\$ 32,270	\$ 344,800
Assays	-	3,230	12,216	-	-	-	-	-	15,446
Drilling	-	70,085	-	-	-	-	-	-	70,085
Field costs	104,560	13,104	10,882	218	1,249	490	3,212	15,866	149,581
Property maintenance	23,233	5,928	1,421	23	129	51	333	147	31,265
Salaries and consultants	113,897	40,821	84,236	5,261	30,255	10,825	26,362	44,654	356,311
Telecommunications	2,037	13	1,801	117	673	264	1,732	763	7,400
Travel and related costs	10,607	12,921	13,530	71	405	159	1,043	2,682	41,418
Trenching	-	11,199	-	-	-	-	-	-	11,199
Total expenditures	392,552	214,696	202,906	7,176	41,157	15,105	57,531	96,382	1,027,505
Recoveries	(226,907)	(111,168)	-	-	(20,040)	(15,105)	-	-	(373,220)
Net expenditures	\$ 165,645	\$ 103,528	\$ 202,906	\$ 7,176	\$ 21,117	\$ -	\$ 57,531	\$ 96,382	\$ 654,285

At the end of the quarter ended March 31, 2015 Paradigm acquired 51% of the shares of Caninde (BVI) Ltd. ("Caninde") which owns 100% of the shares of Lara Alliance Mineracao Ltda., which in turn owns the Caninde graphite project. Paradigm appoints two of the three directors of Caninde and therefore Lara does not control Caninde and effective for the period from April 1 to September 30, 2015 the Company has deconsolidated Caninde and has begun reporting its results on an equity basis (Note 9). As a result, the expenditures and recoveries reported for the Caninde project in the table above are for the first quarter only.

Expenditures incurred on general and other projects in Brazil are for activity where Lara does not hold title. Expenditures incurred on general and other projects in Peru include costs incurred on a number of minor properties none of which totalled more than \$1,000.

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8. EXPLORATION EXPENDITURES (continued)

During the nine months ended September 30, 2014, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Curionópolis Brazil	Caninde Brazil	General and other Brazil	Condoroma Peru	Corina Peru	Piccha Peru	Sami Peru	General and other Peru	Total
Administrative	\$ 154,637	\$ 28,625	\$ 74,758	\$ 4,603	\$ 6,937	\$ 311	\$ 9,059	\$ 86,364	\$ 365,294
Assays	88,216	423	3,974	-	-	-	-	-	92,613
Drilling	562,311	-	-	-	-	-	-	-	562,311
Field costs	202,645	19,609	27,716	4,478	2,917	10,082	40	14,043	281,530
Property maintenance	28,524	8,038	46,827	-	790	-	36,169	18,293	138,641
Salaries and consultants	117,589	18,057	122,875	2,295	12,643	7,136	20,046	271,698	572,339
Telecommunications	3,012	90	1,856	-	-	-	-	8,655	13,613
Travel and related costs	39,207	5,002	13,688	2,955	1,255	320	5,857	7,306	75,590
Trenching	695	-	-	-	-	-	-	-	695
Total expenditures	1,196,836	79,844	291,694	14,331	24,542	17,849	71,171	406,359	2,102,626
Recoveries	(1,005,060)	(14,320)	(508)	-	-	-	-	-	(1,019,888)
Net expenditures	\$ 191,776	\$ 65,524	\$ 291,186	\$ 14,331	\$ 24,542	\$ 17,849	\$ 71,171	\$ 406,359	\$ 1,082,738

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8. EXPLORATION EXPENDITURES (continued)

During the nine months ended September 30, 2015, the Company received the aggregate option payments as follows:

	Gross options payments received				Recovery of exploration expenditure	Recovery of capital property	Option revenue received	Total
	Shares	Cash	Advances	Total				
Caninde, Brazil	\$ -	\$ -	\$ 111,168	\$ 111,168	\$ 111,168	\$ -	\$ -	\$ 111,168
Curionópolis, Brazil	-	335,225	226,907	562,132	226,907	-	335,225	562,132
Sergipe Potash, Brazil	418,833	256,082	-	674,915	-	-	674,915	674,915
Corina, Peru	-	20,040	-	20,040	20,040	-	-	20,040
Picha, Peru	-	45,774	-	45,774	15,105	-	30,669	45,774
Total	\$ 418,833	\$ 657,121	\$ 338,075	\$ 1,414,029	\$ 373,220	\$ -	\$ 1,040,809	\$ 1,414,029

During the nine months ended September 30, 2014, the Company received the aggregate option payments as follows:

	Gross options payments received				Recovery of exploration expenditure	Recovery of capital property	Option revenue received	Total
	Shares	Cash	Advances	Total				
Caninde, Brazil	\$ -	\$ -	\$ 14,320	\$ 14,320	\$ 14,320	\$ -	\$ -	\$ 14,320
Copper Alliance, Brazil	-	-	77,913	77,913	508	-	77,405	77,913
Curionópolis, Brazil	-	-	1,005,060	1,005,060	1,005,060	-	-	1,005,060
Sergipe Potash, Brazil	245,400	110,782	-	356,182	-	-	356,182	356,182
Corina, Peru	-	160,643	-	160,643	-	160,643	-	160,643
Total	\$ 245,400	\$ 271,425	\$ 1,097,293	\$ 1,614,118	\$ 1,019,888	\$ 160,643	\$ 433,587	\$ 1,614,118

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9. INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

Kiwanda Coal Alliance

The Company owns a 50% interest in Andean Coal (BVI) Ltd. ("Andean Coal"). At December 31, 2014, the Company had a net investment in Andean Coal of \$409,331. During the nine months ended September 30, 2015, the Company made an additional investment of \$2,764. The Company's share of the net loss for the period was \$4,042 resulting in a net investment in Andean Coal of \$408,053 at September 30, 2015.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). At December 31, 2014, the Company's net investment in Kiwanda was \$nil and there were accumulated unrecognized losses of \$120,952. During the nine months ended September 30, 2015, the Company made an additional investment of \$3,758. The Company's share of the net loss for the period was \$67,875, resulting in an accumulated unrecognized loss of \$185,069 and a net investment in Kiwanda of \$nil at September 30, 2015.

Minas Dixon S.A.

At December 31, 2014 Lara had an accumulated unrecognized loss of \$18,428 in Minas with a net investment of \$nil. During the nine months ended September 30, 2015, the Company made an additional investment of \$54,778. The Company's share of the net loss for the nine months ended September 30, 2015 was \$58,721, resulting in accumulated unrecognized loss of \$22,371 and a net investment of \$nil in Minas at September 30, 2015.

Caninde

On March 23, 2015, Paradigm Metals Ltd. ("Paradigm") exercised its option in connection with the earn-in agreement with respect to the Canindé Graphite Project (Note 7). As a result, the Company reduced its continuing interest in its previously wholly-owned subsidiaries Caninde (BVI) Inc. and Lara Alianca Mineraco Ltda. (collectively, "Caninde") to 49% and recognized an \$4,099 loss on dilution of the former subsidiary. The Company used an effective transition date of April 1, 2015. The following table summarizes the derecognized carrying values of the assets and liabilities of Caninde at April 1, 2015.

		Caninde
Cash and other current assets	\$	46,678
Accounts receivable and advances		20,173
Accounts and other payables		(58,815)
Net assets held by former subsidiary		8,036
Investment in associated company		3,937
Loss on dilution of subsidiary	\$	4,099

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9. INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

At April 1, 2015, the effective transition date, Lara had a net investment in Caninde of \$3,937 and made an additional investment of \$154 during the six month period ended September 30, 2015. The Company's share of the net loss for the period was \$71,245. Lara recognized a loss of \$4,091 and had an accumulated unrecognized loss of \$67,154 and a net investment in Caninde of \$nil at September 30, 2015.

The continuity of investment in associated companies and joint ventures is as follows:

	Minas	Kiwanda	Andean Coal	Caninde	Total
<u>Investment in associated company</u>					
Net investment at December 31, 2013	\$ -	\$ 105,241	\$ 96,349	\$ -	\$ 201,590
Additional investment (recovery) for the year ended December 31, 2014	99,454	(144,917)	326,823	-	281,360
Share of net (loss) recovery	(95,047)	39,676	(13,841)	-	(69,212)
Prior year's loss recognized	(4,407)	-	-	-	(4,407)
Net investment at December 31, 2014	\$ -	\$ -	\$ 409,331	\$ -	\$ 409,331
Investment at April 1, 2015	-	-	-	3,937	3,937
Additional investment (recovery) for the period ended September 30, 2015	54,778	3,758	2,764	154	61,454
Share of net (loss) recovery	(36,350)	(3,758)	(4,042)	(4,091)	(48,241)
Prior year's loss recognized	(18,428)	-	-	-	(18,428)
Net investment at September 30, 2015	\$ -	\$ -	\$ 408,053	\$ -	\$ 408,053

As at September 30, 2015, the associated companies' and joint venture's aggregate assets, aggregate liabilities and net losses are as follows:

	Minas	Kiwanda	Andean Coal	Caninde
Current assets	\$ 36,001	\$ 7,623	\$ 2,253	\$ 1,169
Non-current assets	423,327	-	564,477	5,453
Current liabilities	(16,372)	(5,489)	-	(89,938)
Loss for the period	(130,492)	(135,749)	(8,083)	(145,397)
The Company's ownership percentage	45%	50%	50%	49%
The Company's share of loss for the period	(58,721)	(67,875)	(4,042)	(71,245)

The loss for the year for Caninde relates to the six month period from April 1 to September 30, 2015. Lara recognized a loss in equity of associated company of \$4,091 because its equity investment in Caninde was reduced to \$nil at that time.

The Company has a minority position on the Board of Minas and Caninde and has a joint control position on the Boards of Andean Coal and Kiwanda BVI and has joint control on operational decisions. The Company has determined that it has significant influence in its associated company and has joint control over its joint arrangements and therefore equity accounting is appropriate.

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10. LONG-TERM INVESTMENTS AND LOANS RECEIVABLE

The Company has the following long-term investments in the common shares of private companies and of companies that trade on the TSX Venture Exchange and the Australian Securities Exchange. The shares have been classified as financial assets that are available-for-sale (“AFS”) and are valued at their fair market values at September 30, 2015.

	Fair value December 31, 2014	Additions	Disposals	Change in fair value	Fair value September 30, 2015
<u>Available-for-sale investments</u>					
Aguia Resources Ltd.	\$ 258,400	\$ 418,833	\$ (720,879)	\$ 261,093	\$ 217,447
Harvest Minerals Ltd. (formerly Avenue Resources)	18,966	-	(66,821)	47,855	-
Mezzi Holdings Ltd. (formerly CCT Capital Ltd.)	4,500	-	(4,632)	132	-
Mt. Ridley Mines Inc.	-	-	-	38,357	38,357
Horizonte Minerals Inc.	411,250	-	(86,415)	(165,835)	159,000
Redzone Resources Ltd.	21,250	-	-	(12,750)	8,500
Total	\$ 714,366	\$ 418,833	\$ (878,747)	\$ 168,852	\$ 423,304

During the nine months ended September 30, 2015 the Company sold all of its holdings in Mezzi Holdings (formerly CCT Capital Ltd.) and Harvest Minerals Ltd. (formerly Avenue Resources Limited). The Company received 11,000,000 shares of Aguia in June as condition of its option agreement with Aguia and immediately sold those shares to a third party for proceeds of \$418,833. Lara also sold 6,679,450 of previously held shares of Aguia and 2,925,000 of Horizonte Minerals Inc. through its broker and recorded a gain on disposal of \$78,141.

In January 2014 the Company invested US\$300,000 into Symerton Holding S.A. (“Symerton”). In return the Company received 150 ordinary shares (with an assessed value of \$nil) in Symerton and an unsecured US\$300,000 loan receivable. Symerton is a private company based in the Republic of Panama that is seeking to acquire gold projects in South America. They are related to the Company as a director of the Company is a significant shareholder of Symerton. The loan is non-interest bearing. As at September 30, 2015 the Company has recorded the loan receivable of \$402,270 as a non-current asset in the Company’s statements of financial position as it anticipates that it will convert the loan receivable into a direct investment in a gold project.

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11. EQUITY

Authorized

As at September 30, 2015, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Capital

During the nine month period ended September 30, 2015, the Company issued:

- 74,999 bonus shares to the directors and employees of the Company, valued at \$56,999; and,
- 241,667 common shares issued for debt, valued at \$60,417.

During the nine months ended September 30, 2014, the Company issued:

- 73,332 bonus shares to the directors and employees of the Company, valued at \$88,733; and,
- 60,000 common shares for gross proceeds of \$37,500 pursuant to the exercise of stock options.

Stock Options

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2014	2,075,000	\$ 1.05
Granted	1,470,000	0.25
Cancelled/expired	(835,000)	(0.79)
Balance as at September 30, 2015	2,710,000	\$ 0.70

The following table summarizes the stock options outstanding and exercisable at September 30, 2015:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
November 8, 2010	November 8, 2015	1.02	50,000	50,000
February 21, 2011	February 21, 2016	1.76	50,000	50,000
June 24, 2011	June 24, 2016	1.18	100,000	100,000
November 21, 2011	November 21, 2016	1.36	100,000	100,000
January 31, 2012	January 31, 2017	1.20	790,000	790,000
October 25, 2012	October 25, 2017	1.33	100,000	100,000
April 22, 2014	April 22, 2019	0.86	50,000	50,000
July 24, 2015	July 24, 2020	0.25	1,470,000	1,470,000
Total			2,710,000	2,710,000

The weighted average remaining life of the outstanding stock options is 3.23 years.

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11. EQUITY (continued)

Share-based Payments

In August 2014 the Company granted 250,000 bonus shares to certain directors and employees, valued at \$190,000 or \$0.76 per share. During the nine month period ended September 30, 2015, the Company recorded share based payments of \$69,056 (2014 - \$16,153) for the bonus shares that had been granted but not fully vested.

During the nine month period ended September 30, 2015, the Company issued 74,999 (2014 - 73,332) bonus shares to certain directors and employees. Upon the issuance of these bonus shares, the Company recorded share capital of \$56,999 (2014 - \$88,733) or \$0.76 (2014 - \$1.21) per share, on the bonus shares issued.

During the nine months ended September 30, 2015, the Company entered into agreements with its President & CEO, Vice-President Corporate Development and former President, to settle outstanding management and consulting fees owed to them as of May 31, 2015, by making cash payments totaling \$105,200 and issuing 166,667 common shares priced at \$0.30 each. Additionally, the Company agreed to settle outstanding fees owed to three current Non-Executive Directors and to terminate the payment of further director's fees to them and two former Non-Executive Directors as of the March 31, 2015, by making cash payments of \$21,274 and issuing 75,000 common shares priced at \$0.30 each. The 241,667 shares were issued on July 6, 2015 at a share price of \$0.25 recorded at \$60 417.

The Company granted 1,470,000 stock options to certain officers, directors, consultants and employees on July 24, 2015. The options were fully vested on the grant date with an option life of five years. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions: a risk free interest rate of 1.43%; an expected dividend yield of 0%; an expected stock price volatility of 52%; an option life of 5 years; and a forfeiture rate of 0%. Based on these assumptions the Company recorded share-based compensation expense of \$137,141.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being exploration and development of exploration and evaluation assets. Except for exploration and evaluation assets, equipment and exploration expenditures, substantially all of the Company's assets and expenditures are located and incurred in Canada. Exploration and evaluation assets are located in Brazil and Peru, equipment is located mainly in Brazil and all of the exploration expenditures are incurred in Brazil, Peru and Chile.

13. RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions and outstanding balances relating to key management personnel are as follows:

	Nine months ended	
	September 30, 2015	September 30, 2014
Salaries, benefits and directors' fees	\$ 268,000	\$ 336,000
Share-based payments	171,,995	13,030
	\$ 439,995	\$ 349,030

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due to and from related parties as of September 30, 2015 and December 31, 2014 are as follows:

Related party assets and liabilities	Service or items	September 30 2015	December 31 2014
Amounts due to:			
Chief Executive Officer	Management fees	\$ 79,912	\$ 59,552
Former President, Director	Fees and expense recovery	9,074	6,574
Vice President, Corporate Development	Management fees	33,129	26,903
Directors	Directors fees	8,951	30,000
Amounts due from:			
Chief Executive Officer	Bonus share payroll expense	-	737
Vice President, Corporate Development	Bonus share payroll expense	-	1,785
Reservoir Capital Corp. (common director)	Expense recovery	1,198	2,166
Reservoir Minerals Inc. (common director)	Expense recovery	1,591	2,565

During the nine months ended September 30, 2015, the Company paid \$160,200 (2014 - \$160,200) to Seabord Services Corp. ("Seabord"). Seabord is a management services company controlled by a former director. Seabord provides the services of a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administrative staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended September 30, 2015, the Company recorded:

- recorded a gain on sale of investments of \$78,141;
- options revenue received in shares of \$418,833;
- an unrealized foreign exchange gain on a loan receivable of \$53,490;
- a write-off of exploration and evaluation assets of \$916,347;
- share-based payments of \$206,197.

15. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Credit Risk

The Company's cash and cash equivalents are mainly held through large Canadian or US financial institutions and, as at September 30, 2015, are mainly held in interest-bearing accounts; accordingly, credit risk is minimized. The Company assesses the collectability of amounts owing from partners on their mineral properties and on its loans receivable and records allowances for non-collection based on management's assessment of specific accounts.

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15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Currency Risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Brazil, Peru and Chile. The Company funds cash calls to its subsidiary companies outside of Canada in Canadian and US dollars and a portion of its expenditures are also incurred in the local currencies. The risk is that there could be a significant change in the exchange rate of the Canadian dollar relative to the US dollar, the Brazilian real and the Peruvian sol. A significant change in these rates could have an adverse effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at September 30, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars, Brazilian reals, Peruvian sols and Chilean pesos:

	US dollars	Brazilian reals	Peruvian sols	Chilean pesos	Total
Cash and cash equivalents	415,351	125,485	12,817	-	
Receivables	3,159	12,453	77,376	-	
Accounts payable and accrued liabilities	(36,384)	(136,871)	(36,509)	(9,412,473)	
Net exposure	382,127	1,067	53,685	(9,412,473)	
Canadian dollar equivalent	\$512,394	\$ 355	\$ 22,193	\$(4,077)	\$ 530,864

Based on the above net exposures as at September 30, 2015 and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the above foreign currencies would result in an increase/ decrease of approximately \$53,100 to the net loss.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values as a result of volatility of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. Lara holds AFS investments which have market risk and have declined in value since acquisition, as a result of the weak equity markets for exploration companies. The Company's cash is held mainly in interest-bearing bank accounts, and therefore there is currently minimal interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk through the management of its capital resources as outlined below.

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15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**Management of Capital**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties, which enables it to conserve capital and to reduce risk. Lara can liquidate long-term investments in order to raise additional cash resources. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after 30 days without penalty. The Company may have to raise additional capital resources to fund its exploration programs and to cover its administrative costs for the next twelve months.

16. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

Financial instruments	September 30, 2015		
	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	\$ -	\$ 1,056,953	\$ -
Restricted cash equivalents	-	46,000	-
Receivables	-	313,220	-
Loans receivable	-	402,270	-
Long-term investments	423,304	-	-
Accounts payable and accrued liabilities	-	-	(228,092)
	\$ 423,304	\$ 1,818,443	\$ (228,092)

Financial instruments	December 31, 2014		
	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	\$ -	\$ 954,509	\$ -
Restricted cash equivalents	-	46,000	-
Receivables	-	50,092	-
Loans receivable	-	348,780	-
Long-term investments	714,366	-	-
Accounts payable and accrued liabilities	-	-	(338,746)
	\$ 714,366	\$ 1,399,381	\$ (338,746)

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16. FINANCIAL INSTRUMENTS (continued)**Fair Value**

The carrying value of receivables, accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

Financial instruments measured at fair value on the condensed consolidated interim statements of financial position are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
September 30, 2015				
Long-term investments	\$ 423,304	\$ -	\$ -	\$ 423,304
December 31, 2014				
Long-term investments	\$ 714,366	\$ -	\$ -	\$ 714,366