



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six Months Ended June 30, 2015 AND 2014

(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the six months ended June 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)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 808,377	\$ 954,509
Receivables (Note 4)	141,359	50,092
Prepays and deposits	30,274	64,401
Total current assets	980,010	1,069,002
Non-current assets		
Restricted cash equivalents (Note 5)	46,000	46,000
Equipment (Note 6)	28,214	30,690
Exploration and evaluation assets (Note 7)	192,634	1,108,981
Investment in associated companies and joint ventures (Note 9)	407,922	409,331
Loan receivable (Note 10)	370,620	348,780
Long-term investments (Note 10)	702,055	714,366
Total non-current assets	1,747,445	2,658,148
TOTAL ASSETS	\$ 2,727,455	\$ 3,727,150
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 265,332	\$ 338,746
TOTAL LIABILITIES	265,332	338,746
EQUITY		
Share capital (Note 11)	20,863,240	20,863,240
Commitment to issue shares	147,790	39,503
Share-based payments reserve	8,202,304	8,202,304
Accumulated other comprehensive income (Note 10)	211,701	12,189
Deficit	(26,962,912)	(25,728,832)
TOTAL EQUITY	2,462,123	3,388,404
TOTAL LIABILITIES AND EQUITY	\$ 2,727,455	\$ 3,727,150

Nature of operations and ability to continue as a going concern (Note 1)**Events after the reporting date (Note 17)**

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on August 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		Six months ended	
	June 30		June 30	
	2015	2014	2015	2014
EXPLORATION EXPENDITURES (Note 8)	\$ 169,866	\$ 466,356	\$ 468,760	\$ 878,372
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services	81,060	94,782	165,560	186,695
Depreciation (Note 6)	281	281	562	559
Management and directors' fees	40,064	61,035	84,537	142,095
Professional fees	16,695	53,249	43,160	80,260
Investor relations and shareholder communication	13,517	8,181	18,594	32,841
Share-based payments (Note 11)	19,240	43,635	47,870	49,551
Transfer agent and filing fees	12,129	13,772	35,765	40,408
Travel and related costs	14,521	20,408	32,382	48,570
	197,507	295,343	428,430	580,979
Loss before other items	(367,373)	(761,699)	(897,190)	(1,459,351)
OTHER INCOME (EXPENSES)				
Equity in loss of associated companies (Note 9)	(40,827)	(48,701)	(45,421)	(102,530)
Foreign exchange gain (loss)	(28,465)	(6,736)	30,438	(3,539)
Gain on settlement of accounts payable	12,083	-	12,083	-
Impairment loss on AFS financial instruments (Note 10)	-	(236,000)	-	(257,250)
Interest income	568	3,353	918	9,076
Loss on dilution of former subsidiaries (Note 9)	(4,099)	-	(4,099)	-
Option payments received (Note 8)	418,833	-	418,833	433,587
Other income	60,988	150,107	71,850	166,543
Realized gain on sale of long-term AFS investment	88,711	-	94,855	-
Write-off of exploration and evaluation assets (Note 7)	(916,347)	-	(916,347)	-
	(408,555)	(137,977)	(336,890)	245,887
Net income (loss) for the period	(775,928)	(899,676)	(1,234,080)	(1,213,464)
Other comprehensive income (loss)				
Net income (loss) for the period	\$ (775,928)	\$ (899,676)	\$ (1,234,080)	\$ (1,213,464)
Items that may be reclassified to profit or loss				
Change in fair value of investments (Note 10)	118,611	(316,127)	294,367	(94,422)
Transfer disposal of AFS investments	(88,711)	-	(94,855)	-
Transfers of permanent impairment of financial instruments to net loss	-	236,000	-	257,250
Comprehensive income (loss)	\$ (746,028)	\$ (979,803)	\$ (1,035,288)	\$ (1,050,636)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.03)	\$ (0.04)	\$ (0.04)
Weighted average number of common shares outstanding	30,969,691	30,969,691	30,969,691	30,877,719

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

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(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Six Months ended June 30,	
	2015	2014
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,234,080)	\$ (1,213,464)
Items not affecting cash:		
Depreciation	562	559
Depreciation included in exploration expenditures	4,137	6,720
Equity loss on investment in associated companies and joint ventures	45,421	102,530
Gain on sale of long-term investments	(94,855)	-
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)
Share-based payments	47,870	49,551
Unrealized foreign exchange gain on loans receivable	(21,840)	-
Changes in non-cash working capital items:		
Receivables	(111,440)	5,952
Prepays and deposits	34,127	9,530
Accounts payable and accrued liabilities	57,901	(120,692)
Advance from partners	-	(183,292)
	(782,667)	(1,330,756)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	-	(79,725)
Cash held by former subsidiary	(46,678)	-
Investment in associated companies and joint ventures	(40,075)	(318,150)
Purchase of long term investment	-	(327,000)
Purchase of equipment	(2,223)	(757)
Proceeds from sale of investments	725,511	-
	636,535	(725,632)
FINANCING ACTIVITIES		
Exercise of options	-	37,500
	-	37,500
Change in cash and cash equivalents	(146,132)	(2,018,888)
Cash and cash equivalents, beginning of period	954,509	2,788,769
Cash and cash equivalents, end of period	\$ 808,377	\$ 769,881
Supplementary cash flow information		
Interest received	\$ 917	\$ 9,076
Received common shares as option payments (Note 14)	418,433	245,400

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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
Share-based payments	-	-	47,870	-	-	-	47,870
Shares to be issued for debts	-	-	60,417	-	-	-	60,417
Change in fair value of AFS investments	-	-	-	-	294,367	-	294,367
Transfer of gain on sale of AFS investments	-	-	-	-	(94,855)	-	(94,855)
Net loss for the period	-	-	-	-	-	(1,234,080)	(1,234,080)
Balance as at June 30, 2015	30,969,691	\$ 20,863,240	\$ 147,790	\$ 8,202,304	\$ 211,701	\$ (26,962,912)	\$ 2,462,123
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	-	-	5,916	43,635	-	-	49,551
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	-	-	-	-	(94,422)	-	(94,422)
Transfer of impairment of AFS investments to net loss	-	-	-	-	257,250	-	257,250
Net loss for the period	-	-	-	-	-	(1,213,464)	(1,213,464)
Balance as at June 30, 2014	30,969,691	\$ 20,863,240	\$ -	\$ 8,202,304	\$ 160,999	\$ (24,385,942)	\$ 4,840,601

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 Six Months Ended June 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 six months ended June 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 reserves, 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 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 June 30, 2015, the Company has not achieved profitable operations and has accumulated losses since inception. Management expects that the Company may need 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 Six Months Ended June 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:

	June 30, 2015	December 31, 2014
Cash	\$ 807,564	\$ 954,509
Short-term bank deposits	813	-
Cash and cash equivalents	\$ 808,377	\$ 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.

	June 30, 2015	December 31, 2014
Accounts receivable	\$ 133,971	\$ 43,488
GST receivable	7,388	6,604
Receivables	\$ 141,359	\$ 50,092

5. RESTRICTED CASH EQUIVALENTS

At June 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

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(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	2,025	-	198	2,223
June 30, 2015	41,293	3,015	94,116	138,424
Accumulated depreciation				
December 31, 2014	33,268	319	71,924	105,511
Additions	1,709	150	2,840	4,699
June 30, 2015	34,977	469	74,764	110,210
Net book value				
December 31, 2014	6,000	2,696	21,994	30,690
June 30, 2015	\$ 6,316	\$ 2,546	\$ 19,352	\$ 28,214

Of the \$4,699 (2014 -\$7,279) of depreciation expense recognized during the six months ended June 30, 2015, \$4,137 (2014 - \$6,720) was included as exploration expenditures and \$562 (2014 - \$559) was recorded as depreciation on the statements of comprehensive loss.

7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2014	Acquisition	Write-offs	June 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 can earn an initial 49% interest by making staged cash payments to Lara totalling US\$750,000 (US\$500,000 paid to date), completing 2,000 metres of drilling (completed) 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 before 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. If Tessarema is unable, or elects not to complete any of the three stages, ownership of the project reverts to Lara.

Curionopolis 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 Curionopolis 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 completed 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 as paid 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 and then at its election to 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 Agua 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 to date), funding a minimum US\$4,500,000 of exploration and development work and putting the project into commercial production. Under the terms of the agreement Paradigm can earn an initial 51% interest in the project as follows:

Option Date October 27, 2014	Payment (US\$)	Exploration (US\$)	Drilling (metres)
Within 30 days (paid)	100,000		
Within 12 months	100,000		1,000
Within 24 months	100,000		1,000
Within 36 months	100,000	2,000,000	1,000
Lara may elect to receive payment in either cash or shares			

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For the Six Months Ended June 30, 2015 and 2014

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Paradigm can acquire an additional 19% interest in the issued and outstanding shares of Canindé by doing the following:

Option Date October 27, 2014	Payment (US\$)	Other requirements
Within 48 months	100,000	Preparing and delivering pre-feasibility study
Within 60 months	100,000	Incurring a minimum expenditures of an additional US\$2,500,000 in exploration and delivering a feasibility study
Lara may elect to receive payment in either cash or shares		

Paradigm can acquire a final additional 10% interest in the issued and outstanding shares of Canindé, bringing their total interest to 80%, by doing the following:

Option Date October 27, 2014	Payment (US\$)	Other requirement
Within 72 months	100,000	Issuing common shares of equal value to US\$100,000

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.

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., 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.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Picha Copper Project

During the period ended June 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 a net smelter returns 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.

Minas Dixon - Lara and Tingo Este Copper Projects

Lara has a 45% interest in the Lara and Tingo Este Copper Projects. 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.

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 may 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

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7. EXPLORATION AND EVALUATION ASSETS (continued)

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 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 but the timing depends on the completion of Phillips Rivers' initial public offering.

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8. EXPLORATION EXPENDITURES

During the six months ended June 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	\$ 95,308	\$ 57,395	\$ 59,628	\$ 1,717	\$ 8,252	\$ 1,795	\$ 17,291	\$ 9,677	\$ 251,063
Assays	-	3,230	9,855	-	-	-	-	-	13,085
Drilling	-	70,085	-	-	-	-	-	-	70,085
Field costs	74,839	13,104	7,676	254	1,229	267	2,229	3,051	102,649
Property maintenance	23,161	5,928	1,258	39	189	41	343	66	31,025
Salaries and consultants	70,806	40,821	69,402	5,451	26,466	4,362	16,016	28,884	262,208
Telecommunications	1,429	13	868	146	705	153	1,278	242	4,834
Travel and related costs	4,471	12,921	11,451	98	472	103	857	2,354	32,727
Trenching	-	11,199	-	-	-	-	-	-	11,199
Total expenditures	270,014	214,696	160,138	7,705	37,313	6,721	38,014	44,274	778,875
Recoveries	(178,907)	(111,168)	-	-	(20,040)	-	-	-	(310,115)
Net expenditures	\$ 91,107	\$ 103,528	\$ 160,138	\$ 7,705	\$ 17,273	\$ 6,721	\$ 38,014	\$ 44,274	\$ 468,760

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 June 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 included 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 six months ended June 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	Grace Peru	Sami Peru	General and other Peru	Total
Administrative	\$ 117,378	\$ 28,401	\$ 41,624	\$ 4,628	\$ -	\$ 130	\$ 7,997	\$ 55,231	\$ 255,389
Assays	71,894	423	1,121	-	-	-	-	-	73,438
Drilling	562,311	-	-	-	-	-	-	-	562,311
Field costs	134,016	19,607	17,690	4,502	2,933	-	40	22,700	201,488
Property maintenance	28,480	8,038	8,141	-	794	-	36,367	17,747	99,567
Salaries and consultants	86,763	18,057	81,262	315	6,958	752	15,989	251,763	461,859
Telecommunications	2,042	90	1,373	-	-	-	-	6,638	10,143
Travel and related costs	33,177	5,002	8,792	2,968	571	-	5,890	5,356	61,756
Trenching	695	-	-	-	-	-	-	-	695
Total expenditures	1,036,756	79,618	160,003	12,413	11,256	882	66,283	359,435	1,726,646
Recoveries	(847,766)	-	(508)	-	-	-	-	-	(848,274)
Net expenditures	\$ 188,990	\$ 79,618	\$ 159,495	\$ 12,413	\$ 11,256	\$ 882	\$ 66,283	\$ 359,435	\$ 878,372

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8. EXPLORATION EXPENDITURES (continued)

During the six months ended June 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	-	-	178,907	178,907	178,907	-	-	178,907
Sergipe Potash, Brazil	418,833	-	-	418,833	-	-	418,833	418,833
Corina, Peru	-	20,040	-	20,040	20,040	-	-	20,040
Total	\$ 418,833	\$ 20,040	\$ 290,075	\$ 728,948	\$ 310,115	\$ -	\$ 418,833	\$ 728,948

During the six months ended June 30, 2014, the Company received the aggregate option payments as follows:

	Gross options payments received				Recovery of exploration expenditure	Advance from JV partners	Option revenue received	Total
	Shares	Cash	Advances	Total				
Copper Alliance, Brazil	\$ -	\$ -	\$ 77,913	\$ 77,913	\$ 508	\$ -	\$ 77,405	\$ 77,913
Curionópolis, Brazil	-	-	847,766	847,766	847,766	-	-	847,766
Sergipe Potash, Brazil	245,400	110,782	-	356,182	-	-	356,182	356,182
Total	\$ 245,400	\$ 110,782	\$ 925,679	\$ 1,281,861	\$ 848,274	\$ -	\$ 433,587	\$ 1,281,861

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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 six months ended June 30, 2015, the Company made an additional investment of \$2,764. The Company's share of the net loss for the period was \$4,173 resulting in a net investment in Andean Coal of \$407,922 at June 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 six months ended June 30, 2015, the Company made an additional investment of \$3,758. The Company's share of the net loss for the period was \$45,607, resulting in an accumulated unrecognized loss of \$162,801 and a net investment in Kiwanda of \$nil at June 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 six months ended June 30, 2015, the Company made an additional investment of \$33,553. The Company's share of the net loss for the six months ended June 30, 2015 was \$48,030 resulting in accumulated unrecognized loss of \$32,905 and a net investment of \$nil in Minas at June 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)
<hr/>		
Net assets held by former subsidiary		8,036
Investment in associated company		3,937
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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 no additional investment during the three month period ended June 30, 2015. The Company's share of the net loss for the period was \$42,572 resulting in accumulated unrecognized loss of \$38,635 and a net investment in Caninde of \$nil at June 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
Additional investment (recovery) for the period ended June 30, 2015	33,553	3,758	2,764	3,937	44,012
Share of net (loss) recovery	(15,125)	(3,758)	(4,173)	(3,937)	(26,993)
Prior year's loss recognized	(18,428)	-	-	-	(18,428)
Net investment at June 30, 2015	\$ -	\$ -	\$ 407,922	\$ -	\$ 407,922

As at June 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	\$ 37,247	\$ 39,061	\$ 2,859	\$ -
Non-current assets	423,337	-	531,530	-
Current liabilities	(15,085)	(5,142)	-	(78,847)
Non-current liabilities	-	-	-	-
Loss for the year	(106,734)	(91,213)	(8,345)	(86,882)
The Company's ownership percentage	45%	50%	50%	49%
The Company's share of loss for the period	(48,030)	(45,607)	(4,173)	(42,572)

The loss for the year for Caninde relates to the three month period from April 1 to June 30, 2015. Lara recognized a loss in equity of associated company of \$3,937 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 June 30, 2015.

	Fair value December 31, 2014	Additions	Disposals	Change in fair value	Fair value June 30, 2015
<u>Available-for-sale investments</u>					
Aguia Resources Ltd.	\$ 258,400	\$ 418,833	\$ (720,879)	\$ 243,482	\$ 199,836
Harvest Minerals Ltd. (formerly Avenue Resources)	18,966	-	-	26,432	45,398
Mezzi Holdings Ltd. (formerly CCT Capital Ltd.)	4,500	-	(4,632)	132	-
Mt. Ridley Mines Inc.	-	-	-	24,321	24,321
Horizonte Minerals Inc.	411,250	-	-	-	411,250
Redzone Resources Ltd.	21,250	-	-	-	21,250
Total	\$ 714,366	\$ 418,833	\$ (725,511)	\$ 294,367	\$ 702,055

During the six months ended June 30, 2015 the Company sold all of its holdings in Mezzi Holdings (formerly CCT Capital Ltd.). 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 through its broker and recorded a gain on disposal of \$94,855.

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 and has a redemption date of June 30, 2015. As at June 30, 2015 the Company has recorded the loan receivable of \$370,620 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 June 30, 2015, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Capital

During the six month period ended June 30, 2015, the Company did not issue any bonus shares or common shares pursuant to the exercise of stock options.

During the six months ended June 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
Cancelled/expired	(685,000)	(0.71)
Balance as at June 30, 2015	1,390,000	\$ 1.22

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

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
November 8, 2010	November 8, 2015	1.02	50,000	50,000
December 20, 2010	December 20, 2015	1.23	75,000	75,000
February 21, 2011	February 21, 2016	1.76	50,000	50,000
June 24, 2011	June 24, 2016	1.18	125,000	125,000
November 21, 2011	November 21, 2016	1.36	100,000	100,000
January 31, 2012	January 31, 2017	1.20	840,000	840,000
October 25, 2012	October 25, 2017	1.33	100,000	100,000
April 22, 2014	April 22, 2019	0.86	50,000	50,000
Total			1,390,000	1,390,000

The weighted average remaining life of the outstanding stock options is 1.52 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 six month period ended June 30, 2015, the Company recorded share based payments of \$47,870 (2014 -\$5,916) for the bonus shares that had been granted but not fully vested.

During the six months ended June 30, 2015, the Company entered into agreements with its President & CEO, Vice-President Corporate Development and a Director, to settle outstanding management and consulting fees owed to them as of May 31, 2015, by making cash payments totaling \$100,000 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 \$22,500 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. At June 30, 2015, a commitment to issue 241,667 shares was recorded at \$60,417.

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:

	Six months ended	
	June 30, 2015	June 30, 2014
Salaries, benefits and directors' fees	\$ 187,000	\$ 234,000
Share-based payments	46,063	4,840
	<u>\$ 233,063</u>	<u>\$ 238,840</u>

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Related party assets and liabilities	Service or items	June 30 2015	December 31 2014
Amounts due to:			
Chief Executive Officer	Management fees	\$ 41,543	\$ 59,552
Former President, Director	Fees and expense recovery	9,074	6,574
Vice President, Corporate Development	Management fees	33,900	26,903
Directors	Directors fees	21,395	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	-	2,166
Reservoir Minerals Inc. (common director)	Expense recovery	5,140	2,565

During the six months ended June 30, 2015, the Company paid \$106,800 (2014 - \$106,800) 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 six months ended June 30, 2015, the Company recorded:

- recorded a gain on sale of investments of \$94,855;
- options revenue received in shares of \$418,833;
- an unrealized foreign exchange gain on a loan receivable of \$21,840;
- a write-off of exploration and evaluation assets of \$916,347;
- share-based payments of \$47,870.

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 June 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 June 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	221,983	186,121	8,984	-	
Receivables	18,218	26,982	87,328	-	
Accounts payable and accrued liabilities	(36,613)	(138,710)	(51,238)	(9,412,473)	
Net exposure	203,558	74,393	45,074	(9,412,473)	
Canadian dollar equivalent	\$ 251,513	\$ 29,096	\$ 17,110	\$ (4,534)	\$ 293,185

Based on the above net exposures as at June 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 \$29,300 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 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	June 30, 2015		
	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	\$ -	\$ 808,377	\$ -
Restricted cash equivalents	-	46,000	-
Receivables	-	141,359	-
Loans receivable	-	370,620	-
Long-term investments	702,055	-	-
Accounts payable and accrued liabilities	-	-	(265,332)
	\$ 702,055	\$ 1,366,356	\$ (265,332)

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
June 30, 2015				
Long-term investments	\$ 702,055	\$ -	\$ -	\$ 702,055
December 31, 2014				
Long-term investments	\$ 714,366	\$ -	\$ -	\$ 714,366

17. EVENTS AFTER THE REPORTING DATE

In June 2015 Lara entered into agreements with its President & CEO, Vice-President Corporate Development and a director, to settle outstanding management and consulting fees owed to them as of May 31, 2015, by making cash payments totalling \$100,000 and issuing 166,667 common shares priced at \$0.30 each. Additionally, the Company has agreed to settle outstanding fees owed to three current non-executive directors and to terminate the payment of further Directors' fees to them and two former non-executive directors as of March 31, 2015, by making cash payments totalling \$22,500 and issuing 75,000 common shares valued at \$0.30 each. At June 30, 2015 the Company recorded a commitment to issue shares for the liability to be paid in shares and reduced accounts payable for the same amount. On July 6, 2015 the Company issued 241,667 common shares to settle the outstanding debts.

In July 2015 Lara granted 1,470,000 incentive stock options exercisable at \$0.25 per share, for a period of five years, to directors, officers, employees, management company employees and consultants of the Company.