



LARA EXPLORATION LTD.
(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Nine Months Ended September 30, 2019 AND 2018
(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, 2019 and 2018 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, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,318,508	\$ 780,247
Receivables	59,969	16,623
Prepays and deposits	27,993	57,743
Total current assets	1,406,470	854,613
Non-current assets		
Restricted cash equivalents	57,500	57,500
Equipment	45,395	52,212
Exploration and evaluation assets (Note 3)	135,951	194,672
Investment in associated companies and joint ventures (Note 5)	136,068	131,243
Long-term investments (Note 6)	215,603	114,648
Total non-current assets	590,517	550,275
TOTAL ASSETS	\$ 1,996,987	\$ 1,404,888
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 231,967	\$ 322,766
TOTAL LIABILITIES	231,967	322,766
EQUITY		
Share capital (Note 7)	26,433,900	24,371,350
Commitment to issue shares	46,520	72,164
Share-based payments reserve	9,194,039	9,194,039
Deficit	(33,909,439)	(32,555,431)
TOTAL EQUITY	1,765,020	1,082,122
TOTAL LIABILITIES AND EQUITY	\$ 1,996,987	\$ 1,404,888

Nature of operations and ability to continue as a going concern (Note 1)**Events after the reporting date (Note 11)**

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 20, 2019.

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.

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Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
EXPLORATION EXPENDITURES (Note 4)	\$ 567,884	\$ 204,132	\$ 781,087	\$ 934,182
GENERAL AND ADMINISTRATIVE EXPENSES				
Office, rent and administrative services	86,792	84,396	252,015	260,038
Depreciation	173	173	519	519
Management fees	30,000	30,000	90,000	90,000
Professional fees	24,140	20,591	65,023	54,246
Shareholder communication and investor relations	24,383	21,940	39,759	71,829
Share-based payments (Note 7 and 9)	7,562	17,507	34,356	251,139
Transfer agent and regulatory fees	26	4,130	60,551	49,857
Travel	10,635	5,347	27,659	63,234
Total general and administrative expenses	183,711	184,084	569,882	840,862
	(751,595)	(388,216)	(1,350,969)	(1,775,044)
Equity in loss on investment in associated companies and joint ventures (Note 5)	(11,236)	(20,578)	(56,736)	(92,804)
Foreign exchange gain (loss)	(1,967)	(20,940)	(28,484)	(6,773)
Other income (Note 4)	1,123	8,203	45,988	15,753
Loss on settlement of debt	-	-	(5,000)	-
Write-off of exploration and evaluation assets	(8,854)	-	(58,721)	-
Change in fair value of FVTPL investments (Note 6)	30,954	(185,262)	99,914	(623,988)
	10,020	(218,577)	(3,039)	(707,812)
Net income (loss) for the period	(741,575)	(606,793)	(1,354,008)	(2,482,856)
OTHER COMPREHENSIVE INCOME (LOSS)				
Change in fair value of FVTOCI investments (Note 6)	-	40,464	-	(481,210)
Comprehensive loss for the period	\$ (741,575)	\$ (566,329)	\$ (1,354,008)	\$ (2,964,066)
Loss per common share				
Earnings (loss) loss per common share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	38,634,274	34,450,940	37,331,771	34,352,020

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

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Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months Ended September 30,	
	2019	2018
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (1,354,008)	\$ (2,482,856)
Items not affecting cash:		
Depreciation	519	519
Depreciation included in exploration expenditures	10,535	12,382
Equity loss on investment in associated companies and joint ventures	56,736	92,804
Change in fair value of derivative financial instruments	(99,914)	623,988
Loss on settlement of debt	5,000	-
Unrealized foreign exchange (gain) loss	(20,534)	(10,892)
Share-based payments	34,356	251,139
Write-off of exploration and evaluation assets	58,721	-
Changes in non-cash working capital items:		
Receivables	(43,346)	(5,581)
Prepays and deposits	29,750	(57,971)
Accounts payable and accrued liabilities	(40,799)	77,049
	(1,362,984)	(1,499,419)
INVESTING ACTIVITIES		
Short-term investments	-	551,616
Purchase of equipment	(4,237)	(4,509)
Acquisition of exploration and evaluation assets	-	(76,999)
Investment in associated companies and joint ventures	(61,561)	(85,847)
Long-term investments	(1,041)	(151,184)
Proceeds from sale of investments	-	502,393
	(66,839)	735,470
FINANCING ACTIVITIES		
Shares issued for Private Placement	2,000,000	-
Share issuance costs	(52,450)	-
Exercise of options	-	20,000
	1,947,550	20,000
Effect of exchange rate changes on cash and cash equivalents	20,534	10,892
Change in cash and cash equivalents	538,261	(733,057)
Cash and cash equivalents, beginning of period	780,247	1,532,332
Cash and cash equivalents, end of period	\$ 1,318,508	\$ 799,275
Supplementary cash flow information		
Interest received	\$ 605	\$ 8,177

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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, 2018	34,450,940	\$ 24,371,350	\$ 72,164	\$ 9,194,039	\$ -	\$ (32,555,431)	\$ 1,082,122
Shares issued for Private Placement	4,000,000	2,000,000	-	-	-	-	2,000,000
Share issuance costs	-	(52,450)	-	-	-	-	(52,450)
Shares issued for debt	100,000	55,000	-	-	-	-	55,000
Share-based payments	83,334	60,000	(25,644)	-	-	-	34,356
Net income for the period	-	-	-	-	-	(1,354,008)	(1,354,008)
Balance as at September 30, 2019	38,634,274	\$ 26,433,900	\$ 46,520	\$ 9,194,039	\$ -	\$ (33,909,439)	\$ 1,765,020
Balance as at December 31, 2017	34,287,608	\$ 24,283,887	\$ -	\$ 9,054,746	\$ 695,506	\$ (29,689,991)	\$ 4,344,148
Exercise of stock options	80,000	20,000	-	-	-	-	20,000
Reclassification of share-based payments reserve on exercise of stock options	-	7,464	-	(7,464)	-	-	-
Share-based payments	83,332	59,999	44,383	146,757	-	-	251,139
Change in fair value of AFS investments	-	-	-	-	(481,210)	-	(481,210)
Net income for the period	-	-	-	-	-	(2,482,856)	(2,482,856)
Balance as at September 30, 2018	34,450,940	\$ 24,371,350	\$ 44,383	\$ 9,194,039	\$ 214,296	\$ (32,172,847)	\$ 1,651,221

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, 2019 and 2018

(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 and Peru. These condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2019 and 2018 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. The Company has not achieved profitable operations and has accumulated losses since inception. 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

Statement of Compliance

These consolidated financial statements have been prepared in accordance 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”).

Basis of Presentation

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, 2018, except that they do not include all the information required for the 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, 2018.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2019 and 2018

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2. BASIS OF PRESENTATION (continued)

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.

New Accounting Policy

The Company adopted IFRS 16 - Leases effective January 1, 2019. This new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This new accounting policy did not have any effect on the Company's consolidated financial statements.

3. EXPLORATION AND EVALUATION ASSETS

	December 31, 2018	Additions	Reductions	September 30, 2019
Brazil				
Azul Tin	\$ 21,638	\$ -	\$ (21,638)	\$ -
Damolandia	38,333	-	-	38,333
Peru				
Antamaray	28,229	-	(28,229)	-
Puituco	26,240	-	-	26,240
Buenos Aires	24,230	-	-	24,230
Rafa	31,628	-	-	31,628
Other	24,374	-	(8,854)	15,520
Total	\$ 194,672	\$ -	\$ (58,721)	\$ 135,951

Brazil

Celesta Copper Project (formerly Curionopolis 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. Tessarema can complete its acquisition of 100% of the project by making a final payment of US\$750,000 to Lara, and placing the project into commercial production at a minimum rate of 500 tonnes per day, thereafter paying a 2% net smelter return ("NSR") royalty to Lara. Tessarema was not able to reach commercial production on the property in 2017 by the contractual deadline. Subsequent to that deadline Lara and Tessarema agreed to revise the terms of the agreement. In June 2017, Lara completed the sale of the Curionópolis Copper Project to Tessarema and received \$983,250 (US\$750,000), a 5% carried interest in the project company, Mineracao Maravaia Ltda., and a 2% NSR royalty on the Maravaia project and the other mineral rights covered by the original Curionópolis Option Agreement with Tessarema. The Maravaia Mine did not reach commercial production by November 26, 2018, and Tessarema is obliged to make an additional US\$1,000,000 payment to Lara.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

During the period, the Company entered into an Amended Joint Venture Agreement (“the JV Agreement”) with Tessarema Resources Inc. (“Tessarema”), and a new local partner North Extração de Minério Ltda. (“North”), to consolidate ownership of the Maravaia processing plant and surface rights access agreements (held by North), the Curionópolis mineral rights (originally held by Lara) and all other rights to the Maravaia Copper Project held by Tessarema, into a new venture denominated Celesta Mineração S.A. (“Celesta”) and move the project into production as soon as possible. As part of a previously agreed life-of-mine concentrates Offtake Agreement, Ocean Partners UK Ltd. (“Ocean Partners”), has agreed to lend Celesta US\$2.6m to fund upgrades to the plant, pre-stripping, mine infrastructure and working capital.

Tessarema is in default under the terms of its original option agreement with Lara because it failed to achieve commercial production at the end of 2018 and recognised that it owed Lara a US\$1 million late penalty fee. As part of the JV Agreement, it has been agreed that Celesta will assume and pay the penalty fee to Lara in ten monthly payments of US\$100,000, the first of which was paid on November 28. Lara will also own 5% of the shares of Celesta without the obligation to contribute to the start-up costs and continues to hold a 2% Net Smelter Returns Royalty on any production, with a new more detailed royalty agreement completed as a schedule of the JV Agreement.

Planalto Copper Project

In February 2013 (amended in June 2016 and June 2019), the Company entered into an option agreement to acquire a 100% interest in the Planalto Copper Project by paying US\$500,000 (US\$200,000 paid to date) in cash and a 2% NSR royalty. Lara has the right to acquire 50% of the NSR for US\$2,000,000. During the year ended December 31, 2016, the Company made an option payment of \$29,672 (US\$25,000) which was capitalized to exploration and evaluation assets. In June 2018, the Company made a US\$50,000 option payment which was capitalized to exploration and evaluation assets. On October 30, 2018, Capstone Mining Corp. (“Capstone”) signed a letter of intent with Lara to option the Planalto Copper Project and made a payment of US\$150,000 (\$197,854) to Lara. The option payment was first applied against the capitalized value of the Planalto Copper Project in the amount of \$127,486 with the balance of \$70,368 being recorded as a recovery of exploration expenses.

On February 4, 2019, the Company announced that it had signed a Definitive Agreement (“the Agreement”) granting Capstone, an exclusive option to earn up to a 70% interest in the Company’s Planalto Copper Project (“the Project”). Capstone has paid Lara a further US\$200,000 following receipt of a drill permit for the Project and assumed the costs of the underlying agreement. Capstone can earn an initial 49% interest by investing US\$5 million by the third anniversary of the Agreement and can then elect to purchase an additional 2% interest in the Project by paying Lara US\$ 400,000 and committing to fund a Feasibility Study by the fifth anniversary, to reach a 61% interest. The third and final phase will comprise Capstone electing to finance, build and operate a commercial mining operation to the benefit of Lara 30% and Capstone 70%, with Lara repaying its pro-rata share of the financing out of cash flow. Lara will hold certain buy-back rights to reacquire a majority interest in the Project should Capstone decide to discontinue investing.

Lara elected to accelerate the drill program at Planalto and on May 28, 2019, filed a “Final Exploration Report” (“RFP”) with the National Agency of Mining (“ANM”) in Brazil. On June 20, 2019, Lara and Capstone amended their agreement such that the initial three-year earn-in period for Capstone to acquire a 49% interest in the project, now starts from the date of approval of the RFP and the 2019 drill program as fulfilling Capstone’s first-

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3. EXPLORATION AND EVALUATION ASSETS (continued)

year work commitment. Capstone transferred US\$500,000 to Lara upon signing of the amendment to cover the payment to Lara due upon receipt of the permit to drill, the payment due to the underlying vendor and a partial reimbursement of Lara's costs. The RFP was approved on October 31, 2019, and Capstone has reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged and exploration work has resumed in November.

Damolândia Nickel Project

In February 2016, the Company entered into an agreement with BCV Consultoria e Projetos Ltda. ("BCV"), to acquire the Damolândia Nickel Project in central Brazil. Lara has agreed to make staged cash payments totalling US\$580,000. BCV will also be entitled to a 1% NSR royalty on any production from the project, but Lara retains the right to purchase this royalty for a cash payment of US\$2,000,000. During the year ended December 31, 2016, the Company made its first option payment of \$19,358 (US\$15,000) which was capitalized to exploration and evaluation assets. Lara made another US\$15,000 option payment in the first quarter of 2018, which was capitalized to exploration and evaluation assets. On January 23, 2018, the agreement was amended, and Lara now has until February 16, 2020, to make the first of three US\$50,000 payments. Originally that payment was due in 2019. The other terms of the agreement remain as before the amendment.

Cumaru Manganese Royalty

During the nine months ended September 30, 2019, the Company signed a Definitive Agreement transferring all its rights and obligations for the Cumaru Manganese Project in northern Brazil, to local mining company Seven Mineração Limitada, in exchange for BRL 250,000 in cash (equivalent to approximately US\$60,975) and a royalty of US\$2/ton of ore taken from the property. The Company has received the first BRL 125,000 payment and expects to receive the second payment before the end of the fourth quarter.

The Cumaru Manganese Project comprises two exploration licenses totalling 8,915 hectares in area, located near the town of Cumaru do Norte in Pará State, northern Brazil, registered as part of Lara's on-going generative program for gold and copper around the Carajás Mineral Province. Exploration work did not encounter significant gold or copper values but did identify lateritic manganese mineralization. Seven Mineração has made agreements with the local landowners and is currently undertaking additional exploration and permitting work, with a view to starting pilot mining in the near term.

Azul Tin Project

Lara's option on the property expired unexercised in December 2018 and the Company has elected to relinquish the property back to the underlying owner and wrote off the capitalized costs of \$21,638.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Peru

Ancash Gold Royalties

During the nine months ended September 30, 2019, the Company signed a Definitive Agreement transferring all its rights and obligations to the Pampas 1, Pampas 2 and Tayacoto gold exploration licenses, located in the Ancash Department of northern Peru, to Estrella Gold S.A.C. (“Estrella”) in exchange for 5% of the shares of Estrella and a 1% NSR royalty on future production. The three properties, totalling 2,200 hectares in area, are early-stage prospects claimed as part of Lara’s generative program for gold in Peru. Estrella is a Peruvian exploration company focused on epithermal gold exploration in the Ancash Department. Estrella Gold currently holds 10,300 hectares of licenses and license applications (including 2,200 hectares from Lara) and is finalizing acquisition and joint venture agreements for two advanced exploration assets. Estrella plans to list in Canada and has signed a Letter of Intent with Daura Capital Corp. (listed in TSXV with symbol DUR.P) by which Daura will acquire Estrella Gold.

The capitalized costs totaling \$8,854 for these three licenses have been written off in the nine months ending September 30, 2019.

Corina Gold Project

In July 2014, the Company signed a definitive agreement with Compañía Minera Ares S.A.C. (“Ares”), a subsidiary of London-listed Hochschild Mining plc. who operates mines nearby, granting an option to purchase its Corina Gold Project in southern Peru. Upon the signing of the agreement, Lara received US\$150,000. 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. In October 2016, Ares signed a community agreement in support of their application to conduct drilling on the property and made a cash payment of US\$150,000 to Lara. Ares has 36 months from the date of the community agreement, to complete the acquisition. Ares completed surface fieldwork, as well as baseline environmental and archeological surveys and acquired a drill permit. Ares completed its first pass drill program subsequent to September 30, 2019.

Antamaray

During the nine months ended September 30, 2019, the Company decided not to renew the Antamaray licenses and wrote off the capitalized cost of \$28,229.

Strategic Alliances - Kiwanda Alliances

In October 2014, Lara and Kiwanda agreed to sell all the rights and options held under their Phosphate Alliance and Coal Alliance, to Bifox Limited (“Bifox”) formerly Phillips River Mining Limited. In November 2016, Bifox signed definitive option agreements with the underlying owners of the phosphate rock mine and processing facilities at Bahia Inglesa in northern Chile and has assumed control and management of the day to day operations. Bifox will seek to list its shares on the Australian Securities Exchange (“ASX”) in 2019, which will also mark the completion of the transaction with Lara for the sale of all its direct project rights under the Kiwanda alliances to Bifox in exchange for reimbursement of US\$570,000 of project expenses, issue to Lara of vendor shares in Bifox and a 2% production royalty.

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4. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2019, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	Damolandia Brazil	General and other Brazil	Antamaray Peru	Buenos Aires Peru	Puituco Peru	Rafa Peru	General and other Peru	Total
Administrative	\$ 125,865	\$ (2,514)	\$ 22,310	\$ 22,145	\$ 1,729	\$ 497	\$ -	\$ 22,057	\$ 192,089
Assays	60,757	-	9,797	1,229	2,246	-	-	-	74,029
Drilling	573,958	-	-	-	-	-	-	-	573,958
Field costs	64,870	-	16,515	-	-	-	-	2,301	83,686
Property maintenance	83,984	7,761	38,831	-	6,330	1,760	6,300	24,082	169,048
Salaries and consultants	297,003	(92,028)	45,917	-	5,202	2,881	-	48,821	307,796
Telecommunications	517	-	875	-	-	-	-	-	1,392
Travel and related costs	29,988	-	2,885	-	2,961	39	107	554	36,534
Total expenditures	1,236,942	(86,781)	137,130	23,374	18,468	5,177	6,407	97,815	1,438,532
Recoveries	(657,445)	-	-	-	-	-	-	-	(657,445)
Net expenditures	\$ 579,497	\$ (86,781)	\$ 137,130	\$ 23,374	\$ 18,468	\$ 5,177	\$ 6,407	\$ 97,815	\$ 781,087

During the nine months ended September 30, 2019, Lara received a payment of \$657,445 (US\$500,000) for the Planalto property from Capstone and \$43,338 (BZL 125,000) from Seven Mineracao Ltda. for the sale of two mineral exploration licenses. The amount received from Seven Mineracao Ltda. was recorded as other income. During the nine months ended September 30, 2019, the Company reduced accrued consulting fees on the Damolandia project that related to 2018 activity which resulted in a net credit balance for the project.

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4. EXPLORATION EXPENDITURES (continued)

During the nine months ended September 30, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	Damolandia Brazil	General and other Brazil	Antamaray Peru	Buenos Aires Peru	Puituco Peru	General and other Peru	Total
Administrative	\$ 84,389	\$ 29,431	\$ 20,419	\$ 2,564	\$ 2,050	\$ 2,166	\$ 27,119	\$ 168,138
Assays	46,618	2,311	252	470	170	2,852	545	53,218
Drilling	141,504	-	-	-	-	-	-	141,504
Field costs	45,750	2,328	8,888	-	-	-	5,040	62,006
Property maintenance	13,685	1,147	50,298	22,443	20,320	59	9,048	117,000
Salaries and consultants	103,319	93,099	27,332	3,733	3,734	19,781	116,644	367,642
Telecommunications	2,894	230	83	-	-	-	1,463	4,670
Travel and related costs	15,411	-	564	105	154	-	3,770	20,004
Total expenditures	453,570	128,546	107,836	29,315	26,428	24,858	163,629	934,182
Recoveries	-	-	-	-	-	-	-	-
Net expenditures	\$ 453,570	\$ 128,546	\$ 107,836	\$ 29,315	\$ 26,428	\$ 24,858	\$ 163,629	\$ 934,182

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 several minor properties, all of which were nominal.

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5. INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

The Company has a 45% interest in Minas Dixon S.A. (“Minas”); a 50% interest in Andean Coal (BVI) Ltd. (“Andean Coal”) and a 50% interest in Kiwanda Alliance (BVI) Inc. (“Kiwanda”). The continuity of investment in associated companies and joint ventures is as follows:

	Minas	Kiwanda	Andean Coal	Total
<u>Investment in associated company</u>				
Net investment at December 31, 2018	\$ -	\$ -	\$ 131,243	\$ 131,243
Additional investment (recovery) for the nine months ended September 30, 2019	59,111	1,172	1,278	61,561
Share of net (loss) income	(24,228)	(1,172)	3,547	(21,853)
Previous losses recognized	(34,883)	-	-	(34,883)
Net investment at September 30, 2019	\$ -	\$ -	\$ 136,068	\$ 136,068

6. LONG-TERM INVESTMENTS

The Company has the following long-term investments in the common shares that trade on the Australia Securities Exchange (“ASX”). The common shares have been classified as FVTPL financial assets and are valued at their fair market value as at September 30, 2019.

	Fair value December 31, 2018	Additions	Change in fair value	Fair value September 30, 2019
<u>FVTPL investments</u>				
Valor Resources Limited	\$ 114,648	\$ -	\$ 99,914	\$ 214,562
Estrella Gold SAC	-	1,041	-	1,041
Total	\$ 114,648	\$ 1,041	\$ 99,914	\$ 215,603

7. EQUITY

Authorized

As at September 30, 2019, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Issuances

Private Placement

In March 2019, the Company completed a private placement, raising \$2,000,000 by issuing 4,000,000 units at \$0.50 per unit. Each unit consisted of one common share and half of one non-transferable, common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at \$0.70 for two years. If, after four months from closing, the closing price of the Company’s shares on the TSX Venture Exchange is \$1.00 or greater for any period of 10 consecutive trading days, the Company may, by news release

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7. EQUITY (continued)

issued within five trading days thereof, accelerate the expiry of the warrants to the 21st trading day after such news release. The Company paid finder's fees in respect of subscriptions from investors introduced by a finder.

Bonus Shares

On March 22, 2019, the Company issued 83,334 bonus shares with a grant date value of \$60,000 to senior management. The Company has accrued \$34,356 of share-based payment expense for the vesting of bonus shares in the nine months ended September 30, 2019.

Debt Settlement

In March 2019, the Company issued 100,000 common shares to the CEO & President and the Vice-President Corporate Development to settle consulting fees owed to them in the amount of \$50,000.

Stock Options

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2018	3,105,000	\$ 0.62
Expired	(50,000)	(0.86)
Balance as at September 30, 2019	3,055,000	\$ 0.61

The following table summarizes the stock options outstanding and exercisable at September 30, 2019:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
July 24, 2015	July 24, 2020	\$0.25	910,000	910,000
May 27, 2016	May 27, 2021	\$0.86	100,000	100,000
November 18, 2016	November 18, 2021	\$1.02	80,000	80,000
November 21, 2017	November 21, 2022	\$0.76	1,615,000	1,615,000
March 14, 2018	March 14, 2023	\$0.72	350,000	350,000
Total			3,055,000	3,055,000

In April 2019, 50,000 options with an exercise price of \$0.86 expired, unexercised. At September 30, 2019 the weighted average remaining life of the outstanding stock options was 2.41 years.

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8. 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 in Brazil and Peru, equipment is located mainly in Brazil and all the exploration expenditures are incurred in Brazil and Peru.

9. 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, 2019	September 30, 2018
Management fees	\$ 260,603	\$ 264,065
Share-based payments	34,355	251,139
	<u>\$294,958</u>	<u>\$ 515,204</u>

Amounts due to and from related parties as at September 30, 2019, and December 31, 2018, are as follows:

Related party assets and liabilities	Service or items	September 30 2019	December 31 2018
Amounts due to:			
Chief Executive Officer	Fees	\$ 60,000	\$ 80,000
Vice President, Corporate Development	Fees and expenses	23,622	33,600
Vice President, Exploration	Fees and expenses	86,498	93,683

10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

September 30, 2019	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,318,508	\$ 1,318,508
Restricted cash equivalents	-	57,500	57,500
Receivables	-	59,969	59,969
Long-term investments	215,603	-	215,603
Accounts payable and accrued liabilities	-	(231,967)	(231,967)
	<u>\$ 215,603</u>	<u>\$ 1,204,010</u>	<u>\$ 1,419,613</u>

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10. FINANCIAL INSTRUMENTS (continued)

December 31, 2018	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 780,247	\$ 780,247
Restricted cash equivalents	-	57,500	57,500
Receivables	-	16,623	16,623
Long-term investments	114,864	-	114,648
Accounts payable and accrued liabilities	-	(322,766)	(322,766)
	\$ 114,648	\$ 531,604	\$ 646,252

Fair Value

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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, 2019				
Long-term investments	\$ 214,562	\$ 1,041	\$ -	\$ 215,603
December 31, 2018				
Long-term investments	\$ 114,648	\$ -	\$ -	\$ 114,648

11. EVENTS AFTER THE REPORTING DATE

In November 2019, the Company received and made the following payments:

- received US\$600,000 from Capstone to reimburse Lara for additional Planalto drilling costs;
- paid accrued fees and expenses owing to the CEO and VP of Corporate Development totaling \$82,622 which had been deferred since April 2019; and
- received the first instalment of US\$100,000 from Celesta against the US\$1 million late penalty fee with respect to the Maravaia copper project.