



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Nine Months Ended September 30, 2020, AND 2019
(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, 2020, and 2019 (“Interim Financial Statements”) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company’s external auditors have not reviewed these Interim Financial Statements.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,763,386	\$ 2,070,758
Receivables	44,650	56,558
Prepays and deposits	17,228	63,096
Total current assets	1,825,264	2,190,412
Non-current assets		
Restricted cash equivalents	57,500	57,500
Equipment	33,837	46,307
Exploration and evaluation assets (Note 3)	195,041	93,640
Long-term investments (Note 6)	331,321	183,595
Total non-current assets	617,699	381,042
TOTAL ASSETS	\$ 2,442,963	\$ 2,571,454
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 98,530	\$ 144,732
Advances from joint venture partners (Note 3)	339,727	409,261
TOTAL LIABILITIES	438,257	553,993
EQUITY		
Share capital (Note 7)	26,806,296	26,433,900
Commitment to issue shares (Note 7)	-	54,082
Share-based payments reserve	9,794,586	9,238,600
Deficit	(34,596,176)	(33,709,121)
TOTAL EQUITY	2,004,706	2,017,461
TOTAL LIABILITIES AND EQUITY	\$ 2,442,963	\$ 2,571,454

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

These Interim Financial Statements were authorized for issuance by the Board of Directors on November 18, 2020.

Approved by the Board of Directors

"Miles Thompson" , Director

"Christopher Jones" , Director

The accompanying notes are an integral part of these 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	
	2020	2019	2020	2019
EXPLORATION EXPENDITURES (Note 4)	\$ 99,397	\$ 567,884	\$ 268,996	\$ 781,087
GENERAL AND ADMINISTRATIVE EXPENSES				
Office, rent and administrative services	81,122	86,792	244,147	252,015
Depreciation	394	173	1,181	519
Management fees	30,000	30,000	90,000	90,000
Professional fees	19,129	24,140	58,746	65,023
Shareholder communication and investor relations	7,262	24,383	54,113	39,759
Share-based payments (Note 7 and 9)	640,882	7,562	646,800	34,356
Transfer agent and regulatory fees	6,639	26	39,549	60,551
Travel	714	10,635	6,302	27,659
Total general and administrative expenses	786,142	183,711	1,140,838	569,882
	(885,539)	(751,595)	(1,409,834)	(1,350,969)
Equity loss on investment in associated companies and joint ventures (Note 5)	-	(11,236)	(32,875)	(56,736)
Foreign exchange gain (loss)	(78,360)	(1,967)	(76,938)	(28,484)
Other income (expense) (Note 3)	89,953	1,123	662,493	45,988
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)	77,614	30,954	(29,901)	99,914
	89,207	10,020	522,779	(3,039)
Net loss and comprehensive loss for the period	\$ (796,332)	\$ (741,575)	\$ (887,055)	\$ (1,354,008)
Earnings (Loss) per common share				
Earnings (loss) per common share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	39,605,330	38,634,274	39,036,616	37,331,771

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

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Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months Ended September 30,	
	2020	2019
OPERATING ACTIVITIES		
Net loss for the period	\$ (887,055)	\$ (1,354,008)
Items not affecting cash:		
Depreciation	1,181	519
Depreciation included in exploration expenditures	11,289	10,535
Equity loss on investment in associated companies and joint ventures	32,875	56,736
Change in fair value of long-term investments	29,901	(99,914)
Loss on settlement of debt	-	5,000
Unrealized foreign exchange loss	36,211	(20,534)
Share-based payments	646,800	34,356
Write-off of exploration and evaluation assets	-	58,721
Changes in non-cash working capital items:		
Receivables	11,908	(43,346)
Prepays and deposits	45,868	29,750
Accounts payable and accrued liabilities	(46,202)	(40,799)
Advance from JV partners	(69,534)	-
	(186,758)	(1,362,984)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(101,401)	-
Investment in associated companies and joint ventures	(32,875)	(61,561)
Long-term investments	(177,627)	(1,041)
Purchase of equipment	-	(4,237)
	(311,903)	(66,839)
FINANCING ACTIVITIES		
Shares issued for Private Placement	-	2,000,000
Share issuance costs	-	(52,450)
Stock options exercised	227,500	-
	227,500	1,947,550
Effect of exchange rate changes on cash and cash equivalents	(36,211)	20,534
Change in cash and cash equivalents	(307,372)	538,261
Cash and cash equivalents, beginning of year	2,070,758	780,247
Cash and cash equivalents, end of period	\$ 1,763,386	\$ 1,318,508
Supplementary cash flow information		
Interest received	\$ 430	\$ 605

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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	Deficit	Total
Balance as at December 31, 2019	38,634,274	\$ 26,433,900	\$ 54,082	\$ 9,238,600	\$ (33,709,121)	\$ 2,017,461
Exercise of stock options	910,000	227,500	-	-	-	227,500
Reclassification of share-based payments						
Reclassify reserve upon exercise of options	-	84,896	-	(84,896)	-	-
Accruals for share-based payments	-	-	5,918	-	-	5,918
Share-based payments	-	-	-	640,882	-	640,882
Bonus shares issued	83,334	60,000	(60,000)	-	-	-
Net loss for the period	-	-	-	-	(887,055)	(887,055)
Balance as at September 30, 2020	39,627,608	\$ 26,806,296	\$ -	\$ 9,794,586	\$ (34,596,176)	\$ 2,004,706
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
Accruals for share-based payments	-	-	34,356	-	-	34,356
Bonus shares issued	83,334	60,000	(60,000)	-	-	-
Net loss 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

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2020 and 2019

(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 Interim Financial Statements 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 required permits to mine and future profitable production or proceeds from the disposition of these assets.

These 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 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 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak. Pandemic related travel restrictions make it more difficult to conduct exploration activities in Peru and Brazil.

Statement of Compliance

These Interim 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”).

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Basis of Presentation

These 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, 2019, except that they do not include all the information required for the annual audited consolidated financial statements. These Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2019.

Basis of Consolidation

These Interim Financial Statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

3. EXPLORATION AND EVALUATION ASSETS

	December 31, 2019	Additions	Reductions	September 30, 2020
Brazil				
Planalto Copper	\$ -	\$ 101,401	\$ -	\$ 101,401
Peru				
Puituco	26,240	-	-	26,240
Buenos Aires	24,230	-	-	24,230
Rafa	31,628	-	-	31,628
Other	11,542	-	-	11,542
Total	\$ 93,640	\$ 101,401	\$ -	\$ 195,041

Brazil

Celesta Copper Project (formerly Curionópolis Copper-Gold Project)

In October 2013, the Company signed an option agreement with Tessarema Resources Inc. ("Tessarema"), whereby Tessarema could earn a 100% interest in the Curionópolis Copper Project. Tessarema could 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, and 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, Mineração 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, according to the revised terms of the agreement, and Tessarema now is obliged to make an additional US\$1,000,000 payment to Lara.

During the year ended December 31, 2019, the Company entered into an Amended Joint Venture Agreement ("the JV Agreement") with Tessarema, and a new local partner North Extração de Minério Ltda. ("North") to consolidate ownership of the processing plant and surface rights access agreements (held by North). The

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Curionópolis mineral rights (originally held by Lara) and all other rights to the Maravaia Copper Project held by Tessarema, were consolidated into a new venture denominated Celesta Mineração S.A. (“Celesta”) to 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”), agreed to extend the existing loan and lend Celesta a further US\$2.6m to fund upgrades to the plant, pre-stripping, mine infrastructure and working capital.

Tessarema was in default under the terms of its original option agreement with Lara because it failed to achieve commercial production in November of 2018 and recognized that it owed Lara a US\$1 million late penalty fee. As part of the amended JV Agreement, it was agreed that Celesta would assume and pay the penalty fee to Lara in ten instalment payments of US\$100,000, the first of which was paid on November 28. During the six months ended June 30, 2020, Lara received the second instalment of US\$100,000. Lara also owns 5% of the shares of Celesta without the obligation to contribute to the start-up costs and continues to hold a 2% Net Smelter Return Royalty on any production. The detailed royalty agreement can be found as a schedule of the JV Agreement.

Mining and processing started at Celesta in July 2020, with the first concentrates being shipped in early August. The Company received its first royalty payments from the project in the quarter ended September 30, 2020.

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 (the “Planalto Project”) by paying US\$500,000 (US\$250,000 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 (\$72,037) option payment, which was capitalized to exploration and evaluation assets. In June 2020, the Company made a scheduled option payment of US\$50,000. Lara must make additional payments of US\$250,000 by September 30, 2021, to complete the acquisition of the Planalto Project.

On October 30, 2018, Capstone Mining Corp. (“Capstone”) signed a letter of intent with Lara to option the Planalto 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 Project 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 Planalto Project. Capstone has paid Lara a further US\$200,000 following receipt of a drill permit for the Planalto 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 Planalto 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 Planalto Project should Capstone decide to discontinue investing.

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(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Lara elected to accelerate the drill program at the Planalto Project, 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-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 partial reimbursement of Lara’s costs. The RFP was approved on October 31, 2019, and in Capstone has reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged, and exploration work resumed in November 2019. Capstone advanced US\$400,000 to Lara in November 2019. Capstone has advanced a further \$873,165 in the nine months ended September 30, 2020, to fund ongoing project expenditures.

Cumaru Manganese Royalty

During the year ended December 31, 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 in the second half of 2020.

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 ongoing 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, intending to start pilot mining in the near term.

Fofoca South Gold Prospect

The Company completed an agreement to sell its Fofoca South Gold Prospect, in the Tapajos Region of northern Brazil, to London-listed Serabi Gold plc. (“Serabi”), for US\$100,000 in cash and a 2% NSR. Under the terms of the agreement, Serabi paid US\$50,000 upon signing and a further US\$50,000 upon completion of the transfer of the mineral rights which was received subsequent to the end of the third quarter. Upon completion of a NI 43-101 compliant technical report, Serabi can elect to purchase half the royalty (1%) for the greater of US\$10 per gold ounce of US\$500,000.

Peru

Ancash Gold Royalties

During the year ended December 31, 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 currently holds 10,300

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3. EXPLORATION AND EVALUATION ASSETS (continued)

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 on the TSXV with symbol DUR.P) by which Daura will acquire Estrella.

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 completed surface fieldwork, as well as baseline environmental and archeological surveys, and acquired a drill permit. Ares completed its first pass drill program during the year ended December 31, 2019. Ares has 36 months from the date of the drill permit to complete the acquisition. In June 2020, Ares made a scheduled option payment of US\$350,000 to Lara. The payment was recorded as other income on the statement of comprehensive loss.

Bifox Phosphate Project

In October 2014, Lara, Kiwanda Mining Partners LP and Kiwanda Group LLC, 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 assumed control and management of the day to day operations. Subsequent to December 31, 2019, Bifox settled an outstanding legal dispute inherited from the original vendors, lifting the embargo on mining and processing. Bifox has reactivated the mine and plans to list its shares on the Australian Securities Exchange ("ASX") in 2021. Lara currently owns approximately 14% of Bifox Limited, and upon relisting of the shares will receive a reimbursement of US\$570,000 of project expenses. Lara also holds a 2% production royalty that is triggered once the production rate exceeds 20,000 tonnes per annum.

Lara Copper Project

In July 2020, Lara announced that it had, with its partner, Global Battery Metals Ltd. ("GBM"), signed an option and royalty agreement for the sale of the Lara Copper Project (the "Project") for US\$5.76 million and a 1.5% net smelter return ("NSR") royalty, to Minsur S.A. ("Minsur"). Minsur is a Peruvian tin and gold miner that is in the late stages of building the US\$1.6 billion CapEx Mina Justa open-pit copper mine near Marcona, in the same district as the Project. The Project is registered in the name of Minas Dixon S.A., which is owned 45% by Lara and 55% by GBM. Under the terms of the agreement Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the Project by making staged cash payments of US\$5.76 million, based on permitting milestones, as summarized in the table below:

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For the Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Milestone / Date	Option Payments (US\$)
Upon registration of the agreement before a Public Notary	59,000
One year from registration of the agreement	200,000
Approval of environment study and start of work ("DIA-IA")	200,000
One year from approval from the DIA-IA	300,000
Approval of semi-detailed environmental study ("EIA-SD")	500,000
One year from the approval of EIA-SD	1,500,000
Upon transfer of title	3,000,000
Total	5,759,000

Other Income (Expense)

The Company received the following amounts as revenue from its exploration properties which have been included as other income on the statements of comprehensive loss.

	Nine months ended	
	September 30, 2020	September 30, 2019
Corina option payment	\$ 475,728	\$ -
Celesta penalty payment	115,218	-
Celesta royalty	35,986	-
Sale of Fofoca South Gold Prospect	73,644	-
Sale of Cumaru Manganese Project	-	43,338
Other income (expense)	(38,083)	2,650
	\$ 662,493	\$ 45,988

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2020 and 2019

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4. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	Total
Administrative	\$ 62,587	\$ 92,551	\$ 22,382	\$ 177,520
Assays	65,044	-	-	65,044
Drilling	323,372	-	-	323,372
Field costs	93,437	-	958	94,395
Property maintenance	60	8,732	43,277	52,069
Salaries and consultants	379,844	52,562	48,025	480,431
Telecommunications	1,718	-	-	1,718
Travel and related costs	16,637	-	509	17,146
Total expenditures	942,699	153,845	115,151	1,211,695
Recoveries	(942,699)	-	-	(942,699)
Net expenditures	\$ -	\$ 153,845	\$ 115,151	\$ 268,996

At December 31, 2019, the Company reported advances from Capstone, a JV partner, of \$409,261. During the nine months ended September 30, 2020, Lara received an additional \$873,165 of advances, and incurred exploration expenses of \$942,699. At September 30, 2020, there were \$339,727 of advances due to JV partners.

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4. EXPLORATION EXPENDITURES (continued)

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

	Planalto Brazil	Damolândia 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

Expenditures incurred in general, and other projects in Peru include costs incurred on several early-stage prospects, all of which were nominal. 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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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 balance of investment in associated companies and joint ventures was \$Nil at September 30, 2020, and December 31, 2019. During the nine months ended September 30, 2020, the Company made an additional investment of \$31,460 in Minas Dixon. The Company recognized a loss of \$31,460 for the nine months ended September 30, 2020 (2019 - 49,269). During the nine months ended September 30, 2020, Lara made an additional investment of \$1,415 in Kiwanda and recognized a net loss of that amount on its equity investment. Lara recognized a total loss on its investments in associated companies of \$32,875 for the nine months ended September 30, 2020 (2019 - \$45,500).

6. LONG-TERM INVESTMENTS

The Company has an investment in the common shares of Valor Resources Limited that trade on the Australia Securities Exchange (“ASX”). In the year ended December 31, 2019, the Company signed an agreement with Estrella (Note 3 – Ancash Royalties) and received 5% of the shares of Estrella for \$1,041. Estrella is a private exploration company. The common shares of these two companies have been classified as FVTPL financial assets and are valued at their fair market value as at September 30, 2020. In the nine months ended September 30, 2020, the Company invested 177,627 (US\$140,000) in Sereno Minerals (BVI) Ltd.

	Fair value December 31, 2019	Additions	Change in fair value	Fair value September 30, 2020
<u>FVTPL investments</u>				
Valor Resources Limited	\$ 182,554	\$ -	\$ (29,901)	\$ 152,653
Estrella Gold SAC	1,041	-	-	1,041
Sereno Minerals (BVI) Ltd.	-	177,627	-	177,627
Total	\$ 183,595	\$ 177,627	\$ (29,901)	\$ 331,321

7. EQUITY

Authorized

As at September 30, 2020, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Issuances

Bonus Shares

On March 23, 2020, the Company issued 83,334 bonus shares with a grant date value of \$60,000 to senior management and recognized \$5,918 of share-based compensation expense for the nine months ended September 30, 2020.

Options Exercised

In the nine months ended September 30, 2020, 910,000 common shares were issued pursuant to the exercise of stock options for proceeds of \$227,500.

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7. EQUITY (continued)

Stock Options

The changes to the number of stock options outstanding for the nine months ended September 30, 2020, are as follows.

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2019	3,255,000	\$ 0.61
Granted	1,565,000	0.76
Exercised	(910,000)	(0.25)
Expired/ cancelled	(160,000)	(0.76)
Balance as at September 30, 2020	3,750,000	\$ 0.75

The following table summarizes the stock options outstanding and exercisable at September 30, 2020:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
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	1,455,000	1,455,000
March 14, 2018	March 14, 2023	\$0.72	350,000	350,000
November 13, 2019	November 13, 2024	\$0.50	200,000	200,000
September 1, 2020	September 1, 2025	\$0.76	1,565,000	200,000
Total			3,750,000	3,750,000

At September 30, 2020, the weighted average remaining life of the outstanding stock options was 2.93 years. The 300,000 options with an exercise price of \$0.25 were all exercised in July 2020, prior to expiry.

On September 1, 2020, the Company granted 1,565,000 stock options to certain to certain directors, officers and consultants at a price of \$0.76 per option and were fully vested on the grant date. The options were valued using the Black-Scholes option pricing model based on the following assumptions: a risk-free interest rate of 0.36%; an option life of 5 years; a volatility of 65.3%; and a dividend yield of 0%. The Company recognized \$640,882 of share-based payment expense for these options in the nine months ended September 30, 2020.

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.

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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, 2020	September 30, 2019
Management fees	\$ 255,967	\$ 146,822
Share-based payments	590,916	26,794
	\$ 846,883	\$ 173,616

Amounts due to and from related parties as at September 30, 2020, and December 31, 2019, are as follows:

Related party assets and liabilities	Service or items	September 30 2020	December 31 2019
Amounts due to:			
Chief Executive Officer	Fees and expenses	\$ -	\$ 11,117
Vice President, Corporate Development	Fees and expenses	-	11,250
Vice President, Exploration	Fees and expenses	14,054	28,578

10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

September 30, 2020	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,763,386	\$ 1,763,386
Restricted cash equivalents	-	57,500	57,500
Receivables	-	44,650	44,650
Long-term investments	331,321	-	331,321
Accounts payable and accrued liabilities	-	(98,530)	(98,530)
Advances from JV Partners	-	(339,727)	(339,727)
	\$ 331,321	\$ 1,427,279	\$ 1,758,600
December 31, 2019	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 2,070,758	\$ 2,070,758
Restricted cash equivalents	-	57,500	57,500
Receivables	-	56,558	56,558
Long-term investments	183,595	-	183,595
Accounts payable and accrued liabilities	-	(144,732)	(144,732)
Advances from JV Partners	-	(409,261)	(409,261)
	\$ 183,595	\$ 1,630,823	\$ 1,814,418

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

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

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) 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).
- c) 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, 2020				
Long-term investments	\$ 153,694	\$ -	\$ 177,627	\$ 331,321
December 31, 2019				
Long-term investments	\$ 183,595	\$ -	\$ -	\$ 183,595