



**LARA EXPLORATION LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three Months Ended March 31, 2020, AND 2019**  
**(Expressed in Canadian dollars)**

#### **NOTICE TO READER**

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the three months ended March 31, 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)

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,900,366	\$ 2,070,758
Receivables	7,325	56,558
Prepays and deposits	88,424	63,096
<b>Total current assets</b>	<b>1,996,115</b>	<b>2,190,412</b>
<b>Non-current assets</b>		
Restricted cash equivalents	57,500	57,500
Equipment	42,179	46,307
Exploration and evaluation assets (Note 3)	93,640	93,640
Long-term investments (Note 6)	35,841	183,595
<b>Total non-current assets</b>	<b>229,160</b>	<b>381,042</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,225,275</b>	<b>\$ 2,571,454</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 87,153	\$ 144,732
Advances from joint venture partners (Note 4)	313,527	409,261
<b>TOTAL LIABILITIES</b>	<b>400,680</b>	<b>553,993</b>
<b>EQUITY</b>		
Share capital (Note 7)	26,493,900	26,433,900
Commitment to issue shares (Note 7)	-	54,082
Share-based payments reserve	9,238,600	9,238,600
Deficit	(33,907,905)	(33,709,121)
<b>TOTAL EQUITY</b>	<b>1,824,595</b>	<b>2,017,461</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,225,275</b>	<b>\$ 2,571,454</b>

**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 May 20, 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.**

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2020	2019
<b>NET EXPLORATION EXPENDITURES</b> (Note 4)	\$ 86,018	\$ 227,500
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Depreciation	394	173
Management fees	30,000	30,000
Office, rent and administrative services	83,039	82,233
Professional fees	12,960	27,439
Shareholder communication and investor relations	19,536	6,093
Share-based payments (Note 7)	5,918	19,397
Transfer agent and regulatory fees	12,040	26,549
Travel	5,588	8,116
Total general and administrative expenses	169,475	200,000
	(255,493)	(427,500)
Equity loss on investment in associated companies and joint ventures (Note 5)	-	(11,442)
Foreign exchange gain (loss)	101,416	(16,458)
Other income (Note 4)	103,047	700
Loss on settlement of debt	-	(5,000)
Write-off of exploration and evaluation assets	-	(21,638)
Change in fair value of FVTPL investments (Note 6)	(147,754)	(38,865)
	56,709	(92,703)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	\$ (198,784)	\$ (520,203)
<b>Loss per common share</b>		
	\$	
Net loss per common share – basic and diluted	(0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	38,641,681	34,683,347

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

**LARA EXPLORATION LTD.**

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2020	2019
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (198,784)	\$ (520,203)
<b>Items not affecting cash:</b>		
Depreciation	394	173
Depreciation included in exploration expenditures	3,734	3,651
Equity loss on investment in associated companies and joint ventures	-	11,442
Change in fair value of long-term investments	147,754	38,865
Loss on settlement of debt	-	5,000
Unrealized foreign exchange gain	(123,534)	(11,661)
Share-based payments	5,918	19,397
Write-off of exploration and evaluation assets	-	21,638
<b>Changes in non-cash working capital items:</b>		
Receivables	49,233	(1,723)
Prepays and deposits	(25,328)	17,406
Accounts payable and accrued liabilities	(57,579)	105,541
Advance from JV partners	(95,734)	-
	(293,926)	(310,474)
<b>INVESTING ACTIVITIES</b>		
Acquisition of exploration and evaluation assets	-	-
Investment in associated companies and joint ventures	-	(14,015)
Purchase of equipment	-	(3,754)
	-	(17,769)
<b>FINANCING ACTIVITIES</b>		
Shares issued for Private Placement	-	2,000,000
Share issuance costs	-	(52,450)
	-	1,947,550
Effect of exchange rate changes on cash and cash equivalents	123,534	11,661
<b>Change in cash and cash equivalents</b>	<b>(170,392)</b>	<b>1,630,968</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,070,758</b>	<b>780,247</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,900,366</b>	<b>\$ 2,411,215</b>
<b>Supplementary cash flow information</b>		
Interest received	\$ 309	\$ 249

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

**LARA EXPLORATION LTD.**

(An Exploration Stage Company)

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
<b>Balance as at December 31, 2019</b>	38,634,274	\$ 26,433,900	\$ 54,082	\$ 9,238,600	\$ (33,709,121)	\$ 2,017,461
Accruals for share-based payments	-	-	5,918	-	-	5,918
Bonus shares issued	83,334	60,000	(60,000)	-	-	-
Net income for the period	-	-	-	-	(198,784)	(198,784)
<b>Balance as at March 31, 2020</b>	38,717,608	\$ 26,493,900	\$ -	\$ 9,238,600	\$ (33,907,905)	\$ 1,824,595
<b>Balance as at December 31, 2018</b>	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	-	-	19,397	-	-	19,397
Bonus shares issued	83,334	60,000	(60,000)	-	-	-
Net income for the period	-	-	-	-	(520,203)	(520,203)
<b>Balance as at March 31, 2019</b>	38,634,274	\$ 26,433,900	\$ 31,561	\$ 9,194,039	\$ (33,075,634)	\$ 2,583,866

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 Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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### **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 and its effects on the Company’s business or ability to raise funds. Therefore, there is additional uncertainty on the Company’s ability to continue as a going concern.

#### **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”).

## LARA EXPLORATION LTD.

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Notes to the Condensed Consolidated Interim Financial Statements

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(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 consolidated 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	March 31, 2020
<b>Peru</b>				
Puituco	\$ 26,240	\$ -	\$ -	\$ 26,240
Buenos Aires	24,230	-	-	24,230
Rafa	31,628	-	-	31,628
Other	11,542	-	-	11,542
Total	\$ 93,640	\$ -	\$ -	\$ 93,640

#### 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 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. [NTD: formatting off]



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### 3. EXPLORATION AND EVALUATION ASSETS (continued)

("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 three months ended March 31, 2020, Lara received the second instalment of US\$100,000. 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 Return Royalty on any production. The detailed royalty agreement can be found as a schedule of the JV Agreement [NTD: filed on SEDAR?].

#### *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\$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 (\$72,037) 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 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.

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

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### **3. EXPLORATION AND EVALUATION ASSETS (continued)**

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 and a further US\$413,222 in February 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 first 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.

#### **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 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.

##### ***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. Ares is required to make a payment of US\$350,000 to Lara within 12 months from the date of the drill permit.

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**3. EXPLORATION AND EVALUATION ASSETS (continued)****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 will seek to reactivate the mine and list its shares on the Australian Securities Exchange (“ASX”) in 2020. 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.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

**4. EXPLORATION EXPENDITURES**

During the three months ended March 31, 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	\$ 25,639	\$ 44,036	\$ 5,829	\$ 75,504
Assays	55,196	-	-	55,196
Drilling	323,372	-	-	323,372
Field costs	49,712	-	449	50,161
Property maintenance	35	7,086	-	7,121
Salaries and consultants	183,097	12,849	15,576	211,522
Telecommunications	575	-	-	575
Travel and related costs	5,847	-	193	6,040
Total expenditures	643,473	63,971	22,047	729,491
Recoveries	(643,473)	-	-	(643,473)
Net expenditures	\$ -	\$ 63,971	\$ 22,047	\$ 86,018

At December 31, 2019, the Company reported advances from Capstone, a JV partner, of \$409,261. During the three months ended March 31, 2020, Lara received an additional \$547,739 of advances, and incurred exploration expenses of \$643,473. At March 31, 2020, there were \$313,527 of advances due to JV partners. [NTD: due from JV partners?]

During the quarter ended March 31, 2020, Lara received a payment of \$115,218 (BRL 420,800) from Celesta Mineração Ltda. The amount received from Celesta Mineração Ltda. was recorded as other income, net of other expenses of \$12,171.

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For the Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

**4. EXPLORATION EXPENDITURES (continued)**

During the three months ended March 31, 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	\$ 20,242	\$ 6,813	\$ 15,480	\$ 1,747	\$ 881	\$ 314	\$ 2,992	\$ 11,494	\$ 59,963
Assays	4,647	-	5,607	-	-	-	-	-	10,254
Drilling	41,178	-	-	-	-	-	-	-	41,178
Field costs	10,802	-	5,512	-	-	-	-	466	16,780
Property maintenance	7,452	7,761	22,831	-	-	-	3,051	-	41,095
Salaries and consultants	2,732	15,969	18,418	-	-	2,887	-	14,215	54,221
Telecommunications	-	-	164	-	-	-	-	-	164
Travel and related costs	3,493	-	-	-	100	22	15	215	3,845
<b>Total expenditures</b>	<b>90,546</b>	<b>30,543</b>	<b>68,012</b>	<b>1,747</b>	<b>981</b>	<b>3,223</b>	<b>6,058</b>	<b>26,390</b>	<b>227,500</b>
Recoveries	-	-	-	-	-	-	-	-	-
<b>Net expenditures</b>	<b>\$ 90,546</b>	<b>\$ 30,543</b>	<b>\$ 68,012</b>	<b>\$ 1,747</b>	<b>\$ 981</b>	<b>\$ 3,223</b>	<b>\$ 6,058</b>	<b>\$ 26,390</b>	<b>\$ 227,500</b>

Expenditures incurred on general and other projects in Brazil and Peru are for activity where Lara does not hold title and for properties held by Lara but for which the expenditures 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”) {NTD: is this now Bifox?}. The balance of investment in associated companies and joint ventures was \$Nil at March 31, 2020, and December 31, 2019, and no further investments were made in the three months ended March 31, 2020. Therefore, the Company did not recognize its share of losses in these entities for the three months ended March 31, 2020 (2019 - \$11,442).

### 6. LONG-TERM INVESTMENTS

The Company has an investment in the common shares of Valor 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 March 31, 2020.

	Fair value December 31, 2019	Additions	Change in fair value	Fair value March 31, 2020
<u>FVTPL investments</u>				
Valor Resources Limited	\$ 182,554	\$ -	\$ (147,754)	\$ 34,800
Estrella Gold SAC	1,041	-	-	1,041
Total	\$ 183,595	\$ -	\$ (147,754)	\$ 35,841

### 7. EQUITY

#### Authorized

As at March 31, 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. Lara accrued \$5,918 of share-based payment expense in the three months ended March 31, 2020, for the bonus shares.

#### Stock Options

There were no changes to the number of stock options outstanding for the three months ended March 31, 2020.

	Number of Options	Weighted Average Exercise Price
<b>Balance as at December 31, 2019, and March 31, 2020</b>	3,255,000	\$ 0.61

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**7. EQUITY (continued)**

The following table summarizes the stock options outstanding and exercisable at March 31, 2020:

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
November 13, 2019	November 13, 2024	\$0.50	200,000	200,000
<b>Total</b>			<b>3,255,000</b>	<b>3,255,000</b>

At March 31, 2020, the weighted average remaining life of the outstanding stock options was 2.04 years.

**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:

	Three months ended	
	March 31, 2020	March 31, 2019
Management fees	\$ 69,850	\$ 57,969
Share-based payments	5,918	19,397
	<b>\$ 75,768</b>	<b>\$ 77,366</b>

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

Related party assets and liabilities	Service or items	March 31 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	12,747	28,578

**LARA EXPLORATION LTD.**

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**10. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows:

March 31, 2020	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,900,366	\$ 1,900,366
Restricted cash equivalents	-	57,500	57,500
Receivables	-	7,325	7,325
Long-term investments	35,841	-	35,841
Accounts payable and accrued liabilities	-	(87,153)	(87,153)
Advances from JV Partners	-	(313,257)	(313,257)
	\$ 35,841	\$ 1,564,781	\$ 1,600,622

  

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
<b>March 31, 2020</b>				
Long-term investments	\$ 35,841	\$ -	\$ -	\$ 35,841
<b>December 31, 2019</b>				
Long-term investments	\$ 183,595	\$ -	\$ -	\$ 183,595