

RARA TERRA MINERALS CORP.
Condensed Interim Financial Statements
Three and Six Months Ended September 30, 2012

Expressed in Canadian Dollars
(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Rara Terra Minerals Corp.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Rara Terra Minerals Corp.
 Statements of Financial Position
 (Expressed in Canadian dollars)

	Notes	September 30, 2012 (unaudited)	March 31, 2012 (audited)
ASSETS			
Current assets			
Cash		\$ 1,032,349	\$ 1,330,361
Prepaid expenses		2,500	7,500
HST Receivable		-	116,958
		1,034,849	1,454,819
Non-current assets			
Exploration and evaluation assets	3	705,980	457,750
TOTAL ASSETS		\$ 1,740,829	\$ 1,912,569
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	4	\$ 22,990	\$ 23,459
Due to related parties	5	-	3,291
TOTAL LIABILITIES		22,990	26,750
SHAREHOLDERS' EQUITY			
Share capital	6	2,624,549	2,603,099
Share-based payment reserve	6	349,911	269,875
Deficit		(1,256,621)	(987,155)
TOTAL EQUITY		1,717,839	1,885,819
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,740,829	\$ 1,912,569

Subsequent Event & Commitment (Note 7)

On behalf of the board:

"Fraser Atkinson"
 Director

"Roger Flowerdew"
 Director

Rara Terra Minerals Corp.
 Statements of Comprehensive Loss
 (Expressed in Canadian dollars - unaudited)

	Notes	Three month periods ended		Six month periods ended	
		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Expenses					
Bank charges and interest		\$ 6	\$ 40	\$ 12	\$ 117
Consulting and management fees	5	63,000	73,500	126,000	159,630
Exploration		3,000	2,551	11,575	2,551
General and administrative		2,993	6,388	4,266	9,229
Investor relations		7,889	17,500	13,728	17,500
Professional fees		5,531	17,325	6,430	57,279
Rent	5	10,391	10,500	20,891	14,500
Stock based compensation		-	9,329	-	200,833
Transfer agent and filing fees		4,272	8,493	5,450	38,347
Travel and promotion		750	12,539	1,392	47,011
		(97,832)	(158,165)	(189,744)	(546,997)
Other Item					
Interest income		-	-	314	-
Net and comprehensive loss for the period		\$ (97,832)	\$ (158,165)	\$ (189,430)	\$ (546,997)
Loss per share – basic and diluted	6	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.05)

See accompanying notes to the financial statements

Rara Terra Minerals Corp.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars - unaudited)

	Notes	Share capital		Share-based payment reserve	Other component of equity	Deficit	Total
		Number of shares	Amount				
Balance at April 1, 2011		6,600,00	\$ 399,384	\$ 49,613	\$ (30,000)	\$ (168,625)	\$ 250,372
Comprehensive income:							
Comprehensive loss for the period		-	-	-	-	(546,997)	(546,997)
Transactions with shareholders, in their capacity as shareholders and other transfers:							
Shares issued for cash – private placement		9,092,401	2,313,170	-	30,000	-	2,343,170
Flow-through liabilities		-	(40,047)	-	-	-	(40,047)
Share issue costs		-	(233,933)	35,274	-	-	(198,659)
Shares issued for cash – warrant exercise		300,000	45,846	(15,846)	-	-	30,000
Shares issued to acquire exploration and evaluation asset		232,500	60,188	-	-	-	60,188
Stock-based compensation		-	-	200,833	-	-	200,833
Balance at September 30, 2011		16,224,901	\$ 2,544,608	\$ 269,874	\$ -	\$ (715,622)	\$ 2,098,860
Balance at April 1, 2012		16,224,901	\$ 2,603,099	\$ 269,875	-	\$ (987,155)	\$ 1,885,819
Comprehensive income:							
Comprehensive loss for the period		-	-	-	-	(189,430)	(189,430)
Transactions with shareholders, in their capacity as shareholders, and other transfers:							
Shares issued to acquire exploration and evaluation assets	3	247,500	21,450	-	-	-	21,450
Fair value of warrant extension	6	-	-	80,037	-	(80,037)	-
Balance at September 30, 2012		16,472,401	\$ 2,624,549	\$ 349,911	\$ -	\$ (1,256,621)	\$ 1,717,839

See accompanying notes to the financial statements

Rara Terra Minerals Corp.
 Statements of Cash Flows
 (Expressed in Canadian dollars – unaudited)

	Six month periods ended	
	September 30, 2012	September 30, 2011
Operating activities		
Net loss	\$ (189,430)	\$ (546,997)
Adjustments for non-cash items:		
Stock-based compensation	-	200,832
Changes in non-cash working capital items:		
Receivables	116,958	(40,719)
Prepaid expenses	5,000	(86,000)
Accounts payables and accrued liabilities	(469)	(31,853)
Due to related parties	(3,291)	6,996
Net cash flows used in operating activities	(71,232)	(497,741)
Investing activities		
Acquisition of exploration and evaluation assets	(226,780)	(147,593)
Net cash flows used in investing activities	(226,780)	(147,593)
Financing activities		
Proceeds received for shares issued, net of issuance costs	-	2,174,513
Net cash flows from financing activities	-	2,174,513
Increase (decrease) in cash	(298,012)	1,529,179
Cash, beginning	1,330,361	194,087
Cash, ending	\$ 1,032,349	\$ 1,723,266
Non-cash transaction:		
Fair value of shares issued for acquisition of exploration and evaluation assets	\$ 21,450	\$ 60,187

1. Nature and continuance of operations

Rara Terra Minerals Corp. (the "Company") was incorporated in the name of Rara Terra Capital Corp. under the British Columbia Business Corporations Act on December 17, 2009. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange and completed its Qualifying Transaction in May 2011 and changed its name to Rara Terra Minerals Corp. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The head office and principal address of the Company are located at 1100 Melville Street, Suite 830, Vancouver, British Columbia, Canada, V6E 4A6. The Company's records and registered address is Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2012 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from existing working capital and or the private placement of common shares.

2. Significant accounting policies and basis of preparation

(a) Basis of preparation

These Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended March 31, 2012. Accounting policies applied in the preparation of these unaudited condensed interim financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended March 31, 2012. The unaudited condensed interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are stated at fair value.

New or amended accounting standards have been issued by the IASB but are not yet effective, and have not been applied by the Company, are as outlined in Note 2 of the 2012 annual financial statements.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on, November 26, 2012.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Rara Terra Minerals Corp.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the three and six month periods ended September 30, 2012

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation of assets and the fair value of stock-based compensation.

3. Exploration and evaluation assets

	March 31, 2012	Additions	September 30, 2012
Acquisition costs:			
Lonnie Property	\$ 44,687	\$ 13,207	\$ 57,894
Xeno Property	120,500	74,850	195,350
Total acquisition costs	165,187	88,057	253,244
Exploration and evaluation costs:			
Lonnie Property:			
Consulting	50,038	-	50,038
Geological survey	126,176	5,531	131,707
Staking	350	4,794	5,144
Xeno Property:			
Consulting	4,168	-	4,168
Geological survey	97,745	140,720	238,465
Staking	14,086	9,128	23,214
Total deferred exploration costs	292,563	160,173	452,736
	\$ 457,750	\$ 248,230	\$ 705,980

Lonnie Property, British Columbia

On January 31, 2011, the Company entered into an agreement to purchase an undivided 60% interest in certain mining claims located in British Columbia, Canada for the following considerations:

- a) \$60,000 to be paid as:
- \$10,000 refundable deposit paid Nov 29, 2010 (paid);
 - \$10,000 refundable deposit on agreement execution (paid);
 - \$4,607 on May 5, 2012 (paid); and
 - \$20,000 before May 5, 2013.
- b) \$500,000 exploration expenditures to be incurred as:
- \$100,000 on or before May 5, 2012 (incurred);
 - \$100,000 on or before May 5, 2013; and
 - \$300,000 on or before May 5, 2014.

3. Exploration and evaluation assets (cont'd)

Lonnie Property, British Columbia (cont'd)

- c) Shares to be issued as:
- 75,000 on or before the Acceptance Date (issued with a fair value of \$20,625);
 - 75,000 on or before May 5, 2012 (issued with a fair value of \$6,000);
 - 75,000 on or before May 5, 2013; and
 - 60,000 on or before May 5, 2014.

Upon the closing of the Qualifying Transaction, the Company will pay two unrelated individuals cash payments of \$6,000 and share issuance of 30,000 shares in total as finders' fees:

- Cash payment of \$2,000 (paid) and issuance of 7,500 (issued with a fair value of \$2,062) shares on the Acceptance Date;
- Cash payment of \$2,000 (paid) and issuance of 7,500 (issued with a fair value of \$600) shares on May 5, 2012;
- Cash payments of \$2,000 and issuance of 7,500 shares on May 5, 2013; and
- Issuance of 7,500 shares on May 5, 2014.

Xeno Property, British Columbia

On June 9, 2011, the Company entered into an option agreement to acquire a 100% interest in certain claims in the Xeno property in British Columbia, Canada for the following consideration:

- \$14,500 upon signing of the agreement (paid);
- \$12,500 (paid) and 75,000 common shares upon approval of the Exchange (issued with a fair value of \$18,750);
- \$10,000 (paid) and 50,000 common shares (issued with a fair value of \$4,500) on the 1st anniversary of the Exchange approval date; and
- \$10,000 and 50,000 common shares on the 2nd anniversary of the Exchange approval date.

On June 15, 2011, the Company entered into an option agreement to acquire a 100% interest in certain claims in the Xeno property in British Columbia, Canada for the following consideration:

- \$28,000 upon signing of the agreement (paid);
- \$28,000 (paid) and 75,000 common shares upon approval of the Exchange (issued with a fair value of \$18,750); and
- \$50,000 (paid) and 115,000 common shares (issued with a fair value of \$10,350) on the 1st anniversary of the Exchange approval date.

4. Accounts payables and accrued liabilities

	September 30, 2012	March 31, 2012
Accounts payables	\$ 19,366	\$ 8,459
HST Payable	1,104	-
Accrued liabilities	2,520	15,000
	\$ 22,990	\$ 23,459

5. Related party transactions

Related party balances:

The following amounts are due to related parties:

	September 30, 2012	March 31, 2012
Directors of the Company	\$ -	\$ 3,291

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions:

The Company incurred the following transactions with the directors of the Company and company's that are controlled by directors of the Company.

	Six month periods ended	
	September 30, 2012	September 30, 2011
Consulting fees	\$ 126,000	\$ 131,530
Rent	20,891	14,500
	\$ 146,891	\$ 146,030

Key management personnel compensation

	Six month periods ended	
	September 30, 2012	September 30, 2011
Stock-based compensation	\$ -	\$ 200,833
Consulting	126,000	131,530
	\$ 126,000	\$ 332,363

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2012 there were 16,472,401 issued and fully paid common shares (March 31, 2012 – 16,224,901).

Share issuances

During the six months ended September 30, 2012, the Company issued 75,000 common shares at a fair value of \$6,000 as part of the purchase price of the Lonnie Property (Note 3). Further, the Company issued 7,500 common shares with a fair value of \$600 as finders' fees for the Lonnie Property (Note 3). The Company also issued 165,000 common shares at a fair value of \$14,850 as part of the purchase price of the Xeno Property (Note 3).

6. Share capital (cont'd)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended September 30, 2012 was based on the loss attributable to common shareholders of \$269,467 (2011 - \$546,997) and the weighted average number of common shares outstanding of 16,370,065 (2011 – 10,526,672). The loss attributed to common shareholders is made up of the comprehensive loss for the six months ended September 30, 2012 of \$189,430 and the incremental increase in the fair value of the warrants of \$80,037 which was charged to deficit.

Diluted loss per share did not include the effect of 1,224,100 stock options or 4,846,361 warrants as the effect would be anti-dilutive.

Stock options

The changes in options during the six month period ended September 30, 2012 are as follows:

	September 30, 2012	
	Number of options	Weighted average exercise price
Options outstanding, beginning of period	1,224,100	\$ 0.20
Options granted	-	-
Options cancelled	-	-
Options outstanding, end of period	1,224,100	\$ 0.20

Details of options outstanding as at September 30, 2012 are as follows:

Exercise price	Remaining contractual life	Number of options outstanding
\$0.10	2.91 years	450,000
\$0.26	3.59 years	724,100
\$0.26	3.76 years	50,000
		1,224,100

At September 30, 2012, the weighted average remaining contractual life of options outstanding was 3.35 years.

Warrants

The changes in warrants during the six month period ended September 30, 2012 are as follows:

	September 30, 2012	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	4,846,361	\$ 0.38
Warrants granted	-	-
Finder's warrants	-	-
Warrants exercised	-	-
Warrants outstanding, end of period	4,846,361	\$ 0.38

6. Share capital (cont'd)

Warrants (cont'd)

Details of warrants outstanding as at September 30, 2012 are as follows:

Weighted average exercise price	Remaining contractual life	Number of warrants outstanding
\$ 0.39	1.09 years	4,546,201
\$ 0.25	0.09 years	300,160
		4,846,361

At September 30, 2012, the weighted average remaining contractual life of warrants outstanding was 1.03 years.

During the six month period ended September 30, 2012 the Company extended the contractual life of 4,546,201 warrants by 1 year to November 3, 2013. The incremental increase in the fair value of these warrants was calculated to be \$80,037. This increase was charged to deficit. The incremental increase was calculated using the Black-Scholes option pricing model and the following assumptions: expected life – 1.15 years; volatility – 157%; risk-free interest rate – 1.04%; and dividend rate – 0%.

7. Subsequent Event & Commitment

On November 15, 2012 the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement (“OGA”) with Circlestar Energy Corp. wherein Circlestar will sell to the Company a 75% working interest before payout (60% net revenue interest) and 56.25 working interest after payout (45% net revenue interest) in the Project in consideration of \$393,750 by the Company to Circlestar. Circlestar is engaged in the oil and gas exploration and production industry, and has identified an oil and gas prospect located on approximately 160 acres in Trego County, Kansas, as being a favorable prospect for development. Circlestar acquired the oil and gas leases to the 160 acres for the purpose of extracting the oil and gas reserves and plans to drill for the purpose of producing and marketing the recoverable crude oil, natural gas and other minerals. On November 20, 2012 the Company made an initial payment of approximately \$247,900 to Circlestar and the remaining obligation is due on or before November 30, 2012. The OGA also grants the Company a right of first refusal to participate and acquire interests in new well projects on the Trego County property. If the Company does not participate in those future project well opportunities or fund its share of the associated costs, the Company will lose its right of first refusal to participate and acquire interests in any future project well opportunities. Upon approval from the TSX-V the Company intends to pay a finders fee to a third party consisting of 370,313 common shares of the Company at a deemed price of \$0.10 per share pursuant to a finders agreement between the Finder and the Company.