

RARA TERRA MINERALS CORP.
Condensed Interim Financial Statements
Three and Nine Months Ended December 31, 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 condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim 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 condensed interim 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 - Unaudited)

| | Notes | December 31, 2012 (Unaudited) | March 31, 2012 (Audited) |
|---|-------|-------------------------------------|--------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 483,577 | \$ 1,330,361 |
| Prepaid expenses | | 24,500 | 7,500 |
| HST receivable | | 1,806 | 116,958 |
| | | 509,883 | 1,454,819 |
| Non-current assets | | | |
| Mineral exploration and evaluation assets | 3 | 705,980 | 457,750 |
| Oil and gas exploration and evaluation assets | 4 | 439,464 | - |
| TOTAL ASSETS | | \$ 1,655,327 | \$ 1,912,569 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payables and accrued liabilities | 5 | \$ 3,830 | \$ 23,459 |
| Due to related parties | 6 | - | 3,291 |
| TOTAL LIABILITIES | | 3,830 | 26,750 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 7 | 2,684,740 | 2,603,099 |
| Share-based payment reserve | 7 | 343,158 | 269,875 |
| Deficit | | (1,376,401) | (987,155) |
| TOTAL SHAREHOLDERS' EQUITY | | 1,651,497 | 1,885,819 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 1,655,327 | \$ 1,912,569 |

Subsequent Event and Commitment (Note 8)

On behalf of the board:

"Alex Helmel"
 Director

"Roger Flowerdew"
 Director

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

| | Notes | Three month periods ended | | Nine month periods ended | |
|---|-------|---------------------------|----------------------|--------------------------|----------------------|
| | | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| Expenses | | | | | |
| Bank charges and interest | | \$ 130 | \$ 187 | \$ 142 | \$ 305 |
| Consulting and management fees | 6 | 78,250 | 65,500 | 204,250 | 225,130 |
| Exploration | | 8,430 | 2,436 | 20,005 | 4,987 |
| General and administrative | | 1,396 | 1,302 | 5,662 | 10,530 |
| Investor relations | | 4,500 | 23,000 | 18,228 | 40,500 |
| Professional fees | | 3,580 | 2,698 | 10,010 | 59,977 |
| Rent | 6 | 10,500 | 10,500 | 31,391 | 25,000 |
| Stock based compensation | | - | - | - | 200,833 |
| Transfer agent and filing fees | | 3,051 | 820 | 8,501 | 39,167 |
| Travel and promotion | | 9,942 | 32,265 | 11,335 | 79,276 |
| | | (119,779) | (138,708) | (309,523) | (685,705) |
| Other Item | | | | | |
| Interest income | | - | - | 314 | - |
| Comprehensive loss | | \$ (119,779) | \$ (138,708) | \$ (309,209) | \$ (685,705) |
| Loss per share – basic and diluted | 7 | \$ (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 | | 6,600,000 | \$ 399,384 | \$ 49,613 | \$ (30,000) | \$ (168,625) | \$ 250,372 |
| Comprehensive income: | | | | | | | |
| Comprehensive loss | | - | - | - | - | (685,705) | (685,705) |
| 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 | | - | (228,391) | 35,274 | - | - | (193,117) |
| 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 December 31, 2011 | | 16,224,901 | \$ 2,550,150 | \$ 269,875 | \$ - | \$ (854,330) | \$ 1,965,694 |
| Balance at April 1, 2012 | | 16,224,901 | \$ 2,603,099 | \$ 269,875 | - | \$ (987,155) | \$ 1,885,819 |
| Comprehensive income: | | | | | | | |
| Comprehensive loss | | - | - | - | - | (309,209) | (309,209) |
| Transactions with shareholders, in their capacity as shareholders and other transfers: | | | | | | | |
| Shares issued to acquire exploration and evaluation assets | 3,4 | 617,813 | 65,887 | - | - | - | 65,887 |
| Shares issued for cash – option exercise | 7 | 90,000 | 15,754 | (6,754) | - | - | 9,000 |
| Fair value of warrant extension | 7 | - | - | 80,037 | - | (80,037) | - |
| Balance at December 31, 2012 | | 16,932,714 | \$ 2,684,740 | \$ 343,158 | \$ - | \$ (1,376,401) | \$ 1,651,497 |

See accompanying notes to the financial statements

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

| | Nine month periods ended | |
|--|--------------------------|----------------------|
| | December 31, 2012 | December 31, 2011 |
| Operating activities | | |
| Net loss | \$ (309,209) | \$ (685,705) |
| Adjustments for non-cash items: | | |
| Stock-based compensation | - | 200,833 |
| Changes in non-cash working capital items: | | |
| HST receivable | 115,152 | (80,925) |
| Prepaid expenses | (17,000) | - |
| Accounts payables and accrued liabilities | (19,629) | 39,031 |
| Due to related parties | (3,291) | (3,235) |
| Net cash flows used in operating activities | (233,977) | (530,001) |
| Investing activities | | |
| Acquisition of exploration and evaluation assets | (621,807) | (314,760) |
| Net cash flows used in investing activities | (621,807) | (314,760) |
| Financing activities | | |
| Proceeds received for shares issued, net of issuance costs | 9,000 | 2,180,054 |
| Net cash flows from financing activities | 9,000 | 2,180,054 |
| Increase (decrease) in cash | (846,784) | 1,335,293 |
| Cash, beginning | 1,330,361 | 194,087 |
| Cash, ending | \$ 483,577 | \$ 1,529,380 |
| Non-cash transaction: | | |
| Fair value of shares issued for acquisition of exploration and evaluation assets | \$ 65,887 | \$ 60,188 |

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 resource 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 December 31, 2012 the Company had not advanced its resource 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 resource 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, February 26, 2013.

(b) Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where

Rara Terra Minerals Corp.
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there is significant risk of material adjustments to assets and liabilities in future accounting periods include the determination of the fair value measurements for financial instruments and share-based compensation and other share-based payments, the recoverability of exploration and evaluation assets, and the recoverability and measurement of deferred tax assets and liabilities.

(c) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The classification of financial instruments.

3. Mineral exploration and evaluation assets

| | March 31, 2012 | Additions | December 31, 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 follows:
 - \$10,000 refundable deposit paid November 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 follows:
 - \$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.

- c) Shares to be issued as follows:
- 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 located 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 located 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. Oil and gas exploration and evaluation assets

Trego County Property, Kansas, United States

On November 15, 2012 the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement ("OGA") with Circlestar Energy Corp. ("Circlestar") wherein for consideration of US\$393,750 to be paid by the Company to Circlestar, Circlestar sold to the Company a 75% working interest before payout (60% net revenue interest) and a 56.25% working interest after payout (45% net revenue interest) in an oil and gas exploration and development prospect located in Trego County, Kansas. In December 2012, the Company made payments totaling \$395,026 (US\$393,750) to Circlestar with respect to the drilling and completion of the first Trego County property well prospect. 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.

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The Company issued 370,313 common shares with a fair value of \$44,437 pursuant to a finder's agreement between the finder and the Company.

| | March 31, 2012 | Additions | December 31, 2012 |
|--------------------|-------------------|------------|----------------------|
| Acquisition costs: | | | |
| Trego Property | \$ - | \$ 439,464 | \$ 439,464 |

5. Accounts payables and accrued liabilities

| | December 31, 2012 | March 31, 2012 |
|---------------------|----------------------|-------------------|
| Accounts payables | \$ 3,830 | \$ 8,459 |
| Accrued liabilities | - | 15,000 |
| | \$ 3,830 | \$ 23,459 |

6. Related party transactions

Related party balances:

The following amounts are due to related parties:

| | December 31, 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.

| | Nine month periods ended | |
|-----------------|--------------------------|----------------------|
| | December 31, 2012 | December 31, 2011 |
| Consulting fees | \$ 193,000 | \$ 202,530 |
| Rent | 31,391 | 25,000 |
| | \$ 224,391 | \$ 227,530 |

Key management personnel compensation

| | Nine month periods ended | |
|--------------------------|--------------------------|----------------------|
| | December 31, 2012 | December 31, 2011 |
| Stock-based compensation | \$ - | \$ 200,833 |
| Consulting | 193,000 | 202,530 |
| | \$ 193,000 | \$ 403,363 |

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2012 there were 16,932,714 issued and fully paid common shares (March 31, 2012 – 16,224,901).

Share issuances

During the nine months ended December 31, 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). The Company issued 370,313 common shares with a fair value of \$44,437 as part of the purchase of a working interest in the Trego County Oil and Gas Property, Kansas (Note 4).

The Company issued 90,000 common shares upon exercise of 90,000 stock options at \$0.10 per share for proceeds of \$9,000. The fair value of \$6,754 was reallocated from share-based payment reserve to share capital.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended December 31, 2012 was based on the loss attributable to common shareholders of \$389,246 (2011 - \$685,705) and the weighted average number of common shares outstanding of 16,401,929 (2011 – 12,952,674). The loss attributed to common shareholders is made up of the comprehensive loss for the nine months ended December 31, 2012 of \$309,209 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 1,134,100 stock options or 4,546,201 warrants as the effect would be anti-dilutive.

Stock options

The changes in options during the nine month period ended December 31, 2012 are as follows:

| | December 31, 2012 | |
|--|--------------------------|--|
| | Number of options | Weighted average exercise price |
| Options outstanding, beginning of period | 1,224,100 | \$ 0.20 |
| Options granted | - | - |
| Options exercised | (90,000) | - |
| Options cancelled | - | - |
| Options outstanding, end of period | 1,134,100 | \$ 0.21 |

Details of options outstanding as at December 31, 2012 are as follows:

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| Exercise price | Remaining contractual life | Number of options outstanding |
|----------------|----------------------------|-------------------------------|
| \$0.10 | 2.65 years | 360,000 |
| \$0.26 | 3.34 years | 724,100 |
| \$0.26 | 3.51 years | 50,000 |
| | | 1,134,100 |

At December 31, 2012, the weighted average remaining contractual life of options outstanding was 3.13 years.

Warrants

The changes in warrants during the nine month period ended December 31, 2012 are as follows:

| | December 31, 2012 | |
|---|--------------------|---------------------------------|
| | Number of warrants | Weighted average exercise price |
| Warrants outstanding, beginning of period | 4,846,361 | \$ 0.39 |
| Warrants granted | - | - |
| Finder's warrants | - | - |
| Warrants exercised | - | - |
| Warrants expired | (300,160) | - |
| Warrants outstanding, end of period | 4,546,201 | \$ 0.39 |

Details of warrants outstanding as at December 31, 2012 are as follows:

| Weighted average exercise price | Remaining contractual life | Number of warrants outstanding |
|---------------------------------|----------------------------|--------------------------------|
| \$ 0.39 | 0.84 years | 4,546,201 |

At December 31, 2012, the weighted average remaining contractual life of warrants outstanding was 0.84 years.

During the nine month period ended December 31, 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%.

8. Subsequent events and commitment

- a. In January 2013 the Company paid \$205,249 (US\$206,387) and in February 2013 paid an additional \$145,115 (US\$143,614) to Circlestar to fund the Company's proportionate share of the drilling and completion costs of a second prospect well on the Trego County, Kansas, property (Note 4).
- b. The Company has a commitment to fund approximately \$126,000 to fund the Company's proportionate share of the hydraulic fracturing of the first and second wells on the Trego County, Kansas, property.
- c. In February, 2013 the Company incorporated 0960128 B.C. Ltd., a wholly owned British Columbia subsidiary, and intends to incorporate a Kansas subsidiary, to be wholly owned by 0960128 B.C. Ltd. The Company intends to assign its interest in the OGA to the Kansas subsidiary.