RARA TERRA CAPITAL CORP.

FINANCIAL STATEMENTS

December 31, 2010

(UNAUDITED-PREPARED BY MANAGEMENT)

Reader's Note: The following interim financial statements for Rara Terra Capital Corp. ("Rara Terra" or the "Company") for the third quarter ended December 31, 2010 have been prepared by management and have not been subject to review or audited by the Company's auditor.

RARA TERRA CAPITAL CORP.
(Unaudited – prepared by management)
BALANCE SHEETS

	December 31, 2010 (Unaudited)	March 31, 2010
ASSETS		
CURRENT		
Cash	$ 335,345	$ 217,086
Receivables	12,477	1,076
	347,822	218,162
DEFERRED SHARE ISSUE COSTS (Note 3)	-	33,827
DEFERRED ACQUISITION COSTS (Note 4)	30,000	-
	$ 377,822	$ 251,989
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 27,474	$ 10,244
Due to related party	-	5,577
	27,474	15,821
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	399,384	244,136
WARRANTS (Note 3)	15,845	-
CONTRIBUTED SURPLUS (Note 3)	33,768	-
DEFICIT	(98,649)	(7,968)
	350,348	236,168
	$ 377,822	$ 251,989

Nature and Continuance of Operations (Note 1)

On behalf of the Board of Directors:

[signed]

Fraser Atkinson
Director

[signed]

Roger Flowerdew
Director

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

RARA TERRA CAPITAL CORP.
(Unaudited – prepared by management)
STATEMENTS OF COMPREHENSIVE LOSS AND DEFICIT

	Three months ended December 31, 2010	From Incorporation on December 17, 2009 to December 31, 2009	Nine months ended December 31, 2010	From Incorporation on December 17, 2009 to December 31, 2009
EXPENSES				
General and administrative	$ 20,987	$ -	$ 32,964	$ -
Professional fees	12,199	-	14,949	-
Rent	3,000	-	9,000	-
Stock-based compensation	-	-	33,768	-
NET LOSS	(36,186)	-	(90,681)	-
DEFICIT, BEGINNING	(62,463)	-	(7,968)	-
DEFICIT, ENDING	$ (98,649)	$ -	$ (98,649)	$ -
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	$ -	$ (0.03)	$ -
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	4,400,000	-	2,785,455	-

The accompanying notes are in integral part of these financial statements.

RARA TERRA CAPITAL CORP.
(Unaudited – prepared by management)
STATEMENTS OF CASH FLOWS

	Three months ended December 31, 2010	From Incorporation on December 17, 2009 to December 31, 2009	Nine months ended December 31, 2010	From Incorporation on December 17, 2009 to December 31, 2009
OPERATING ACTIVITIES				
Net loss for the period	$ (36,186)	$ -	$ (90,681)	$ -
Non cash item:				
Stock-based compensation	-	-	33,768	-
Changes in non-cash working capital items				
Accounts payable	12,320	-	17,230	-
Accounts receivable	(5,491)	-	(11,401)	-
Due to related parties	(7,358)	-	(5,577)	-
Cash flows used in operating activities	(36,715)	-	(56,661)	-
INVESTING ACTIVITIES				
Deferred acquisition costs	(30,000)	-	(30,000)	-
Cash flows used in investing activities	(30,000)	-	(30,000)	-
FINANCING ACTIVITIES				
Proceeds received for shares issued, net of issuance costs	-	-	256,189	-
Deferred share issue costs	-	-	(51,269)	-
Cash flows used in financing activities	-	-	204,920	-
INCREASE (DECREASE) IN CASH	(66,715)	-	118,259	-
CASH, BEGINNING	402,060	-	217,086	-
CASH, ENDING	$ 335,345	$ -	$ 335,345	$ -
SUPPLEMENTARYCASH FLOW INFORMATION:				
Cash paid for interest	$ -	$ -	$ -	$ -
Cash paid for income taxes	$ -	$ -	$ -	$ -

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

NOTE 1 NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Rara Terra Capital Corp. (the "Company") was incorporated 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. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company completed its IPO on August 27, 2010 and the Company's shares commenced trading on the Exchange on August 31, 2010.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

The results of operations for the nine month period ended December 31, 2010 are not necessarily indicative of the results for the full year ending March 31, 2011.

NOTE 2 SIGNIFICANT ACCOUINTING POLICIES

Share Capital

The proceeds from the exercise of stock options, warrants and shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair value. Fair value is determined by the market value of the shares on the dates issued.

Stock-based Compensation

The Company adopted the accounting recommendations of the Canadian Institute of Chartered Accountants Handbook, Section 3870, "Stock-based compensation and other stock-based payments" whereby the Company will expense the fair value of stock-based compensation awards. Fair values are determined using the Black-Scholes option pricing model.

NOTE 3 SHARE CAPITAL

Common Shares

Authorized

a. Unlimited common shares without par value

b. Issued:

	Number of Shares	Amount
Balance as at December 17, 2009 (Inception)	1	$ -
Common shares issued for cash at $0.05 per share	2,200,000	110,000
Common shares issued for cash at $0.10 per share	1,400,000	140,000
Cancelled share	(1)	-
Share issuance costs	-	(5,864)
Balance as at March 31, 2010	3,600,000	$ 244,136
Common shares issued for cash at $0.10 per share	3,000,000	300,000
Share issuance costs	-	(144,752)
Balance as at December 31, 2010	6,600,000	399,384

During the period ended March 31, 2010 the Company issued 2,200,000 common shares to directors of the Company. All the shares are subject to an escrow agreement in accordance with the Exchange Policy 2.4. The shares will be released as follows: 10% upon the issuance of notice of final acceptance of a Qualifying Transaction by the Exchange, and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

During the period ended March 31, 2010 the Company issued 1,400,000 common shares at a price of $0.10 per share by way of a private placement.

On August 27, 2010 the Company completed its initial public offering of 3,000,000 common shares of the Company at $0.10 per share for gross proceeds of $300,000. The Company incurred expenses of $144,752 in respect of its listing on the Exchange and the completion of its initial public offering, including the fair value of broker warrants of $15,845.

Deferred share issuance costs consisted of costs relating to the listing of the Company's shares on the Exchange and undertaking an initial public offering. Upon successful completion of the initial public offering, these costs have been recorded as a reduction of share capital.

c. Stock options and warrants:

The directors of the Company adopted a Company Share Option Plan (the "Plan"). The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that, subsequent to the Company having completed its IPO, the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

NOTE 3 SHARE CAPITAL continued

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Pursuant to the Plan, the Company granted share purchase options to directors and officers of the Company to acquire up to 450,000 common shares at $0.10 per share, exercisable up to August 27, 2015. The fair value of the stock options was calculated as $33,768 using the Black-Scholes option pricing model using the following assumptions: 100% volatility, 0% dividend yield and a risk-free rate of 2.16%. All of these options were outstanding at December 31, 2010.

The Company granted Global Securities Corp., who acted as agent to the Company for its initial public offering, finders' warrants to acquire up to 300,000 common shares at an exercise price of $0.10 per common share exercisable for a period of two years from August 27, 2010. The fair value of the warrants was calculated as $15,845 using the Black-Scholes option pricing model using the following assumptions: 100% volatility, 0% dividend yield and 1.61% interest free rate.

NOTE 4 QUALIFYING TRANSACTION

On November 29, 2010, the Company entered into a letter of intent ("LOI") with American Manganese Inc. ("American Manganese") to acquire up to a 60% interest in American Manganese's Lonnie property ("Lonnie Property"), a niobium and rare earth property located in the Omineca Mining Division of British Columbia. This transaction is subject to the approval of the Exchange and is intended to constitute the Company's Qualifying Transaction. As the Company and American Manganese are at arm's length, the proposed Qualifying Transaction will not be a non-arms length qualifying transaction, as defined in the policies of the Exchange. Accordingly, it is expected that a valuation will not be required and that the Qualifying Transaction will not be subject to approval of the shareholders of the Company. Under the terms of the LOI, the Company has agreed to pay American Manganese cash payments totaling $60,000, payable over three years. As at December 31, 2010, a $10,000 refundable deposit has been paid. In addition, $20,000 has been paid for the preparation of a report in accordance with National Instrument 43-101. The LOI also requires the Company to incur a total of $500,000 in exploration expenditures on the Lonnie Property and issue 285,000 common shares of the Company's capital stock over a three year term.

The Company also intends to acquire a 100% interest in Golden Santa Cruz S.A.'s ("GSC") Las Chacras property located in the Sierra Pampeanas range in the Argentine province of San Luis for a cash payment of $25,000 and the issuance of 3,000,000 common shares to GSC, which shares will be released to GSC by the Company achieving milestone-driven release criteria. The released shares will then be subject to the terms of an escrow agreement to be entered into between the Company, GSC and an escrow agent.

NOTE 5 SUBSEQUENT EVENT

On January 31, 2011, the Company and American Manganese executed the Option Agreement to acquire up to a 60% interest in American Manganese's Lonnie property. The material terms of the Option Agreement are as described above in Note 4. Concurrent with the execution of the Option Agreement, the Company paid an additional $10,000 refundable deposit to American Manganese.