

News Release

Grace Option Agreement with Apumayo Extended

June 21, 2016 (TSX Venture: LRA) - Lara Exploration Ltd., (“Lara” or the “Company”) is pleased to report that has extended to December 2017 the existing option agreement for the sale of the Company’s Grace Gold Project in southern Peru to Minera Apumayo S.A.C. (“Apumayo”). The Grace Project covers Tertiary-age volcanics, cut by brecciated silica bodies and veins with wide quartz-alunite and granular silica halos, indicative of a well-preserved high-sulphidation epithermal system. Surface work has outlined a hydrothermal alteration zone extending over an area approximately 6 kilometres in length by 1 to 1.5 kilometres in width, with two priority target areas denominated Fox and Gran Leon, where rock chip samples have returned anomalous gold values.

Apumayo has developed and mined two similar deposits on the properties immediately to the south of the Grace, reportedly producing in excess of 150,000 troy ounces (“oz”) of gold. The mill is currently sitting idle and Apumayo is highly motivated to advance work on the targets within the Grace properties in order to restart production. Apumayo has agreements with the local community that have allowed the completion of additional surface work and expects to secure drill permits by year-end.

Grace Option

Under the terms of the option agreement, Apumayo can acquire 100% of the Grace properties from Lara by making payments totalling US\$2 million (of which US\$75,000 has already been paid), staged over 36 months from the date of securing approvals from the Direccion General de Minería to start work (see Company news release of November 6, 2013 for details). Lara will also be entitled to 0.75% Net Smelter Return (“NSR”) royalty payments on gold and gold equivalent production of between 200,000oz and 500,000oz, and then 1% from any production in excess of 500,000 oz.

Apumayo is further committed under the option agreement to minimum exploration expenditures on the property of US\$500,000 and the completion of a minimum of 3,000 metres of drilling.

Quality Control and Qualified Person

Michael Bennell, Lara’s Vice President Exploration and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), is a Qualified Person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and has approved the technical disclosure and verified the technical information in this news release.

About Lara

Lara is an exploration company following the Prospect Generator business model, which aims to

minimize shareholder dilution and financial risk by generating prospects and then exploring them in joint ventures funded by partners. The Company currently holds a diverse portfolio of prospects and deposits in Brazil, Peru, Colombia and Chile. Lara's common shares trade on the TSX Venture Exchange under the symbol "LRA".

For further information on Lara Exploration Ltd. please consult our website www.laraexploration.com, or contact Chris MacIntyre, VP Corporate Development, at +1 416 703 0010.

*Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada
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