MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 16, 2018 and should be read in conjunction with the consolidated financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the year ended December 31, 2017 and the related notes thereto.

Those consolidated 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"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Lara's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project and other factors.

Lara's operating plan is dependent on its joint venture partners being able to make option payments and fund exploration activities on some of the properties that Lara holds. The operating plan is also dependent on being able to raise new equity funds and sell investments as required to raise sufficient capital resources to acquire and explore new properties. Other factors that affect Lara's operating plan are: commodity prices, gaining access to exploration properties by securing or renewing licenses and concluding agreements with local communities. If any of these factors are impacted in a negative way, such as joint venture partners being unable to raise sufficient capital to complete option agreements or if the Company is unable to raise sufficient capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Lara is a prospect generator with a strategy to seek exploration discoveries and create royalty interests in South America, funding a significant portion of its mineral exploration costs through joint ventures and partnership agreements. This approach significantly reduces the technical and financial risk for the Company, without losing exposure to the shareholder value enhancement of a major discovery. Lara's experienced management team has already made multiple discoveries and is well established in South America. Currently the Company is most active in Brazil and Peru, but retains an interest in several projects in Colombia and Chile.

2017 HIGHLIGHTS

- Tessarema was issued an Installation License for its tailings facility and filed its Feasibility Study (known in Brazil as "Plano de Aproveitamento Economico") with the Department of Mines for the Maravaia Copper Mine (part of the Curionópolis Copper-Gold Project).

- Option agreement amended with Tessarema for the Maravaia Copper Mine (and the Curionópolis Copper Gold Project) in exchange for immediate payment of US$750,000 and an additional 5% carried interest in the project. Lara retains also its 2% net smelter returns royalty.

- Memorandum of Understanding signed to option the Planalto Copper Project, located in the Carajás Mineral Province of Northern Brazil, to Avanco Resources Ltd. ("Avanco"), owner of the nearby Antas Copper Mine. Under the terms of the agreement, Avanco can acquire a 75% interest in the Planalto project by making cash payments to Lara and funding exploration and development work.

- Avanco completed electromagnetic surveys over two of the soil geochemical anomalies on the Planalto Copper Project and elected not to proceed with its option to acquire a 75% interest from Lara.

- The Company elected to undertake a scout drilling program on a newly defined copper-gold target at its Planalto Project in the Carajás Province of Brazil. In March 2018, the Company reported that its first drillhole had intercepted 117.4 metres with an average grade of 0.57% copper equivalent at the Homestead target.

- Terms of the option to purchase the Azul Tin Project amended to remove staged payments, with now a final payment of US$700,000 due by December 31, 2018 to complete the option.

- The Company elected to relinquish its option over the Serrita gold project in northeast Brazil.

EXPLORATION REVIEW

Lara currently holds or participates in exploration projects targeting copper, gold, tin, nickel, iron, phosphate, vanadium, titanium and coal, with exploration mostly funded through joint venture partnerships and strategic alliances. There are currently eight projects in Brazil, three of which are funded by partnerships. The Peru portfolio now comprises fifteen prospects, some of which were claimed post the end of the period, two are funded by partners, with one other in a co-funding joint venture and one a royalty interest. The Company is also partnered in five coal and phosphate projects in Colombia and Chile that are funded through alliance agreements with Kiwanda that are in a listing process on the ASX.

Outlook

The Company is completing a total of five diamond drill holes on the Homestead target at the Planalto Copper Project in the Carajás Province of northern Brazil, with remaining results due for release in April and May 2018. In parallel with this drilling, further surface work is being used to better define the Homestead target, which is now approximately two kilometers long. Once this work is completed on the Homestead target, further surface work and possibly some shallow drilling is planned for the Divisa target, which lies along strike and immediately to the west of the Homestead target.

The Company has two other active projects in the Carajás Province, the Maravaia Copper Mine and the Liberdade Copper Project. At Maravaia, partner Tessarema is engaged in permitting and construction to reach commercial production. Partner Codelco continues to defend in court our Liberdade mineral right, against an appeal from Brazilian miner Vale; all the relevant filings have been submitted by both sides and we anticipate a decision from the judge in 2018.

In Peru we expect to report results from partner-funded drilling on two epithermal gold projects in 2018. Apumayo completed drilling on our Grace Gold Project in 2017, for which results will be released in the first half of 2018 and Hochschild plans to drill our Corina Gold Project later in the year, subject to the timely issue of its drill permit. We also expect to continue our efforts to secure new properties and prospects in Peru through 2018.

Brazil Exploration Projects

Planalto Copper Project

The Planalto Project comprises three exploration licenses, totalling 4,726 hectares in area, covering meta-volcano-sedimentary sequences and intrusives of early Proterozoic-age, located near Vale S.A.'s Sossego copper mine and the Avanco Resources Antas copper mine, in the Carajás Mineral Province of northern Brazil. Previous exploration work includes soil sampling, geophysics and two diamond drill holes (the Company does not have access to the drill cores or samples to confirm these historic results). Past exploration work includes surface sampling, which outlined two copper-in-soil anomalies with values in excess of 300 parts per million ("ppm") copper, one approximately 1.3 kilometres ("km") by 0.9 km in size, the other 2.9 km by 0.3 km. The historical reporting also includes results of two drill holes executed approximately 100 metres ("m") apart on the same East-West section on one of the copper-in-soil anomalies. Hole FD-73 has a reported intercept value of 188 m of 0.4% copper, including 15 m at 0.67%, 14 m at 0.68% and 10m at 1.18% copper. Hole FD-74 has a reported intercept of 50 m at 0.38% copper, including 21 m at 0.6% copper.

The original licenses were cancelled by the Brazilian Department of Mines ("DNPM"), based on perceived deficiencies in the application paperwork, which were definitively rectified in 2016 under the normal administrative appeals process and the licenses reissued. The Company originally optioned the property in early 2013 (see Company news release of February 25, 2013 for details) and the terms of the option have since been amended to reflect the delay. Under the amended terms of the option agreement to acquire 100% of the properties, Lara has agreed to make staged cash payments totalling up to US$500,000 as follows:

Milestone/Date	Payment US$
Upon signing the Definitive Agreement (paid)	25,000
Upon issue of Exploration Licenses (paid)	25,000
June 30, 2018	50,000
June 30, 2019	100,000
June 30, 2020	100,000
DNPM approval of the Final Exploration Report	200,000

The vendor will also be entitled to a 2% NSR royalty on any production; Lara retains the right to purchase 50% of this royalty for a cash payment of US$2 million.

In April 2017 the Company signed a Memorandum of Understanding to option Planalto to Avanco Resources Ltd., owner of the nearby Antas Copper Mine. Under the terms of the agreement, Avanco could acquire a 75% interest in the Planalto project by making cash payments to Lara and funding exploration and development. Avanco completed electromagnetic surveys over the Homestead and Divisa soil geochemical anomalies and elected not to proceed with its option. The Company contracted a reanalysis of the EM surveys which identified several conductors, one of which is coincident with the best copper values from Lara's soil sampling and that was not tested by the previous drilling. Follow-up mapping and sampling was completed to better define this target that extends along the contact between granitic and meta-volcano-sedimentary rocks for over 1,000 metres of strike length and is between 150 metres and 400 metres in width at surface. The Company elected to undertake a scout drilling program on the Homestead target prior to offering the project again for joint venture and drilling started in early November.

Lara's first diamond drill hole DDH-17-01 intercepted 222.29m from surface with an average grade of 0.38% copper and 39ppb gold (0.41% copper equivalent). Within this wider zone, there is an intercept of 117.47m (between 62.08m and 179.55m down hole) with an average grade of 0.53% copper and 54ppb gold (0.57% copper equivalent). The second hole, DDH-17-02, drilled below DDH-17-01 on the same section, intercepted a lower grade mineralized zone of 101.36m at 0.14%Cu and within this zone the best intersections were 15.00m at 0.32% copper and 4.70m at 0.3% copper (see Company news release of February 28, 2018 for details).

Drillhole 17-01 was drilled at an angle of 55 degrees at an azimuth of 030 degrees, 17-02 at an angle of 65 degrees to the same azimuth direction to test the northern end of a copper in soil geochemistry anomaly extending over one kilometre in strike length and up to 400m in width, interpreted as proximal to an important structural break between granitic intrusives and mafic-intermediate meta-volcanics and gabbro intrusives. Channel samples of rock and saprolite, where exposed across the main soil anomaly, included intervals with 12m averaging 5,180 parts per million ("ppm") copper, 45m averaging 2,561 ppm, 33m averaging 2,062 ppm and 33m averaging 2,702 ppm Cu. Copper mineralization logged in these first two drill holes comprised predominantly chalcopyrite in a stockwork-like pattern of narrow sub-millimeter to centimeter-wide veins, veinlets and disseminations hosted in altered (biotite, actinolite and K-feldspar) mafic metavolcanics and gabbroic intrusive rocks. Chalcopyrite also occurs associated with magnetite in early K-feldspar-rich veins, as well as in later cross-cutting quartz, epidote, calcite and fluorite veins ranging in widths from a few millimeters to several meters.

The Company is completing a total of five diamond drill holes on the Homestead target at the Planalto Copper Project in the Carajás Province of northern Brazil, with remaining results due for release in April and May 2018. In parallel with this drilling, further surface work is being used to better define the Homestead target, which is now approximately two kilometers long. Once this work is completed on the Homestead target, further surface work and possibly some shallow drilling is planned for the Divisa target, which lies along strike and immediately to the west of the Homestead target.

Maravaia Copper Mine (Curionópolis Copper-Gold Project)

The Curionópolis property covers a number of IOCG-type high-grade copper-gold targets within the prolific Carajás District of northern Brazil and is being worked under an option agreement by an unlisted Canadian company Tessarema Resources Inc. ("Tessarema"). The Company reported an initial resource estimate for mineralization at the Maravaia Copper Gold Deposit, located within the Curionopolis Project. Indicated resources were estimated for the Osmar Target at 2.14 million tonnes with average grades of 4.2% copper and 0.66 ppm gold. The potential development of these resources remains subject to test work to assess copper and gold recoveries, engineering and feasibility studies, and the securing of environmental and mining licenses. The project data and resource estimates are derived from and presented in more detail in the Amended Technical Report entitled: "Maravaia Copper-Gold Deposit, Carajás Mining District, Para, Brazil", prepared for Tessarema Resources Inc. and Lara by Dr. João Batista G. Teixeira, P.Geo, dated January 15, 2016. The report is available on SEDAR (www.sedar.com) and the company website (www.laraexploration.com).

To fulfill the conditions to earn an initial 49% interest (subject to completion of the option) in Curionopolis, Tessarema has made staged payments to Lara totaling US$750,000, completed over 2,000 metres of drilling, filed a Final Exploration Report with the Brazilian Department of Mines and outlined a minimum resource with over 100,000 tonnes of contained copper equivalent. In February 2016 Tessarema paid a further US$500,000 to raise its interest to 60% (subject to completion of the option). In June 2017 a contractual amendment was completed with Tessarema that leaves Lara with a 5% fully-carried interest in the project company Mineração Maravaia Ltda., and a 2% Net

Smelter Return royalty over the Maravaia project and the other mineral rights covered by the original Curionópolis Option Agreement with Tessarema. This amendment permitted Tessarema to secure a staged loan agreement with trading company Ocean Partners UK Ltd., to provide US$6.5 million in loans towards project development, construction costs and working capital for Mineração Maravaia and the Maravaia Copper Mine. Work by Tessarema during 2017 focused primarily on completing the Ocean Partners deal and the final permitting steps for mine construction. Under the terms of the amended agreement, Tessarema must achieve commercial production by November 2018, or pay Lara an additional US$1 million.

Liberdade Copper Project

The Liberdade Copper Project comprises an exploration license of 8,491 hectares, located in the Municipality of São Felix do Xingú, Pará State, at the western end of the prolific Carajás District. Codelco do Brasil Mineração Ltda., a subsidiary of Chilean State-owned copper miner Codelco, has earned an initial 51% interest in the property by investing US$3,300,000 in exploration and may now elect to earn a further 24% interest by sole-funding such additional exploration works as are necessary to define a minimum resource of at least 500,000 tonnes of copper equivalent, independently reported under National Instrument ("NI") 43-101 guidelines.

The Liberdade exploration license was originally published on October 19, 2010 and valid for three years. It was transferred to Codelco on March 21, 2011, under the terms of the option agreement between Lara and Codelco, with Codelco then having the right to renew the license for up to a further three years. Codelco completed several exploration and drill programs (see Company news releases of March 1, 2013 and October 7, 2013 for details) within the license period and then requested a three-year renewal on July 12, 2013. The Brazilian Department of Mines ("DNPM") has delayed analysis of the renewal, as Vale S.A. ("Vale") has claimed to have a license dating back to 1986 that is still valid. Codelco has filed a lawsuit with the Federal Courts in Brasilia, against both the DNPM and Vale to nullify Vale's claims and safeguard its rights under the Liberdade exploration license. During the period all the relevant filings were submitted by both sides and the parties now await a ruling from the judge.

Vertical Iron Project

The Curionópolis Iron Project comprises a 1,348-hectare license area, covering banded-massive iron formations and related colluvium and lateritic material with grades reaching over 60% iron, located within the Company's Curionópolis Copper-Gold Project. This property has been optioned to Vertical Mineração Ltda. a special purpose company owned by a group of Brazilian pig iron producers, under an agreement whereby Vertical will make cash payments and pay royalties of US$1.50/ton on sales of granular iron ore and US$0.75/ton on sales of fine-grained iron ore produced from the Project.

Vertical is in default with its obligations and payments and the Company filed for arbitration with the FARJ (Forum Arbitral do Rio de Janeiro) in 2016, over its Mineral Rights Transfer Agreement ("the Agreement") with Vertical. Among the terms of the Agreement, signed in May 2009, whereby Lara transferred its rights to the Curionópolis Iron Project to Vertical, were obligations for Vertical to make purchase payments and pay minimum royalties to the Company. Despite several renegotiations extending payment terms and repeated notifications, Vertical has not completed these payments. Lara has requested that the Arbitrators rule on the unpaid amounts, plus interest and fines, as defined by the Agreement. Vertical has contested the qualification of the FARJ and the parties have yet to agree an alternative venue. No progress was made with the arbitration process in 2017.

Itaituba Iron-Titanium-Vanadium Project

This project covers mineralized felsic and mafic intrusives with direct shipping grade magnetite mineralization with significant titanium and vanadium content, located close to paved roads, 55 kilometres from the Miritituba Port on the Tapajós River, from where the iron ore could be barged to shipping terminals on the Amazon River. The target comprises multiple sub-vertical and sub-parallel bodies of magnetite up to 50 metres thick and up to 150 metres long. The Company has completed a geophysical survey (ground magnetics) over part of the target and collected a number of surface grab samples. The high average grades of the surface samples analysed: 48% metallic iron (69%

Fe2O3), 22% titanium dioxide (TiO2) and 0.45% vanadium pentoxide, indicate potential for the mining of a direct shipping ore product. The magnetite mineralization outcrops on the crest and flanks of ridges, suggesting that it would be amenable to open pit mining with relatively low strip ratios. The main zone of mineralization outlined to date lies within an area of grassland and patchy scrub used for cattle grazing. No further work was completed on this project during the period.

Tocantins Gold Project

The Tocantins Project comprises a 9,103-hectare exploration license, covering Lower Proterozoic age greenstone lithologies that have been mined sporadically on a small scale since colonial times. Vale S.A. carried out the first systematic exploration of the area in the 1990's, targeting gold associated with low-angle thrust faults and fold structures, completing 180 shallow reverse circulation drill holes (totalling 9,129 metres) outlining several near-surface gold occurrences. Further work undertaken more recently, included twelve diamond drill holes (totalling 1,731 metres). The best results from this program were intercepts of 2 metres at an average grade of 18.97 grams per tonne gold ("g/t Au") from drill hole TO-08 and 17 metres at 3.93 g/t Au, including 4 metres at 9.01 g/t Au and 2 metres at 11.05 g/t Au from drill hole TO-09 (see Company news release of February 1, 2016 for details). The mineralization intersected in this program is associated with sulphide and sometimes magnetite-rich quartz veining, in deformed mafic and felsic volcanics, which are usually masked at surface by younger lateritic cover. The Company has completed additional surface work on the property and secured a renewal of the exploration license.

Damolândia Nickel Project

The Damolândia Project comes with an extensive database of airborne and terrestrial geophysics, geochemistry and drilling, including seven diamond drill holes (for a total of 1,553 metres) completed in 2008, which intersected a shallowly-plunging, pipe-like body of disseminated nickel-copper sulphide mineralization approximately 600 metres long and open down plunge (see Company news release of March 1, 2016 for details). Lara's interpretation is that the target may represent the distal extension of more massive mineralization. Certainly, there are several geophysical anomalies along the trend, including electromagnetic (conductivity) anomalies, with coincident soil geochemical anomalies that may reflect more massive sulphides, which were not tested at the time. Lara has an option to acquire the Damolândia Project by making staged cash payments totalling US$580,000 and paying a 1% NSR royalty on any production, but Lara retains the right to purchase this royalty for a cash payment of US$2 million. Only limited desktop work was completed on this project during 2017, but a field program was initiated in early 2018 to confirm historical data and add new targets. On January 23, 2018, the agreement was amended and Lara now has until February 16, 2020 to make the first of three US$50,000 payments. Originally that payment was due in 2019. The other terms of the agreement remain as before the amendment.

Azul Tin Project

The Azul Project comprises a 671-hectare Mining License; with the target geology metamorphosed granitic lithologies, exposed along a fold anticline structure that has been the subject of artisanal mining in the past. Most of the exploration work undertaken to date has been concentrated near two small artisanal pits, located approximately 200 metres apart. Sixty-one diamond drill holes were completed in the early 1980's to test extensions of the tin mineralization exposed in the pits. The positions of the older drill holes from the 1980's are mostly still marked with concrete posts that can be located in the field (and which have been surveyed into the database), but the cores are no longer in a usable state. Seven more recent check holes, completed in 2014 intercepted mineralization over similar widths and at similar grades as the original programs from the 1980's and greatly increase confidence in the historical data. Intercepts from 2014 included 3.7 m at 1.33% tin from hole TAD-002 and 6.8m at 1.09% tin from TAD-006 (see Company news release of February 15, 2016 for details).

Lara has the option to pay US$700,000 by December 31, 2018, to complete its purchase the Azul Project. Thereafter there is a 2% NSR royalty on any production, but Lara can acquire this royalty at any time for a one-time cash payment of US$3 million. The Company engaged with a number of potential partners for this project during the period but did not complete any additional fieldwork.

Peru Exploration Projects

Corina Gold Project

The Company has an option agreement to sell this project to Compañia Minera Ares S.A.C. ("Ares"), a subsidiary of Hochschild plc., for staged cash payments totaling US$4,150,000 (US$150,000 of which was paid on signing and a further US$150,000 paid on signing of the community agreement), carrying out US$2,000,000 in exploration and paying a 2% NSR royalty on any future production. Ares is the project operator and is currently working to secure drill permits. During the period Ares signed an agreement with the Calcauso community, for their support for an application to drill the project.

The property is located within a belt of Tertiary-age volcanic rocks that are host to several epithermal gold deposits and the Pallancata, Selene and Immaculada mining operations of Ares. Exploration work by the Company has identified a low-sulphidation epithermal vein system, which has been mapped over 4.5 kilometers. Lara's 190 rock samples collected prior to the agreement with Ares, included 32 with gold values ranging from 0.3g/t to 9.4g/t and silver values ranging between 13g/t and 125g/t. Sampling and mapping of the alteration halo around the vein also suggests potential for disseminated mineralization.

During 2017 Ares completed additional surface sampling and geophysics to better define drill targets, in parallel it also completed archeological and environmental studies, filing its first drill permit application in early 2018. Subject to timely issue of the drill permit, Ares plans to undertake a first-pass drill program in the fourth quarter of 2018.

Grace Gold Project

The Company had an option agreement with Apumayo S.A.C. (a subsidiary of Peruvian gold miner Aruntani S.A.C.), to acquire 100% of the Company's Grace Gold Project in southern Peru for US$2,000,000 in staged cash payments and a net smelter return royalties of 0.75% on any production more than 200,000 troy ounces and 1% on any production in excess of 500,000 troy ounces. Apumayo further committed to minimum exploration expenditures on the property of US$500,000 and the completion of a minimum of 3,000 metres of drilling.

The 6,600-hectare Grace Project covers Tertiary-age volcaniclastics, cut by brecciated silica bodies and veins with wide quartz-alunite and granular silica halos, indicative of a well-preserved high-sulphidation epithermal system. An area of hydrothermal alteration extending approximately 6 kilometers in length by 1 to 1.5 kilometers in width has been outlined to date, where rock chip samples have returned anomalous gold, silver, arsenic, mercury and antimony values. The Project lies adjacent to and immediately north of the area where Apumayo has until recently mined oxide material from four open pits has a mill and processing plant on care and maintenance.

The timing of the payments to Lara and the work commitments were subject to securing community agreements and drilling permits from the Peruvian government, which Apumayo completed early in 2017 and then drilled 88 shallow holes into four target areas. Apumayo's option expired in December 2017 and the parties have since been in discussion on whether to renew or not. Apumayo had not fulfilled certain obligations under the option agreement to pay the property taxes in June 2017, provide copies of all the data generated and make a cash payment to Lara of US$125,000 within 12 months of securing its drill permit. The Company has formally notified Apumayo of its default.

Lara Copper Project

The Lara Copper Project covers copper and molybdenum mineralization associated with porphyry intrusives within the prolific coastal batholith of southern Peru. In January 2010 Lara optioned the property to Redzone Resources Ltd. ("Redzone"), which invested US$2.5 million and issued 850,000 shares to Lara over three years, to earn a 55% controlling interest in the project. Lara is currently funding its 45% interest and retains a 1% NSR on any production. Geophysical surveys, mapping, geochemical sampling and 9,850 metres of drilling have been completed on the 1,800-hectare Lara Copper Project to outline mineralization over an area approximately 2,000 metres by 1,000 metres, indicative of potential for a substantial mineralized porphyry copper body.

During the period the Company assumed management of the project on behalf of the joint venture with Redzone, re-established the drill core and sample storage close to site and completed additional sequential copper analyses to continue the work to characterize and better understand the properties of the different types of copper mineralization within the core area. Site work has included ongoing support work with the community, environmental monitoring and remediation of the sites of the previous drill programs. With the rising copper price environment, the Company has received a number of expressions of interest and continues to actively seek a new investor for the project.

Picha Copper Project

The Company has completed the sale of the Picha project to Australian-listed Valor Resources Limited ("Valor") for 40,000,000 shares and 40,000,000 options of Valor and will remain entitled to an NSR royalty on any future production of 2% for precious metals and 1% for base metals. The project is in the Moquegua Department of southern Peru, approximately 17km ENE of Compañia de Minas Buenaventura S.A.'s San Gabriel gold deposit. Lara completed geological and alteration mapping, surface sampling and ground geophysics (158-line km of magnetic and 65-line km of induced polarization surveys) on the project. This work reported positive copper results from sampling, along with the widespread alteration, brecciation, vein stock working and geophysical anomalies, are indicative of potential to discover a porphyry system at depth.

Sami Gold Project

The Sami Gold Project comprises a 1,000-hectare exploration license, located in the Ayacucho Department of southern Peru. The Sami license covers a highly prospective high-sulphidation epithermal target named Pitusaja, defined by anomalous gold-silver geochemistry and mapped epithermal alteration over 2 kilometres in length, which has never been drill tested. The Pitusaja target has a typical signature of a precious metals rich, high-sulphidation epithermal system, hosted by tuffs of andesitic composition. Anomalous gold values are associated with quartz-alunite alteration, strong silicification and accompanying clay alteration. During the period, the Company continued to seek a new partner to test the target.

Peru Project Generation

The Company has established a new subsidiary: Lara Peru S.A.C., with the goal of rebuilding the portfolio of Peru exploration properties, supported both by in-house geologists and local consultants. During the period, the Company claimed three areas with polymetallic potential in central Peru: Antamaray, Buenos Aires and Puituco. Post year end, a further seven areas we claimed, targeting primarily epithermal gold mineralization.

Qualified Person

Michael Bennell, Lara's Vice President Exploration and a Fellow of the Australasian Institute of Mining and Metallurgy, is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects,* has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2017

For the three months ended December 31, 2017, the Company had a net loss of 1,304,207 or $0.04 per share compared to a net income of $17,270 or $0.00 per share in 2016. The unfavorable variance was due to much higher share-based payments, a decrease in the value of derivative financial instruments and a loss in the equity of associated companies. Share-based payments were higher than in 2016 because the Company granted 1,645,000 options in November 2017, which were fully vested when granted and were valued at $705,500. In 2016, only 80,000 options were granted in the fourth quarter. The share-based payment in 2017 was higher mainly due to the greater number of options granted compared to 2016. In 2017 the value of derivative financial instruments declined by $160,158 whereas there was no change in value for those derivatives in the fourth quarter of 2016. The derivatives are the investment in the 40,000,000 options of Valor. The main factor influencing the quarter to quarter valuation of these options is the market price of Valor shares. The Valor share price declined in the fourth quarter of 2017, which resulted in the loss. In 2017, Lara recognized a loss of $74,814 on its equity in investments in associated companies compared to a loss of $74,593 in the prior year. Those results were mainly due to Andean Coal (BVI) Ltd. In 2016 Andean Coal recognized net income mainly due to some debt forgiveness from third parties. In 2017 Andean Coal recorded impairments on an exploration property and a long-term investment which resulted in a loss.

Year Ended December 31, 2017

For the year ended December 31, 2017, the Company had net loss of $1,177,546 or $0.03 per share compared to a net loss of $638,341 or $0.02 per share in 2016. The unfavorable variance was due to higher exploration expenses, higher share-based payments, lower option revenue and an increased loss in the equity of associated companies partially offset by a gain on the sale of subsidiaries and an increase in the value of derivative financial instruments. Exploration expenses were higher in 2017 due to increased expenditures on regional reconnaissance in Peru, North America and to a lesser extent Brazil as the Company increased its efforts to find new mineral properties. Share-based payments and the equity in the loss of associated companies were higher in 2017 for the same reasons as those described above for the fourth quarter. In 2017 the Company recorded a gain of $1,033,047 on the sale of subsidiary companies. That gain was partially offset by option revenue of $780,630 received in 2016, a large portion of which was from Tessarema Resources Inc.'s staged acquisition of the Curionopolis Copper-Gold Project. During 2017, Lara recorded a gain on the fair value of derivative financial instruments. This gain was mostly related to the increase in value of Valor options and the main factor influencing that value was the market price of Valor shares. There was no corresponding gain in 2016. The increase in the loss in equity of associated companies was mainly due to the impairments taken in 2017, as noted above.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of 2,051,695 at December 31, 2017, compared to $3,045,774 at December 31, 2016. Working capital declined by $994,079 in 2017. The decrease in working capital was the result of working capital used to fund exploration and administration activities, cash used for short-term investments, investments in associated companies and investment in equipment which were partially offset by the gain on sale of subsidiaries. That gain had two components, a cash payment of $983,250 and an increase in working capital of $51,740 as the result of the disposition of two subsidiaries which had a working capital deficit.

Lara expects that it will continue to receive option payments in the form of cash and / or shares over the next twelve months and includes those scheduled payments as part of its capital resources. Lara also has an investment in Valor shares and options which have increased significantly in value since they were acquired in December 2016. Lara may sell some of its position in Valor or some of its other equity investments to raise additional working capital, if necessary. Lara has no fixed payment obligations except option payments for mineral properties; however, these can be terminated at any time without penalty once an option agreement is cancelled. The Company may have to raise working capital to fund its operations for the next twelve months.

SELECTED ANNUAL INFORMATION

Years Ended	December 31, 2017	December 31, 2016	December 31, 2015
Financial Results			
Exploration expenditures	$ 1,050,188	$ 846,778	$ 920,205
Net loss for the year	(1,177,546)	(638,341)	(2,145,272)
Net income (loss) per common share - basic and diluted	($0.03)	($0.02)	($0.07)
Financial Position			
Working capital	$ 2,051,695	$ 3,045,774	$ 791,656
Long-term Investments	1,681,384	551,492	192,685
Exploration and evaluation assets	185,013	163,526	185,236
Total Assets	4,442,992	4,406,862	1,926,865
Share Capital	24,283,887	24,226,886	20,980,656
Deficit	(29,689,991)	(28,512,445)	(27,874,104)

For the year ended December 31, 2017, the Company had a net loss of $1,177,546 or $0.03 per share compared to a loss of $638,471 or $0.02 per share for the year ended December 31, 2016. The unfavorable variance was due to higher exploration expenses, higher share-based payments, lower option revenue and an increased loss in the equity of associated companies partially offset by a gain on the sale of subsidiaries and an increase in the value of derivative financial instruments. Working capital decreased due to working capital used to fund exploration and administration activities, cash used for short-term investments, investments in associated companies and investment in equipment which were partially offset by the gain on sale of subsidiaries. Long-term investments increased over 2016 mainly due to the increase in value of Valor shares and options. Exploration and evaluation assets increased due to the acquisition of additional mineral properties in Peru. Total assets increased slightly over 2016 due to the significant increase in the value of long-term investments partially offset by consumption of cash resources in on-going operations.

For the year ended December 31, 2016 the Company had loss of $638,471 or $0.02 per share compared to a loss of $2,145,272 or $0.07 per share in 2015. The favorable variance was due to: a lower write-off of exploration and evaluation assets, a gain on the sale of a mineral property, lower exploration and administrative expenses in 2016 plus a write-off of a loan receivable in 2015, partially offset by lower option revenue, a negative foreign exchange variance and lower other income in 2016. Working capital increased in 2016 due to a private placement that raised approximately $3,000,000 in August 2016. Long-term investments increased over 2015 due to the sale of the Picha Property. Lara received 40,000,000 shares and 40,000,000 options of Valor as proceeds of the sale. Exploration and evaluation assets declined in 2016 due to a cost recovery of $112,611 on the Corina Property and a $35,401 impairment charge on the Sarambi Property. These reductions were partially offset by capitalized acquisition costs of $126,302 for several properties in Brazil and Peru. Total assets and share capital increased due to the private placement.

SUMMARY OF QUARTERLY RESULTS

	2017	2017	2017	2017
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 226,134	$ 328,803	$ 214,296	$ 280,955
Share-based payments	705,500	3,021	4,737	4,685
Net income (loss) for the period	(1,304,207)	16,057	410,087	(299,483)
Net loss per share (basic and diluted)	(0.04)	0.00	0.01	(0.01)

	2016	2016	2016	2016
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 232,598	$ 219,257	$ 117,835	$ 277,088
Share-based payments	48,827	6,920	58,498	13,158
Net income (loss) for the period	17,270	(355,528)	(453,726)	153,643
Net loss per share (basic and diluted)	0.00	(0.01)	(0.01)	0.01

The loss for the quarters varies primarily based on exploration expenditures incurred, option payments received, and whether stock options were granted in the quarter.

For the quarter ended December 31, 2017, the Company had a net loss of $1,304,207 compared to net income of $16,057 in the prior quarter. The unfavorable variance was due to higher share-based payments, a loss of $160,158 compared to a gain of $579,383 on derivative financial instruments, partially offset by lower exploration expenditures.

For the quarter ended September 30, 2017, Lara had net income of $16,057 compared to income of $410,087 in the prior quarter. The unfavorable variance was due to a gain on the sale of subsidiaries in the prior quarter of $1.033,047 partially offset by an increase in the value of derivative investments in the current quarter of $579,383 combined with a decrease in the value of the derivative investments in the prior quarter of $126,468.

For the quarter ended June 30, 2017 the Company had net income of $410,087 compared to a loss of $299,483 in the prior quarter. The favorable variance was due to a gain on sale of subsidiary companies of $1,033,047 partially offset by a decrease in the fair value of Valor share purchase options of $126,468 as compared with a gain on those options of $224,485 in the prior quarter.

For the quarter ended March 31, 2017, Lara had a loss of $299,483 compared to net income of $17,270 in the prior quarter. The variance was due to the gain on a sale of a mineral property of $408,840 and option revenue of $86,655 received in the December quarter with no comparable transactions in the March quarter. These unfavorable variances were partially offset by an increase in the fair value of financial instruments and a lower loss from associated companies and joint ventures in the March quarter.

For the quarter ended December 31, 2016, Lara had net income of $17,270 compared to a loss of $355,528 for the prior quarter. The variance was due to a gain on sale of the Picha Property of $408,840 and option revenue of $86,655 for the Corina Property with no comparable transactions in the September quarter. These favorable variances were partially offset by a negative foreign exchange variance of $30,455.

The Company had a net loss of $355,528 for the quarter ended September 30, 2016 compared to a net loss of $453,726 for the prior quarter. The variance was due to Lara's equity in the net income of an associated company, a favorable exchange variance and lower share-based payments partially offset by higher exploration expenditures.

The Company had a net loss of $453,726 for the quarter ended June 30, 2016 compared to a net income of $153,643 for the prior quarter. The variance was due to the receipt of option revenue of $693,975 in the first quarter compared to none in the second quarter. This was partially offset by lower exploration expenditures in the second quarter compared to the first quarter.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

INVESTMENTS IN ASSOCIATES

Kiwanda Coal Alliance

The Company owns a 50% interest in Andean Coal (BVI) Ltd. ("Andean Coal"). The Company had a net investment in Andean Coal of $371,704 at December 31, 2016. During the year ended December 31, 2017 the Company made an additional investment of $1,127. The Company's share of the net loss for the year ended December 31, 2017 was $66,096 which decreased its net investment in Andean Coal to $306,735 at December 31, 2017.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). At December 31, 2016, the Company's net investment in Kiwanda was $nil and there were accumulated unrecognized losses of $319,256. During the year ended December 31, 2017, the Company made an additional investment of $1,022. The Company's share of the net loss for the year was $46,990 and recognized a loss of $1,022, resulting in an accumulated unrecognized loss of $365,224 and a net investment in Kiwanda of $nil at December 31, 2017.

Minas Dixon S.A.

The Company owns a 45% interest in Minas Dixon S.A. ("Minas"). At December 31, 2016 Lara had an accumulated unrecognized loss of $82,797 in Minas with a net investment of $nil. During the year ended December 31, 2017, the Company made an additional investment of $98,269. The Company's share of the net loss for the year ended December 31, 2017 was $66,802 and it recognized $31,467 of previously unrecognized losses. Therefore, at December 31, 2017, the Company's net investment in Minas was $Nil and there were $51,330 of unrecognized losses.

The continuity of investment in associated companies and joint ventures is as follows:

	Minas	Kiwanda	Andean Coal	Total
Investment in associated company				
Net investment at December 31, 2016	$ -	$ -	$ 371,704	$ 371,704
Additional investment (recovery) for the nine months ended September 30, 2017	98,269	1,022	1,127	100,418
Share of net (loss) income	(66,802)	(1,022)	(66,096)	(133,920)
Previous losses recognized	(31,467)	-	-	(31,467)
Net investment at September 30, 2017	$ -	$ -	$ 306,735	$ 306,735

The Company has entered into an agreement with Kiwanda Mining Partners LP ("Kiwanda LP") to generate, acquire, and develop coal projects in Peru and Colombia. Kiwanda LP was to fund the projects but is in default of these commitments and Lara has contributed its own capital to maintain the projects. In October 2014, the Company signed a definitive agreement with partner Kiwanda Mines LLC ("Kiwanda") to sell the rights and options held under the above agreements for phosphate and coal, to Bifox Limited ("Bifox") formerly Phillips River Mining Limited. The Bifox shareholders have approved the transaction, but completion of the transaction is dependent on Bifox getting a listing on the Australian Securities Exchange and that step has not been completed.

If the sale completes, Lara will receive US$570,000 and 50% of the vend-in shares from Bifox. Bifox has been funding Andean and Kiwanda BVI during 2016 and 2017. Therefore, if the sale completes, Lara will receive a significant amount of cash and shares of Bifox which would result in an improvement in Lara's financial position. If the sale does not complete, Lara would have to determine whether it could find a new buyer for those assets.

RELATED PARTY TRANSACTIONS

The aggregate value of transactions paid or accrued to key management personnel and directors was as follows:

For the year ended December 31, 2017	**Salary or fees**	**Share-based payments**	**Total**
Chief Executive Officer	$ 120,000	$ 176,537	$ 296,537
VP Corporate Development	48,000	88,545	136,545
VP Exploration	168,250	89,097	257,347
Directors	-	47,179	47,179
	$ 336,250	$ 401,358	$ 737,608

The above payments for management compensation are payments made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Compensation Committee reviews executive compensation annually. The Board of Directors considers any changes to executive compensation recommended by the Compensation Committee and approves these changes if appropriate. The consulting contracts with senior management are ongoing monthly commitments which can be terminated by either party with sufficient notice. All balances due to related parties are included in accounts payable and accrued liabilities.

The outstanding balances due to or from related parties are as follows:

Related party assets and liabilities	**Service or items**	**December 31, 2017**	**December 31, 2016**
Amounts due to:			
CEO	Expenses	$ 593	-
VP Exploration	Fees and expenses	11,759	$ 14,512
VP Corporate Development	Fees and expenses	2,499	-
Amounts due from:			
President & Chief Executive Officer	Expense recovery	-	100
Reservoir Capital Corp. (common director)	Expense recovery	-	1,199

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	December 31, 2017			
Financial instruments	Financial instruments at FVTPL	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ -	$ -	$ 1,532,332	$ -
Short-term investments	-		551,616	
Restricted cash equivalents	-	-	57,500	-
Receivables	-	-	11,264	-
Long-term investments	696,182	985,202	-	-
Accounts payable and accrued liabilities	-	-	-	(98,844)
	$ 696,182	$ 985,202	$ 2,157,712	$ (98,844)

Fair Value

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

RISKS AND UNCERTAINTIES

Financial Risk Management

Lara's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, Brazil and Peru and therefore is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary companies outside of Canada in Canadian or US dollars and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Canadian dollar relative to the US dollar, the Brazilian real and the Peruvian sol could have an adverse effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate of these foreign currencies to the Canadian dollar would result in an increase or decrease of approximately $113,800 to the net loss or income from operations.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. Lara holds AFS and FVTPL investments which have market risk and have generally declined in value since acquisition because of the weak equity markets for exploration companies. The Company could incur further impairment charges in future depending on the performance of each of the AFS and FVTPL investments and general market conditions. The Company's cash is held mainly in GIC's or interest-bearing bank accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and are mainly held in bank accounts or GIC's and accordingly, credit risk is minimized. The Company generally does not accrue receivables for scheduled option payments, only recording them when they have been received. That procedure significantly reduces the risk of uncollectible receivables. To date Lara has always paid amounts owing when due.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main responses to operating risks include: ensuring ownership of and access to mineral properties by confirming that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. There can be additional risks involved in some countries where pending applications for claims or licenses can be affected by government changes to application procedures.

Some of the Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee that, despite having the legal right to access a mineral property and carry on exploration activities, that the Company will be able to negotiate a satisfactory agreement with any such existing land owners or communities for this access. Therefore, the Company or one of its joint venture partners may be unable to carry out exploration activities on a property. In those circumstances where access has been denied by a local community or land owner, the Company may need to rely on the assistance of local officials or the courts to gain access or it may be forced to abandon the property.

Lara is currently earning an interest in certain of its properties through option agreements and the acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making cash payments to the vendor, paying annual land fees, incurring exploration expenditures on the properties and can include the satisfactory completion of technical studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

Joint Venture Funding Risk

Lara's strategy is to seek partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital to satisfy exploration and other expenditure terms in a joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether Lara can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

Lara is exposed to commodity price risk. Declines in the market prices of gold, base metals and other minerals may adversely affect Lara's ability to raise capital or attract joint venture partners to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties.

Financing and Share Price Fluctuation Risks

Lara has limited financial resources, has no reliable source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity issues, debt financing or liquidation of long-term investments. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Lara, have experienced wide fluctuations in share price which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on Lara's ability to raise additional funds through equity issues.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the Brazilian real or Peruvian sol could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

During exploration, development and production on mineral properties, the Company is subject to many risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as severe weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to mineral properties, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect itself against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and cause a decline in the value of the Company's securities. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Lara's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Lara's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

The Company competes with many other companies and individuals that have substantially greater financial and technical resources, for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.

OUTSTANDING SHARE DATA

There are 34,450,940 common shares issued and outstanding. In addition, there are 3,135,000 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.02 per option with terms expiring between April 22, 2019 and March 14, 2023. There are 1,203,125 common share purchase warrants outstanding with an exercise price of $1.85 which expire on August 18, 2018.