



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Nine Months Ended September 30, 2021, and 2020
(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the nine months ended September 30, 2021, and 2020 (“Interim Financial Statements”) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company’s external auditors have not reviewed these Interim Financial Statements.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 1,077,435	\$ 1,606,871
Receivables	45,247	36,104
Prepays and deposits	16,859	39,596
Total current assets	1,139,541	1,682,571
Non-current assets		
Restricted cash equivalents	57,500	57,500
Equipment	24,385	30,172
Exploration and evaluation assets (Note 3)	52,616	84,289
Investment in associated company (Note 5)	91,125	-
Long-term investments (Note 6)	178,668	375,068
Total non-current assets	404,294	547,029
TOTAL ASSETS	\$ 1,543,835	\$ 2,229,600
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 101,394	\$ 108,435
Advances from joint venture partners	109,541	198,742
TOTAL LIABILITIES	210,935	307,177
Deferred income tax liability	11,203	11,203
TOTAL LIABILITIES	222,138	318,380
EQUITY		
Share capital (Note 7)	26,806,296	26,806,296
Share-based payments reserve	9,811,222	9,794,586
Deficit	(35,295,821)	(34,689,662)
TOTAL EQUITY	1,321,697	1,911,220
TOTAL LIABILITIES AND EQUITY	\$ 1,543,835	\$ 2,229,600

Nature of operations and ability to continue as a going concern (Note 1)

These Interim Financial Statements were authorized for issuance by the Board of Directors on November 23, 2021.

Approved by the Board of Directors"Miles Thompson" , Director"Christopher Jones" , Director

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
EXPLORATION EXPENDITURES (Note 4)	\$ 163,863	\$ 99,397	\$ 388,057	\$ 268,996
GENERAL AND ADMINISTRATIVE EXPENSES				
Office, rent and administrative services	83,045	81,122	250,804	244,147
Depreciation	509	394	1,297	1,181
Management fees	31,260	30,000	93,100	90,000
Professional fees	18,566	19,129	81,937	58,746
Shareholder communication and investor relations	323	7,262	14,115	54,113
Share-based payments (Note 7)	-	640,882	16,636	646,800
Transfer agent and regulatory fees	6,253	6,639	43,770	39,549
Travel	-	714	185	6,302
Total general and administrative expenses	139,956	786,142	501,844	1,140,838
	(303,819)	(885,539)	(889,901)	(1,409,834)
Equity in income (loss) of associated company (Note 5)	91,125	-	91,125	(32,875)
Foreign exchange gain (loss)	14,976	(78,360)	2,312	(76,938)
Other income (Note 3)	37,197	89,953	169,480	662,493
Gain on sale of investments	-	-	72,539	-
Write-off of exploration and evaluation assets	-	-	(51,714)	-
Change in fair value of FVTPL investments	-	77,614	-	(29,901)
	143,298	89,207	283,742	522,779
Net loss and comprehensive loss for the period	(160,521)	(796,332)	(606,159)	(887,055)
Loss per common share				
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	39,627,608	39,605,330	39,627,608	39,036,616

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months Ended September 30,	
	2021	2020
OPERATING ACTIVITIES		
Net loss for the period	\$ (606,159)	\$ (887,055)
Items not affecting cash:		
Depreciation	1,297	1,181
Depreciation included in exploration expenditures	11,084	11,289
Gain on sale of investments	(72,539)	-
Equity loss (gain) on investment in associated company	(91,125)	32,875
Change in fair value of long-term investments	-	29,901
Unrealized foreign exchange loss	(12,209)	36,211
Share-based payments	16,636	646,800
Write-off of exploration and evaluation assets	51,714	-
Changes in non-cash working capital items:		
Receivables	(9,143)	11,908
Prepays and deposits	22,737	45,868
Accounts payable and accrued liabilities	(7,041)	(46,202)
Advance from JV partners	(89,201)	(69,534)
	(783,949)	(186,758)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(20,041)	(101,401)
Cash received on sale of investments	268,939	-
Investment in associated companies and joint ventures	-	(32,875)
Long-term investments	-	(177,627)
Purchase of equipment	(6,594)	-
	242,304	(311,903)
FINANCING ACTIVITIES		
Stock options exercised	-	227,500
	-	227,500
Effect of exchange rate changes on cash and cash equivalents	12,209	(36,211)
Change in cash and cash equivalents	(529,436)	(307,372)
Cash and cash equivalents, beginning of period	1,606,871	2,070,758
Cash and cash equivalents, end of period	\$ 1,077,435	\$ 1,763,386
Supplementary cash flow information		
Interest received	\$ 31	\$ 430

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

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Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of shares	Share capital	Commitment to issue shares	Share-based payments reserve	Deficit	Total
Balance as at December 31, 2020	39,627,608	\$ 26,806,296	\$ -	\$ 9,794,586	\$ (34,689,662)	\$ 1,911,220
Accruals for share-based payments	-	-	-	16,636	-	16,636
Net loss for the period	-	-	-	-	(606,159)	(606,159)
Balance as at September 30, 2021	39,327,608	\$ 26,806,296	\$ -	\$ 9,811,222	\$ (35,295,821)	\$ 1,321,697
Balance as at December 31, 2019	38,634,274	\$ 26,433,900	\$ 54,082	\$ 9,238,600	\$ (33,709,121)	\$ 2,017,461
Exercise of stock options	910,000	227,500	-	-	-	227,500
Reclassification of share-based payments	-	-	-	-	-	-
Reclassify reserve upon exercise of options	-	84,896	-	(84,896)	-	-
Accruals for share-based payments	-	-	5,918	-	-	5,918
Share-based payments	-	-	-	640,882	-	640,882
Bonus shares issued	83,334	60,000	(60,000)	-	-	-
Net loss for the period	-	-	-	-	(887,055)	(887,055)
Balance as at September 30, 2020	39,627,608	\$ 26,806,296	\$ -	\$ 9,794,586	\$ (34,596,176)	\$ 2,004,706

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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

Lara Exploration Ltd. (the “Company” or “Lara”) was incorporated under the British Columbia Business Corporations Act on March 31, 2003. The Company’s principal business activities are the acquisition, exploration and development of mineral properties in South America, currently with exploration and evaluation properties in Brazil, Peru and Chile. These Interim Financial Statements are comprised of the Company and its subsidiaries. The Company’s common shares are listed on the TSX Venture Exchange under the symbol of “LRA.”

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the required permits to mine and future profitable production or proceeds from the disposition of these assets.

These Interim Financial Statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown, and these Interim Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these Interim Financial Statements, the Company has not identified a known body of commercial-grade mineralization on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company may need to raise additional capital resources to fund its exploration programs and administrative expenses for the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

Statement of Compliance

These Interim 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”).

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(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Basis of Presentation

These Interim Financial Statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited consolidated financial statements for the year ended December 31, 2020, except that they do not include all the information required for the annual consolidated financial statements. These Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2020.

Basis of Consolidation

These Interim Financial Statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

3. EXPLORATION AND EVALUATION ASSETS

	December 31, 2020		Additions	Recoveries	Write down	September 30, 2021	
Brazil							
Planalto Copper	\$	-	\$ 316,783	\$ (316,783)	\$ -	\$	-
Peru							
Puituco		26,240	-	-	-		26,240
Buenos Aires		20,086	-	-	(20,086)		-
Rafa		31,628	-	-	(31,628)		-
Emilia		6,335	-	-	-		6,335
Kenita		-	12,413	-	-		12,413
Mantaro		-	7,628	-	-		7,628
Total	\$	84,289	\$ 336,824	\$ (316,783)	\$ (51,714)	\$	52,616

Brazil

Celesta Copper Project (formerly Curionópolis Copper-Gold Project)

In October 2013, the Company signed an option agreement with Tessarema Resources Inc. ("Tessarema"), whereby Tessarema could earn a 100% interest in the Curionópolis Copper Project. Tessarema could complete its acquisition of 100% of the project by making a final payment of US\$750,000 to Lara and placing the project into commercial production at a minimum rate of 500 tonnes per day, thereafter, paying a 2% NSR royalty to Lara. Tessarema was not able to reach commercial production on the property in 2017 by the contractual deadline. Lara and Tessarema agreed to revise the terms of the agreement. In June 2017, Lara completed the sale of the Curionópolis Copper Project to Tessarema and received \$983,250 (US\$750,000), a 5% carried interest in the project company, Mineração Maravaia Ltda., and a 2% NSR royalty on the Maravaia project and the other mineral rights covered by the original Curionópolis Option Agreement with Tessarema. The Maravaia Mine did not reach commercial production by November 26, 2018, according to the revised terms of the agreement, and Tessarema now is obliged to make an additional US\$1,000,000 payment to Lara.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2019, the Company entered into an amended joint venture agreement (“the JV Agreement”) with Tessarema, and a new local partner North Extração de Minério Ltda. (“North”), to consolidate ownership of the processing plant and surface rights access agreements (held by North). The Curionópolis mineral rights (held by Lara) and all other rights to the Maravaia Copper Project held by Tessarema, were consolidated into a new venture denominated Celesta Mineração S.A. (“Celesta”) in order to move the project into production as soon as possible. As part of a previously agreed life-of-mine concentrates Offtake Agreement, Ocean Partners UK Ltd. (“Ocean Partners”), agreed to lend Celesta US\$2.6m to fund upgrades to the plant, pre-stripping, mine infrastructure, and working capital.

Operations began in the second half of 2020 but the plant did not achieve sufficient throughput to achieve commercial production. In 2020 and 2021 Tessarema has made additional loans to Celesta to substantially increase plant capacity and fund working capital shortfalls.

Tessarema was in default under the terms of its original option agreement with Lara because it failed to achieve commercial production in November of 2018 and recognised that it owed Lara a US\$1,000,000 late penalty fee. As part of the amended JV Agreement, it was agreed that Celesta will assume and pay the penalty fee to Lara in ten monthly payments of US\$100,000 the first of which was paid on November 28, 2019. During the year ended December 31, 2020, Lara received a second instalment of US\$100,000.

Until the mine is operating efficiently it is unlikely that further penalty payments will be received and accordingly no receivable has been recorded. Lara also owns 5% of the shares of Celesta, which have a fair value of \$Nil, without the obligation to contribute to capital costs. Lara continues to hold a 2% NSR on any production.

Planalto Copper Project

In February 2013 (amended in June 2016 and June 2019), the Company entered into an option agreement to acquire a 100% interest in the Planalto Copper Project from Brazil Americas Investments & Participation Mineracao LLC (“Brazil Americas”), by paying US\$500,000 (paid) and a 2% NSR royalty. Lara has the right to acquire 50% of the NSR royalty for US\$2,000,000.

On October 30, 2018, Capstone Mining Corp. (“Capstone”) signed a letter of intent with Lara to option the Planalto Copper Project and made a payment of US\$150,000 (\$197,854) to Lara. The option payment was first applied against the capitalized value of the Planalto Copper Project in the amount of \$127,486, with the balance of \$70,368 being recorded as a recovery of exploration expenses.

On February 4, 2019, the Company announced that it had signed a definitive agreement (“the Agreement”) (amended on June 20, 2019 and February 21, 2021), granting Capstone an exclusive option to earn up to a 70% interest in the Company’s Planalto Copper Project. Capstone has paid Lara a further US\$200,000 following receipt of a drill permit for the Project and assumed the costs of the underlying agreements. Capstone can earn an initial 49% interest by funding US\$5,000,000 of exploration works by the third anniversary of the Agreement and can then elect to purchase an additional 2% interest in the Planalto Copper Project by paying Lara US\$400,000 and committing to fund a Feasibility Study by the fifth anniversary, to reach a 61% interest. The third and final phase will comprise Capstone electing to finance, build and operate a commercial mining operation to the benefit of Lara 30% and Capstone 70%, with Lara repaying its pro-rata share of the financing out of production cash flow. Lara will hold certain buy back rights to reacquire a majority interest in the Project should Capstone decide to discontinue investing.

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(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Lara elected to accelerate the drill program at the Planalto Copper Project and, on May 28, 2019, filed a “Final Exploration Report” (“RFP”) with the National Agency of Mining (“ANM”) in Brazil. On June 20, 2019, Lara and Capstone amended their Agreement such that the initial three-year earn-in period for Capstone to acquire a 49% interest in the Planalto Copper Project, now starts from the date of approval of the RFP and the 2019 drill program as fulfilling Capstone’s first year work commitment. Capstone transferred US\$500,000 to Lara upon signing of the amendment to cover the payment to Lara due upon receipt of the permit to drill, the payment due to the underlying vendor and a partial reimbursement of Lara’s costs. The RFP was approved on October 31, 2019, and Capstone reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged, and exploration work resumed in November 2019. Capstone advanced a further US\$400,000 to Lara in November 2019 to fund ongoing project expenditures. For the year ended December 31, 2020, Capstone advanced \$1,120,625 for work on the Planalto property.

In August 2020, Lara entered into an option agreement to acquire mining rights adjacent to the original Planalto Project from Mineracao Zaspir Ltda. (“Zaspir”). Lara agreed to acquire a 100% interest in these mining rights for payments totaling US\$250,000. The first US\$25,000 was paid upon signing the option agreement and Lara will pay a further US\$25,000 upon filing of the license transfer to Lara. Lara must pay an additional US\$100,000 on the first anniversary of application to transfer the mining rights. A second US\$100,000 payment must be made on the second anniversary of the application to transfer the mining rights. In addition to the cash purchase price, the Company will grant Zaspir a 2% NSR royalty on any production, which can be repurchased for US\$250,000 within 2 years of granting of the exploration license. After the two-year period has passed, one half of the royalty (1%) can be purchased for the same price.

In December 2020, the Company signed an option agreement with Mineração Tariana Ltda. (“Tariana”), a subsidiary of Anglo American do Brasil Ltda., to acquire an exploration licence adjacent to the Company’s Planalto Copper Project (“the Project”) in the Carajás Mineral Province of northern Brazil. Under the terms of the agreement the Company will make a payment of US\$50,000 upon the date of publication of the transfer of title by the Brazilian Mining Agency (“the ANM”) and payments of US\$50,000 on the first and second anniversaries of that date. The Company has committed to complete a minimum of 2,000 metres of diamond drilling together with resource and reserve studies by May 2022. On July 26, 2021 Lara and Tariana agreed to amend the agreement, moving the deadline to complete the drilling and studies to May 16, 2023. The Company then has until the date of filing of the Final Exploration Report with the ANM to notify Tariana of its intention to exercise the option and put the project into production. The Company will pay a 1.25% NSR royalty to Tariana on production. If the project is not operating from July 31, 2026, at such date the Company will make advanced royalty payments of US\$50,000 per year for five years or until the start of production if that is sooner, which amounts are recoverable from 50% of the royalties payable to Tariana thereafter.

The Tariana license and the Zaspir license once granted form part of the company’s staged earn-in agreement with Capstone Mining Corp.

Cumaru Manganese Royalty

On May 20, 2019, the Company signed a definitive agreement transferring all its rights and obligations for the Cumaru Manganese Project in northern Brazil, to local mining company Seven Mineração Limitada, in exchange for BRL 250,000 in cash (equivalent to approximately US\$60,975) and a royalty of US\$2/ton of ore taken from the property. The Company has received the first BRL 125,000 payment. The second payment was due on July 19, 2020, but is still outstanding, and accordingly no amount receivable has been recorded.

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For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Peru

Corina Gold Project

In July 2014, the Company signed a definitive agreement with Compañía Minera Ares S.A.C. (“Ares”), a subsidiary of London-listed Hochschild Mining plc., granting it an option to purchase Lara’s Corina Gold Project in southern Peru. Upon the signing of the agreement, Lara received US\$150,000. Under the proposed terms, Ares can acquire the Corina property from Lara for staged cash payments totalling US\$4,150,000, (of which US\$650,000 has been paid to date), carrying out US\$2,000,000 in exploration (which has been completed), and paying a 2% NSR royalty on any future production. In October 2016, Ares signed a community agreement in support of their application to conduct drilling on the property and made a cash payment of US\$150,000 to Lara. In June 2020, Ares made a scheduled option payment of \$US350,000 to Lara. The payment was recorded as other income. The schedule for the remaining option payments is as follows:

	US\$
June 30, 2021	1,000,000
June 30, 2022	2,500,000
	<u>3,500,000</u>

Lara has been notified by partner Hochschild Mining plc., that members of the local community have blocked the access roads to the Corina project, forcing a suspension of the drilling program. Hochschild invoked the force majeure clause under the terms the option agreement with Lara while it negotiates a settlement with the community and deferred the option payment.

Kenita and Mantaro

During the nine months ended September 30, 2021, the Company incurred \$20,041 of acquisition costs on the Kenita and Mantaro licenses in Peru.

Buenos Aires and Rafa Properties

During the nine months ended September 30, 2021, the Company decided that the exploration results on the Buenos Aires and Rafa properties were not encouraging enough to warrant further work and these properties were written off.

Bifox Phosphate Project

In October 2014, Lara and Kiwanda agreed to sell all the rights and options held under their Phosphate Alliance and Coal Alliance, to Bifox Limited (“Bifox”) formerly Phillips River Mining Limited. In November 2016, Bifox signed definitive option agreements with the underlying owners of the phosphate rock mine and processing facilities at Bahia Inglesa in northern Chile and has assumed control and management of the day-to-day operations. At December 31, 2020, Lara owned approximately 13% of Bifox, and upon relisting of the shares Bifox will be obligated to reimburse Lara for US\$570,000 of project expenses. Lara also holds a 2% production

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For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

royalty that is triggered once the production rate exceeds 20,000 tonnes per annum. Lara's Bifox shares were subject to an escrow agreement. On November 20, 2020, Bifox and Lara signed an escrow release notice whereby Bifox agreed to release Lara's Bifox shares in exchange for Lara's 50% interests in Andean and Kiwanda. As of that date, Lara no longer had an interest in either of those companies.

Lara Copper Project

In July 2020, the Company, with its partner, Global Battery Metals Ltd. ("GBM"), signed an option and royalty agreement for the sale of the Lara Copper Project (the "Project") for US\$5,759,000 and a 1.5% NSR royalty, to Minsur S.A. ("Minsur"). The Project is owned 45% by Lara and 55% by GBM. Minsur retains the right to purchase a 0.25% NSR royalty for US\$2.5 million from each of Lara and GBM at any time before the commencement of commercial production. Under the terms of the agreement Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the Project by making staged cash payments based on permitting milestones, as summarized in the table below.

Milestone / Date	Option Payments (US\$)
Upon registration of the agreement before a Public Notary	(received) 59,000
One year from registration of the agreement	(received) 200,000
Approval of environment study and start of work ("DIA-IA")	200,000
One year from approval from the DIA-IA	300,000
Approval of semi-detailed environmental study ("EIA-SD")	500,000
One year from the approval of EIA-SD	1,500,000
Upon transfer of title	3,000,000
Total	5,759,000

Other Income and Expense

The Company reported the following items as other income and expense for the nine months ended September 30, 2021 and 2020:

	September 30, 2021	September 30, 2020
Corina option payment	\$ -	\$ 475,728
Celesta penalty payment	-	115,218
Celesta royalty	123,047	35,986
Planalto Operator's fee	56,364	-
Sale of Fofoca South Gold Prospect	-	73,644
Other expense	(9,931)	(38,083)
	\$ 169,480	\$ 662,493

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(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

During the nine months ended September 30, 2021, Lara received royalty payments of \$123,047 from Celesta, an operator's fee on the Planalto Copper Project of \$56,364, and incurred other expenses of \$9,931 for net other income of \$169,480.

During the nine months ended September 30, 2020, Lara received an option payment of \$475,728 for the Corina Property, a penalty payment of \$115,218 from Celesta, royalty payments of \$35,986 from Celesta, and received \$73,644 for the sale of the Fofoca South Gold Prospect. The Company incurred other expenses of \$38,083 and reported net other income of \$662,493.

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(Expressed in Canadian dollars)

4. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2021, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	Total
Administrative	\$ 98,389	\$ 68,414	\$ 43,935	\$ 210,738
Assays	17,133	4,230	3,685	25,048
Field costs	71,907	25,406	4,574	101,887
Property maintenance	3,279	13,727	30,719	47,725
Salaries and consultants	242,980	81,250	105,049	429,279
Geophysics	68,259	-	-	68,259
Telecommunications	879	150	85	1,114
Travel and related costs	49,483	1,164	5,669	56,316
Total expenditures	552,309	194,341	193,716	940,366
Recoveries	(552,309)	-	-	(552,309)
Net expenditures	\$ -	\$ 194,341	\$ 193,716	\$ 388,057

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4. EXPLORATION EXPENDITURES (continued)

During the nine months ended September 30, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	Total
Administrative	\$ 62,587	\$ 92,551	\$ 22,382	\$ 177,520
Assays	65,044	-	-	65,044
Drilling	323,372	-	-	323,372
Field costs	93,437	-	958	94,395
Property maintenance	60	8,732	43,277	52,069
Salaries and consultants	379,844	52,562	48,025	480,431
Telecommunications	1,718	-	-	1,718
Travel and related costs	16,637	-	509	17,146
Total expenditures	942,699	153,845	115,151	1,211,695
Recoveries	(942,699)	-	-	(942,699)
Net expenditures	\$ -	\$ 153,845	\$ 115,151	\$ 268,996

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

5. INVESTMENT IN ASSOCIATED COMPANY

The Company has a 45% interest in Minas Dixon S.A. (“Minas”). During the nine months ended September 30, 2021, Minas had net income of \$217,806. Lara’s 45% share of the net income was \$98,013 (2020 – loss of \$31,460). Lara also recorded a previously unrecognized loss of \$6,888 from prior years. As a result Lara’s investment in Minas increased by \$91,125 with the offsetting amount recorded as equity in income of an associated company.

6. LONG-TERM INVESTMENTS

At December 31, 2020, the Company had an investment in the common shares of Valor Resources Limited, that trades on the Australia Securities Exchange (“ASX”). During the nine months ended September 30, 2021 Lara sold this investment for proceeds of \$268,939 and recorded a gain on sale of \$72,539. In the year ended December 31, 2019, the Company signed an agreement with Estrella Gold SAC and received 5% of its shares valued at \$1,041. Estrella is a private mineral exploration company. In the year ended December 31, 2020, the Company purchased a right from Sereno Minerals (BVI) Ltd., a private mineral exploration company, to 5% of the proceeds of two lawsuits in Brazil. Lara paid \$177,627 (US\$140,000) for the right. This investment has been valued at cost which is the best estimate of fair value.

	Fair value December 31, 2020	Change in fair value	Disposals	Fair value September 30, 2021
<u>FVTPL investments</u>				
Valor Resources Limited	\$ 196,400	\$ 72,539	\$ (268,939)	\$ -
Estrella Gold SAC	1,041	-	-	1,041
Sereno Minerals (BVI) Ltd.	177,627	-	-	177,627
Total	\$ 375,068	\$ 72,539	\$ (268,939)	\$ 178,668

7. EQUITY

Authorized

As at September 30, 2021, the authorized share capital of the Company was an unlimited number of common shares without par value.

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7. EQUITY (continued)

Share Issuances

Stock Options

The changes to the number of stock options outstanding for the nine months ended September 30, 2021 were as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2020	3,750,000	\$ 0.75
Issued	50,000	\$ 0.70
Expired	(100,000)	\$ (0.86)
Balance as at September 30, 2021	3,700,000	\$ 0.75

The following table summarizes the stock options outstanding and exercisable at September 30, 2021:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
November 18, 2016	November 18, 2021	\$1.02	40,000	40,000
November 21, 2017	November 21, 2022	\$0.76	1,495,000	1,495,000
March 14, 2018	March 14, 2023	\$0.72	350,000	350,000
November 13, 2019	November 13, 2024	\$0.50	200,000	200,000
September 1, 2020	September 1, 2025	\$0.76	1,565,000	1,565,000
June 28, 2021	June 28, 2026	\$0.70	50,000	50,000
Total			3,700,000	3,700,000

At September 30, 2021, the weighted average remaining life of the outstanding stock options was 2.45 years.

During the nine months ended September 30, 2021, the Company granted 50,000 (2020 – Nil) stock options to a consultant. The options were fully vested on the grant date. The Company recorded \$16,636 of stock-based compensation expense. The options were valued using the Black-Scholes option pricing model with the following assumptions: a grant date fair value of \$0.70; a risk-free interest rate of 0.98%; an expected life of 5 years; an expected volatility of 55% and a dividend yield of 0%.

8. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being exploration and development of exploration and evaluation assets. Except for exploration and evaluation assets, equipment and exploration expenditures, substantially all of the Company's assets and expenditures are located and incurred in Canada. Exploration and evaluation assets are in Brazil and Peru, equipment is located mainly in Brazil, and all the exploration expenditures are incurred in Brazil and Peru.

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9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors. The aggregate value of transactions and outstanding balances relating to key management personnel are as follows:

	nine months ended	
	September 30, 2021	September 30, 2020
Management fees – CEO	\$ 93,100	\$ 90,000
Exploration fees and expenses – VP Exploration	126,774	129,967
Office, rent and administrative services		
Seabord Management Corp.	160,200	160,200
VP Corporate Development	36,000	36,000
Share-based payments	-	590,916
	\$ 416,074	\$ 1,007,083

Seabord Management Corp. is related to Lara because it provides key management personnel services to Lara.

Amounts due to and from related parties as at September 30, 2021, and December 31, 2020, are as follows:

Related party assets and liabilities	Service or items	September 30 2021	December 31 2020
Amounts due from (to):			
Chief Executive Officer	Fees and expenses	\$ (12,388)	\$ (946)
Vice President, Corporate Development	Fees and expenses	(1,594)	(2,677)
Vice President, Exploration	Fees and expenses	-	-
Seabord Management Corp.	Expenses	(62)	-
Seabord Management Corp.	Deposit	10,000	10,000

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10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

September 30, 2021	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,077,435	\$ 1,077,435
Restricted cash equivalents	-	57,500	57,500
Receivables	-	45,247	45,247
Long-term investments	178,668	-	178,668
Accounts payable and accrued liabilities	-	(101,394)	(101,394)
Advances from JV Partners	-	(109,541)	(109,541)
	\$ 178,668	\$ 969,247	\$ 1,147,915

December 31, 2020	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,606,871	\$ 1,606,871
Restricted cash equivalents	-	57,500	57,500
Receivables	-	36,104	36,104
Long-term investments	375,068	-	375,068
Accounts payable and accrued liabilities	-	(108,435)	(108,435)
Advances from JV Partners	-	(198,742)	(198,742)
	\$ 375,068	\$ 1,393,298	\$ 1,768,366

Fair Value

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, accounts payable, and accrued liabilities approximated their fair value due to the short-term nature of these instruments. The Company's level 3 investment is a right to a 5% interest in the proceeds from two lawsuits. Cost is the best measure of fair value. Financial instruments measured at fair value on the condensed consolidated interim statements of financial position are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
September 30, 2021				
Long-term investments	\$ 1,041	\$ -	\$ 177,627	\$ 178,668
December 31, 2020				
Long-term investments	\$ 197,441	\$ -	\$ 177,627	\$ 375,068