



LARA EXPLORATION LTD.
(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2022, AND 2021
(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the three months ended March 31, 2022, and 2021 (“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)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,057,947	\$ 1,936,185
Receivables	12,165	81,050
Prepays and deposits	171,751	159,889
Total current assets	1,241,863	2,177,124
Non-current assets		
Restricted cash equivalents	57,500	57,500
Equipment	23,544	21,126
Exploration and evaluation assets (Note 3)	76,119	73,811
Investment in associated company (Note 5)	91,687	97,994
Long-term investments (Note 6)	3,441,604	3,385,514
Total non-current assets	3,690,454	3,635,945
TOTAL ASSETS	\$ 4,932,317	\$ 5,813,069
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 312,196	\$ 251,976
Advances from joint venture partners	391,534	1,223,725
TOTAL LIABILITIES	703,730	1,475,701
EQUITY		
Share capital (Note 7)	26,806,296	26,806,296
Share-based payments reserve	9,811,222	9,811,222
Deficit	(32,388,931)	(32,280,150)
TOTAL EQUITY	4,228,587	4,337,368
TOTAL LIABILITIES AND EQUITY	\$ 4,932,317	\$ 5,813,069

Nature of operations and ability to continue as a going concern (Note 1)**Events after the reporting date (Note 11)**

These Interim Financial Statements were authorized for issuance by the Board of Directors on May 26, 2022.

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.

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Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2022	2021
NET EXPLORATION EXPENDITURES (Note 4)	\$ 109,251	\$ 68,848
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation	509	394
Management fees	30,592	31,000
Office, rent and administrative services	97,093	80,757
Professional fees	32,812	20,995
Shareholder communication and investor relations	4,818	4,850
Transfer agent and regulatory fees	20,396	24,459
Travel	250	-
Total general and administrative expenses	186,470	162,455
	(295,721)	(231,303)
Change in fair value of FVTPL investments (Note 6)	56,090	-
Equity loss of associated company	(6,307)	-
Foreign exchange gain (loss)	66,055	(30,094)
Other income (Note 3)	71,102	72,791
Gain on sale of investments	-	72,539
	186,940	115,236
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (108,781)	\$ (116,067)
Loss per common share		
Net loss per common share – basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	39,627,608	39,627,608

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)

	Three Months Ended March 31,	
	2022	2021
OPERATING ACTIVITIES		
Loss for the period	\$ (108,781)	\$ (116,067)
Items not affecting cash:		
Depreciation	509	394
Depreciation included in exploration expenditures	4,201	3,551
Equity in loss of associated company	6,307	-
Change in fair value of long-term investments	(56,090)	-
Gain on sale of long-term investments	-	(72,539)
Unrealized foreign exchange gain	15,803	(29,966)
Share-based payments	-	-
Changes in non-cash working capital items:		
Receivables	68,885	(18,783)
Prepays and deposits	(11,862)	9,347
Accounts payable and accrued liabilities	60,220	17,294
Advance from JV partners	(832,191)	(198,742)
	(852,999)	(405,511)
INVESTING ACTIVITIES		
Sale of long-term investments	-	268,939
Purchase of exploration assets	(2,308)	-
Purchase of equipment	(7,128)	-
	(9,436)	268,939
Effect of exchange rate changes on cash and cash equivalents	(15,803)	29,966
Change in cash and cash equivalents	(878,238)	(106,606)
Cash and cash equivalents, beginning of year	1,936,185	1,606,871
Cash and cash equivalents, end of period	\$ 1,057,947	\$ 1,500,265
Supplementary cash flow information		
Interest received	\$ 35	\$ 59

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LARA EXPLORATION LTD.

(An Exploration Stage Company)

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, 2021	39,627,608	\$ 26,806,296	\$ -	\$ 9,811,222	\$ (32,280,150)	\$ 4,337,368
Accruals for share-based payments	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(108,781)	(108,781)
Balance as at March 31, 2022	39,627,608	\$ 26,806,296	\$ -	\$ 9,811,222	\$ (32,388,931)	\$ 4,228,587
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	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(116,067)	(116,067)
Balance as at March 31, 2021	39,627,608	\$ 26,806,296	\$ -	\$ 9,794,586	\$ (34,805,729)	\$ 1,795,153

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 Three Months Ended March 31, 2022 and 2021

(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 mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional capital resources to fund its exploration programs and administrative expenses for the next twelve months.

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”).

2. BASIS OF PRESENTATION

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, 2021, 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, 2021.

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.

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(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

	December 31, 2021		Additions	Recoveries	Write down	March 31, 2022	
Brazil							
Planalto Copper	\$	-	\$ 218,836	\$ (218,836)	\$ -	\$	-
Peru							
Kenita / Puituco		39,743	-	-	-		39,743
Mantaro		34,068	-	-	-		34,068
Qumir		-	2,308	-	-		2,308
Total	\$	73,811	\$ 221,144	\$ (218,836)	\$ -	\$	76,119

Brazil

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 in cash and a 2% NSR royalty. The Company completed the acquisition by making payments totaling US\$250,000 (\$316,783) during the year ended December 31, 2021. 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 paid Lara a further US\$200,000 following receipt of a drill permit for the Project and assumed the costs of the underlying agreement. Capstone can earn an initial 49% interest by paying the Company US\$5,000,000 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 for 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.

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

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3. EXPLORATION AND EVALUATION ASSETS (continued)

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, 2021, Capstone advanced US\$1,790,000 (2020 - US\$800,000) 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 the Company 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. On February 8, 2022, Lara and Zaspir amended their agreement to bring forward the payments, with US\$50,000 paid on signing and US\$75,000 paid upon publication of the transfer, which was completed on February 24, 2022. The remaining amount of US\$100,000 is payable by January 1, 2023.

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 an amendment to 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 transfer of the license to Lara's subsidiary Planalto Mineracao was published on March 9, 2022, and the initial US\$50,000 payment has been made. The Tariana license and the Zaspir license 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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(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Peru

Kenita (Puituco) Property

As at December 31, 2019, the Company had incurred filing and land fees to acquire exploration licenses for Puituco (\$26,240). During the year ended December 31, 2021, the Company signed a mining rights transfer agreement with BHP World Exploration Inc. Sucursal del Peru to acquire the Kenita property in exchange for a commitment to pay a 1% net smelter returns royalty on any future production. The Kenita property consists of five exploration licenses which are adjacent to and surround the Puituco licenses.

Mantaro Project

During the year ended December 31, 2021, the Company incurred \$34,068 of acquisition costs on the Mantaro licenses in Peru (Note 11).

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 \$457,654 (\$US350,000) to Lara. The payment was recorded as other income. The schedule for the remaining option payments has been amended as follows:

	US\$
August 4, 2021	1,000,000
July 4, 2022	1,250,000
July 4, 2023	1,250,000
	<u>3,500,000</u>

The Company received a notification from Hochschild Mining plc. in July 2021, that it was invoking force majeure due to local unrest.

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:

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(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

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 three months ended March 31, 2022, and 2021:

	March 31, 2022	March 31, 2021
Celesta royalty	13,702	46,968
Operator's fee	55,101	29,288
Other income/expense	2,299	(3,465)
	\$ 71,102	\$ 72,791

During the quarter ended March 31, 2022, Lara received royalty payments of \$13,702 from Celesta, an operator's fee on the Planalto Copper Project of \$55,101, and incurred other expenses of \$2,299 for net other income of \$71,102.

During the quarter ended March 31, 2021, Lara received royalty payments of \$46,968 from Celesta, an operator's fee on the Planalto Copper Project of \$29,288, and incurred other expenses of \$3,465 for net other income of \$72,791.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

3. EXPLORATION EXPENDITURES

During the three months ended March 31, 2022, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	General and other Chile	Total
Administrative	\$ 23,773	\$ 36,862	\$ 10,198	\$ -	\$ 70,833
Assays	51,455	6,859	-	2,147	60,461
Drilling	363,206	-	-	-	363,206
Field costs	50,484	2,503	3,375	-	56,362
Property maintenance	16,760	1,652	(3,491)	-	14,921
Salaries and consultants	44,956	20,764	14,676	3,054	83,450
Telecommunications	380	-	55	-	435
Travel and related costs	7,179	9,498	507	592	17,776
Total expenditures	558,193	78,138	25,320	5,793	667,444
Recoveries	(558,193)	-	-	-	(558,193)
Net expenditures	\$ -	\$ 78,138	\$ 25,320	\$ 5,793	\$ 109,251

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION EXPENDITURES (continued)

During the three months ended March 31, 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	\$ 56,042	\$ -	\$ 7,320	\$ 63,362
Assays	209	2,042	283	2,534
Field costs	29,295	-	356	29,651
Property maintenance	2,243	-	-	2,243
Salaries and consultants	106,635	12,371	25,739	144,745
Geophysics	68,259	-	-	68,259
Telecommunications	278	-	-	278
Travel and related costs	20,314	-	293	20,607
Total expenditures	283,275	14,413	33,991	331,679
Recoveries	(262,831)	-	-	(262,831)
Net expenditures	\$ 20,444	\$ 14,413	\$ 33,991	\$ 68,848

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5. INVESTMENT IN ASSOCIATED COMPANY

The Company has a 45% interest in Minas Dixon S.A. (“Minas”). The balance of investment in associated company was \$97,994 at December 31, 2021. The Company made no further investments in the three months ended March 31, 2022, and the Company recognized its share of losses in Minas for the three months ended March 31, of 2022 of \$6,307 (2020 - \$Nil). As a result, the Company’s investment in Minas declined to \$91,687 at March 31, 2022.

6. LONG-TERM INVESTMENTS

The Company holds 5% of the shares of Estrella Gold SAC valued at \$1,041. Estrella is a private exploration company. The common shares of this company have been classified as FVTPL financial assets and are valued at their fair market value as at March 31, 2022. 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. The investment has been valued at cost which is the best estimate of fair value.

The Company holds a 5% interest in Celesta Mineracao (“Celesta”) and a 2% NSR royalty. A nominal value has been attributed to the 5% interest.

As at March 31, 2022, Lara owned 13,935,236 shares or approximately 12.3% of Bifox Limited (“Bifox”). The Company has valued its investment in Bifox at March 31, 2022, at \$0.25 Australian dollars per share based on recent financings by Bifox. 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 royalty that is triggered once the production rate exceeds 20,000 tonnes per annum.

	Fair value December 31, 2021	Change in fair value	Disposals	Fair value March 31, 2022
<u>FVTPL investments</u>				
Estrella Gold SAC	\$ 1,041	\$ -	\$ -	\$ 1,041
Sereno Minerals (BVI) Ltd.	177,627	-	-	177,627
Bifox Limited	3,206,846	56,090	-	3,262,936
Total	\$ 3,385,514	\$ 56,090	\$ -	\$ 3,441,604

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7. EQUITY

Authorized

As at March 31, 2022, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Issuances

Stock Options

There were no changes to the number of stock options outstanding for the three months ended March 31, 2022.

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2021, and March 31, 2022	3,650,000	\$ 0.75

The following table summarizes the stock options outstanding and exercisable at March 31, 2022:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
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	1,555,000	1,555,000
June 28, 2021	June 28, 2026	\$0.70	50,000	50,000
Total			3,650,000	3,650,000

At March 31, 2022, the weighted average remaining life of the outstanding stock options was 2.23 years.

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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Notes to the Condensed Consolidated Interim Financial Statements

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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:

	Three months ended	
	March 31, 2022	March 31, 2021
Management fees - CEO	\$ 30,592	\$ 31,000
Exploration expenses – VP Exploration	41,793	42,653
Office, rent and administrative services		
Seabord Management Corp.	53,400	53,400
VP Corporate Development	12,000	12,000
	\$ 137,785	\$ 139,053

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 March 31, 2022, and December 31, 2021, are as follows:

Related party assets and liabilities	Service or items	March 31 2022	December 31 2021
Amounts due from (to):			
Chief Executive Officer	Fees and expenses	\$ (61,454)	\$ (31,370)
Vice President, Corporate Development	Fees and expenses	(32,798)	(12,600)
Vice President, Exploration	Fees and expenses	(14,922)	(14,043)
Seabord Management Corp.	Deposit	10,000	10,000

10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

March 31, 2022	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,057,947	\$ 1,057,947
Restricted cash equivalents	-	57,500	57,500
Receivables	-	12,165	12,165
Long-term investments	3,441,604	-	3,441,604
Accounts payable and accrued liabilities	-	(312,196)	(312,196)
Advances from JV Partners	-	(391,534)	(391,534)
	\$ 3,441,604	\$ 423,882	\$ 3,865,486

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (continued)

December 31, 2021	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,936,185	\$ 1,936,185
Restricted cash equivalents	-	57,500	57,500
Receivables	-	81,050	81,050
Long-term investments	3,385,514	-	3,385,514
Accounts payable and accrued liabilities	-	(251,976)	(251,976)
Advances from joint venture partners	-	(1,223,725)	(1,223,725)
	\$ 3,385,514	\$ 599,034	\$ 3,984,548

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
March 31, 2022				
Long-term investments	\$ -	\$ -	\$ 3,441,604	\$ 3,441,604
December 31, 2021				
Long-term investments	\$ -	\$ -	\$ 3,385,514	\$ 3,385,514

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For the Three Months Ended March 31, 2022 and 2021

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11. EVENTS AFTER THE REPORTING DATE

Financing

Subsequent to March 31, 2022, the Company announced that it intends to undertake a private placement raising up to \$4,000,000 by the issuance of 6,153,846 units at \$0.65 per unit. Each unit shall consist of one common share and half of one non-transferable, common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at \$1.00 for three years. If, after four months from closing, the closing price of the Company's shares on the TSX Venture Exchange is \$1.20 or greater for any period of 10 consecutive trading days, the Company may, by news release issued within five trading days thereof, accelerate the expiry of the warrants to the 21st trading day after such news release.

The Company will pay finder's fees in respect of subscriptions from investors introduced by a finder. The fee will be payable in cash, or at the finder's election, the issuance of that number of units equal to 4% of the number of units issued pursuant to such subscriptions.

Mantaro Project

Subsequent to March 31, 2022, the Company entered into an agreement to raise its interest in the Mantaro project from 33% to 70% by committing to invest US\$500,000 in expenditures on these concessions by December 31, 2025.

Liberdade Exploration License

Subsequent to March 31, 2022, the Company was advised by its partner Codelco do Brasil Mineração Ltda. ("Codelco"), that the court has given a positive ruling in the lawsuit defending the validity of the Liberdade exploration license with the Brazilian Mining Agency ("ANM"). The Company considers the ruling favourable, but understands that it is being appealed by the ANM.