



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at November 22, 2022, and should be read in conjunction with the condensed consolidated interim financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the nine months ended September 30, 2022, and the related notes thereto.

The Company prepares its financial statements 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 market prices for commodities, difficulties in obtaining required approvals or permits 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 raising new equity funds and selling investments as required to raise enough capital 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 impact the Company in a negative way, such as joint venture partners being unable to raise enough capital to complete option agreements or if the Company is unable to raise enough 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 and royalty generator with a strategy to seek exploration discoveries and create royalty interests in South America, aiming to fund 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 active in Brazil, Peru, and Chile.

COMPANY HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022

- Further encouraging results reported from drilling on the new Cupuzeiro discovery on the Planalto Project, including an intercept of 380.79 metres at 0.57% copper equivalent, with step-out drilling to the north started in Q4.
- Capstone completed Phase-1 exploration investment into the Planalto Project of US\$5 million, earning a 49% interest in the project.
- Mining and processing operations at the Celesta Copper Mine were suspended due to a lack of working capital, and the partners are seeking debt and equity finance to move forward.
- Hochschild advised that it was relinquishing its option to purchase Lara's Corina silver-gold discovery in Peru.

EXPLORATION REVIEW

Lara currently holds or participates in exploration and royalty projects hosting copper, gold, silver, iron, manganese, phosphate, vanadium, and zinc mineralization, with exploration drilling mostly funded through joint venture partnerships. The Company holds eight active projects in Brazil, two of which are partner-funded joint ventures and five royalty interests, including the Celesta copper mine, which is already a producing asset. The Peru portfolio comprises seven exploration projects, one of which is partner funded and three converted to royalty interests. The Company has an equity and royalty interest in Bifox Limited ("Bifox"), a producing phosphate mine in Chile.

OUTLOOK

Lara has generated and participates in three copper-gold discoveries in the Carajás Mineral Province of northern Brazil, at Liberdade, Planalto, and Celesta. The Liberdade discovery remains in a legal dispute, but a favourable ruling was received this year, which strengthens our position going forward. Planalto is being developed, and we are working with partner Capstone Copper Corp. ("Capstone") to define and test extensions of the known mineralization at the Homestead and Cupuzeiro discoveries. We are currently undertaking diamond drilling at Planalto to test the northward extensions of the Cupuzeiro target. Development work at Celesta has continued with additions to the plant to increase throughput and recoveries, but the operation has struggled with operating losses and working capital shortfalls, and operations have been temporarily suspended.

In Peru, drilling stopped at our new silver-gold discovery at Corina with London-listed Hochschild Mining plc. ("Hochschild"), due to local communities blocking road access to the project, which was resolved during the period. However, given the delays through the Covid-19 pandemic and subsequently with the communities, the Pallancata deposit has neared exhaustion, and Hochschild elected to relinquish its option to purchase Corina, and we are now actively seeking a new partner. Minsur, our partner for the Lara Copper Project, began community engagement and permitting in 2021 and we hope to see drilling there again once permits are in place, but this seems unlikely to happen in 2022. We reported very encouraging zinc-lead-silver results from surface channels at our 100%-owned Puituco zinc project in 2018, but the potential was limited by the small size of Lara's 400-hectare property, so we were very pleased to be able to acquire surrounding ground from BHP in 2021 and now hold an additional 2,200

hectares, which we started evaluating with a field program in the period. In 2021 the Mantaro Phosphate Project was returned to us by partner Itafos, we initially held a one-third interest, but have agreed now to raise that to 70% by sole-funding the next US\$500,000 of social licencing and studies which are already underway.

BRAZIL EXPLORATION

Planalto Copper Project

Drilling from late 2021 until now has resulted in the new Cupuzeiro discovery to the north of the Homestead deposit. The first five holes completed included hole 21-002, which intercepted 341.30 metres at 0.65% copper equivalent and hole 21-005, which intercepted 339.75 metres at 0.53% copper equivalent, with both intercepts including wide zones at higher grades. These holes are located 300 metres north of the Homestead deposit and demonstrate there is potential to substantially increase its size and grade (see Lara news release of May 16, 2022, for details). Drilling has continued in Q2 and Q3-2022 with results including hole 22-007, which made a sulphide-copper intersection of 380.79 metres from near surface, averaging 0.575% Cu equivalent, including two zones of higher-grade mineralization: 78.81 metres grading 1.083% Cu from 17.8 metres, and 40.4 m at 1.308% Cu from 121.68 metres downhole (see Lara news release of September 13, 2022, for details). After the end of the period, we secured permits to drill extensions of the mineralization to the north of the Cupuzeiro discovery and have mobilized a 3,000-metre drill program.

Celesta Copper Project

The Celesta mill expansion is now completed, and the installed capacity has increased to approximately 600 tonnes of concentrate production per month. However, it has been operating consistently at a loss and not making royalty payments to Lara since March 2022. Late in the period, the partners elected to suspend mining and processing operations until additional finance could be raised, either via debt or equity, with global advisory firm Alvarez & Marsal Holdings LLC engaged to assist in the restructuring and search for new investors.

Liberdade Copper Project

The Liberdade exploration license was originally published on October 19, 2010, and is valid for three years. It was transferred to Codelco on March 21, 2011, under the terms of the option agreement with the Company. Codelco has the right to renew the license for up to three years. Codelco completed surface exploration and drill programs (see Lara news releases of March 1, 2013, and October 7, 2013, for details) within the initial license period and then requested a three-year renewal on July 12, 2013. The Brazilian Mining Agency (“ANM”) delayed analysis of the renewal, and in 2015 Codelco filed a lawsuit in the Federal Court in Brasilia to safeguard its rights under the Liberdade exploration license. We were very pleased to report in the last period that the court had given a positive ruling defending the validity of our license with the ANM. While this latest decision will be appealed, we are encouraged by the ruling and positive progress.

Vertical Iron Royalty

This property was optioned in 2009 to Vertical Mineração Ltda. under an agreement whereby Vertical would make cash payments and pay royalties on iron ore produced from the Project. Vertical is in default with its obligations and payments, and Lara has embarked upon legal action to recover unpaid advance royalties and the property.

PERU EXPLORATION

Mantaro Phosphate Project

The Mantaro Phosphate Project covers part of a substantial sedimentary phosphate belt in the Junin District of central Peru. Lara retained a royalty on the project dating back to its sale to Sprott Resource Corp. in 2008 (see Lara news release of June 13, 2008). The property was listed in Stonegate Agricom Ltd., which completed drilling and

then lost its social license and was unable to complete any further work. Itafos Inc. acquired Stonegate in 2017 and, in 2021, elected to return the Mantaro property to Lara and the original vendors. The property was returned to one of Lara's Peruvian subsidiaries, with Lara owning a one-third beneficial interest, but in March 2022, Lara agreed to raise its interest to 70% by funding US\$500,000 by the end of 2025. After the end of the period, the Company signed agreements with Itafos to acquire the Stonegate drill core.

Mantaro is a marine sedimentary phosphate deposit located near the town of Sincos in the Junin Department of Central Peru. Previous exploration, including trenching, drilling and technical studies, identified an extensive zone of phosphate mineralization that is amenable to beneficiation and production of phosphate rock concentrate. Stonegate Agricom Ltd. filed a NI 43-101 Technical Report on SEDAR on March 16, 2010 ("Technical Report on the Mantaro Phosphate Deposit Junin District Peru" authored by Donald H. Hains and Michelle Stone of Hains Technology Associates). The property is located near a major rail line connecting Huancayo with Lima and the port of Callao. High-tension transmission lines cross the property on its western side, and it is accessible from the national highway connecting Huancayo to Lima via gravel roads from Sincos, Aco, Mitu and other communities.

Corina Silver-Gold Project

In 2019, Lara's partner Hochschild made a significant discovery at Corina, with multiple gold and silver intercepts in low sulphidation epithermal mineralization from two subparallel veins/structures (see Company news release of October 1, 2019, for details). Hochschild completed a further 2,318 metres of resource drilling in Q4-2020 on the Corina structure with excellent results (see Company news release of February 2, 2021, for details). Drilling continued into 2021, with resource and exploration drilling in the Corina and associated structures to the northeast of the system, with four rigs operating. Unfortunately, in the second half of the year, drilling had to be suspended due to local communities blocking road access to the project, and Hochschild declared Force Majeure, which was only resolved in mid-2022. Hochschild had optioned the Corina project from Lara for its potential to maintain the Pallancata-Selene operation that was running low on reserves, but given the delays, first with the Covid-19 pandemic and then the local communities, the development timeframe for Corina is no longer quick enough to replace the mill feed from Pallancata and Hochschild has elected to drop its option on the property. Lara has received the drill core, samples and database and is looking for a new partner to continue exploration and develop the project.

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 September 30, 2022

For the three months ended September 30, 2022, the Company had a loss of \$116,741 or \$0.00 per share compared to a loss of \$160,706 or \$0.00 per share in 2021. The favourable variance was due to lower net exploration costs and higher other income, partially offset by higher shareholder communications and investor relation costs and lower equity income from Minas Dixon S.A.C. ("Minas").

Exploration expenses were lower in the current quarter due to the recovery of \$95,000 of Planalto expenditures incurred in the second quarter of 2022 but were not recovered in that quarter. Other income was higher in the current quarter due to higher operator fees partially offset by lower Celesta royalty revenue. Celesta did not pay any royalties to Lara during the quarter because it was operating at a loss, and Lara did not accrue any receivable for those royalties due to the uncertainty of receiving payment.

Shareholder communications and investor relations costs were higher in the current quarter because management attended some investor conferences, whereas, in 2021, there was no similar activity. Equity income in Minas was lower in the current year because there was a significant option payment received in 2021, whereas there was no comparable revenue in 2022.

Nine Months Ended September 30, 2022

For the nine months ended September 30, 2022, the Company had a loss of \$702,610 or \$0.02 per share compared to a loss of \$606,159 or \$0.02 per share in 2021. The negative variance was due to higher shareholder communications and investor relations costs, lower equity income in Minas, and a reduction in the fair value of investments, partially offset by lower exploration costs, a foreign exchange gain and higher other income.

Shareholder communications and investor relations activity increased significantly compared to 2021 due to the decline of covid risks, which allowed management to attend investor conferences in 2022 compared to minor activity in 2021. In 2021 Minas had significant revenue from an option payment, and Lara's portion of the income was \$91,000. In 2022 there was no comparable revenue in Minas, and the Company reported a loss of \$4,000. In 2022, Lara's investment in Bifox Limited declined due to a lower exchange rate on the Australian dollar. The Company reported a loss of \$115,000 on the change in the fair value of that investment. There was no corresponding loss in 2021.

Exploration costs were lower in 2022 due mainly to reduced exploration work in Peru in general exploration. In 2022 there was a foreign exchange gain of \$108,000 compared to a nominal gain in 2021. The 2022 gain was due to the strengthening of the Brazil real against the Canadian dollar, which resulted in a gain in translation, and to a lesser extent, there was a gain in the Canadian operations due to holding US dollars as the US dollar strengthened against the Canadian dollar. Other income was higher in 2022 due to higher operating fees on the Planalto Project, partially offset by lower royalty income from Celesta.

SUMMARY OF QUARTERLY RESULTS

	2022	2022	2021	2021
Quarter Ended	Sept. 30	Jun. 30	Mar. 31	Dec. 31
Net exploration expenditures	\$ 14,380	\$ 193,330	\$ 109,251	\$ 147,498
Share-based payments	-	-	-	-
Net income (loss) for the period	(116,741)	(477,088)	(108,781)	3,015,671
Net income (loss) per share (basic and diluted)	(0.00)	(0.01)	(0.00)	0.08

	2021	2021	2020	2020
Quarter Ended	Sept. 30	Jun. 30	Mar. 31	Dec. 31
Net exploration expenditures	\$ 163,863	\$ 155,346	\$ 68,848	\$ 38,034
Share-based payments	-	16,636	-	-
Net loss for the period	(160,706)	(329,386)	(116,067)	(93,487)
Net loss per share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)

The net income or loss for each quarter is primarily based on the amount of exploration expenditures incurred, option payments paid or received, and whether stock options were granted and vested in the quarter.

Exploration Expenditures

The Company has three main types of exploration activity: general reconnaissance, exploration of mineral properties acquired through claim staking, and exploration of mineral properties acquired through option agreements with third parties.

The amount of exploration activity in a quarter depends on whether the Company is in the process of conducting general reconnaissance to acquire new relatively unexplored properties, starting to conduct exploration on recently acquired mineral properties and whether Lara is simultaneously receiving funding from a third party to conduct exploration on properties which have been optioned. For properties that have been optioned, Lara generally receives the funding, manages the exploration programs, and records the expenditures in their financial statements, net of the amounts paid by third parties.

Exploration spending is also dependent on a healthy treasury. The Company closely monitors its cash position and reduces exploration expenditures if there is insufficient funding to cover all administration expenses and planned exploration expenditures.

Option Payments Received from Third Parties

The Company enters into option agreements with third parties, whereby those third parties agree to acquire a majority interest in a mineral property through a combination of defined exploration expenditures and cash or share payments. Cash or share payments are first accounted for by recovering any exploration costs incurred by Lara, then any capitalized acquisition costs effect and finally, any excess payments that are received are credited to other income. Option payments can be significant during the later stages of an option agreement. If they are accounted for as exploration expense recoveries or other income, the payments will have a material effect on the Company's net income or loss for a given quarter.

Share-based Compensation

The Company periodically grants stock options to its directors, senior management, and consultants. These grants are usually fully vested on the date of the grant, which can result in a significant share-based payment expense occurring in a given quarter of any year. The last two major option grants, which included all directors, senior management, and consultants, occurred in 2020 and 2017. More recently, Lara has granted options to recognize a specific achievement by senior management, compensate a new director, or recognize ongoing contributions from current directors. The greater the number of options granted and the higher the exercise price, the greater the amount of share-based payment expense that will be recognized.

Lara also grants bonus shares to senior management approximately every two years. The shares have generally vested, one-third on the grant date, one-third after one year, and one-third after two years. Whenever a new bonus share grant takes place, there can be a significant share-based payment expense in that quarter because the first third of the bonus shares are vested immediately, and the expense is recorded at that time. The remaining bonus shares accrue evenly over successive quarters and do not generally cause a significant variation in net income or loss.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had working capital of \$4,077,041 as at September 30, 2022, compared to working capital of \$701,423 as at December 31, 2021. Working capital increased by \$3,375,618 in the nine months ended September 30, 2022, due to a non-brokered private placement financing, partially offset by cash consumed to cover exploration and administration expenses, plus minor expenditures on fixed assets and mineral property acquisitions. The Company has reported a significant value in its investment in Bifox. However, those shares cannot be easily liquidated, and therefore the Company does not expect that they will be a source of cash to fund operations in 2022. The Company has sufficient capital resources to maintain its operations for twelve months.

OUTSTANDING SHARE DATA

There are 45,801,014 common shares issued and outstanding. In addition, there are 2,095,000 fully vested stock options outstanding with exercise prices ranging from \$0.50 to \$0.76 per option with terms expiring between March 14, 2023, and June 28, 2026. Lara has 3,086,703 warrants outstanding with a strike price of \$1.00, which expire on June 17, 2025.

INVESTMENTS IN ASSOCIATED COMPANY

Minas Dixon S.A.

The Company owns a 45% interest in Minas. As at December 31, 2021, Lara had a net investment of \$97,994 in Minas. During the nine months ended September 30, 2022, Lara's 45% share of Minas' net loss was \$4,245, and Lara's investment in Minas decreased by the same amount to \$93,749.

RELATED PARTY TRANSACTIONS

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

For the nine months ended September 30, 2022	Salary or fees
Chief Executive Officer	\$ 93,177
VP Corporate Development	42,000
VP Exploration	127,133
Seabord Management Corp.	160,200
	\$ 422,510

The above payments for management compensation are 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 that 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	September 30, 2022	December 31, 2021
Amounts due from (to):			
CEO	Fees and Expenses	\$ (15,742)	\$ (31,370)
VP Exploration	Fees and expenses	(16,080)	(14,043)
VP Corporate Development	Fees and expenses	(1,463)	(12,600)
Seabord Management Corp.	Deposit	10,000	10,000

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at September 30, 2022	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 3,594,409	\$ 3,594,409
Restricted cash equivalents	-	57,500	57,500
Receivables	-	31,271	31,271
Short-term investment	-	1,500,000	1,500,000
Long-term investments	3,270,235	-	3,270,235
Accounts payable and accrued liabilities	-	(174,328)	(174,328)
Advances from JV Partners	-	(927,081)	(927,081)
	\$ 3,270,235	\$ 4,081,771	\$ 7,352,006

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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

Financial Risk Management

Lara's strategy for cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or 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, including currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, Brazil, and Peru and is therefore 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 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 increase or decrease approximately \$108,800 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 the 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 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's cash is held mainly in 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 primarily 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 received. That procedure significantly reduces the risk of recording uncollectible receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not 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 there are sufficient committed financial resources to meet its business requirements for the next twelve months. The Company is exposed to liquidity risk.

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, the Company will be able to negotiate a satisfactory agreement with any such existing landowners 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 a local community or landowner has denied access, 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. 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, and 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 raise enough capital to satisfy exploration and other expenditure terms in a joint venture agreement. As a result, the 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 participate in its various exploration projects. 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, no reliable source of operating cash flow and assurance that additional funding will be available for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may depend 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, labour 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 insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Lara's success depends on 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 the 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 to require stricter standards and enforcement and involves 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 that are unknown to the Company at present.

Competition

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