

LARA EXPLORATION LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2009

BACKGROUND

This management's discussion and analysis of financial position and results of operations is prepared as at November 18, 2009, and should be read in conjunction with the unaudited interim consolidated financial statements of Lara Exploration Ltd. (the "Company" or "Lara") as at September 30, 2009 and for the nine months ended September 30, 2009 and the related notes thereto. Those unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, as a result, do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Accordingly, readers may want to refer to the Company's December 31, 2008 audited annual consolidated financial statements and accompanying notes. All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are expressed in Canadian dollars except where noted. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or on the Company's website www.laraexploration.com.

FORWARD LOOKING INFORMATION

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

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 as a result of new information, future events or otherwise.

COMPANY OVERVIEW

Lara is a prospect generator dedicated to the identification, acquisition and exploration for precious and base metal deposits and other resource opportunities in South America. The Company currently holds a portfolio of projects in Brazil, Colombia and Peru, with a strategy to seek joint ventures to fund exploration and project development. Lara aims to maximize its discovery opportunities, while minimizing its funding requirements and risk.

EXPLORATION REVIEW

The Company has a large portfolio of mineral properties in Brazil, with on-going exploration programs for phosphate rock, potash, nickel, gold, tin, copper, iron, lead and zinc mineralization. In Peru the Company holds the Lara porphyry copper oxide deposit and continues to review acquisition opportunities, notably for gold and silver prospects. The Company also holds a substantial portfolio of phosphate exploration claims in Colombia and is actively seeking to expand its presence in that country.

Highlights for the third quarter of 2009 include:

- Completion of a positive Technical Report on the São Lourenço Tin Project in northwest Brazil;
- Completion of the acquisition option for the Curionópolis IOCG (“iron-oxide-copper-gold”) project in northern Brazil;
- Signing of an option to sell the Curionópolis iron oxide rights to Vertical Mineração Ltda., for cash and royalty payments; and
- Signing of a Letter of Intent to acquire TSX Venture exchange listed Maxy Gold Corp., with its highly prospective portfolio of precious and base metal projects in Peru and China.

The Company currently has three active joint ventures: with Votorantim Metais Zinco S.A. to explore and develop its Canabrava VMS Project in central Brazil; with Sprott Resource Corp., (“Sprott”) to explore for phosphate and potash in Colombia and Brazil; and with Vertical Mineração Ltda., to develop the iron resources at Curionópolis in northern Brazil.

Maxy Gold Transaction

During the period the Company signed a Letter of Intent (“LOI”) with Maxy Gold Corp. (TSX Venture: MXD, “Maxy”) respecting the acquisition of Maxy by Lara at an exchange ratio of one Lara share for eight Maxy shares. The exchange ratio represents a premium of 35% to the closing price of Maxy’s shares on September 22, 2009 when the LOI was signed. The transaction will involve Lara issuing 4,307,731 new common shares and following completion Lara will have 23,554,232 common shares outstanding. Maxy’s President, Andre Gauthier, will join Lara’s Board of Directors and become its President on closing, while Miles Thompson will retain the role of CEO and becoming Executive Chairman of the Company. The transaction has been approved by the Boards of Directors of both companies, but remains subject to approval of Maxy’s shareholders and the TSX Venture Exchange.

Maxy brings a successful exploration team with Andean experience and a highly prospective exploration portfolio in Peru, both of which are complementary and accretive to Lara’s existing business. Additionally Maxy’s projects in China open up a new sphere of activity for Lara and access to both prospective acquisitions and potential joint venture partners.

Maxy’s activities in China are focused on the Midu joint venture in Yunnan Province, southwestern China and on the Huangnan joint venture and alliance with Western Mining Group, in Qinghai province of Western China. Western Mining Group is one of China’s largest mining companies headquartered in Qinghai province. Maxy holds a 75% interest in the 189 square kilometer Midu Joint Venture, which is prospective for gold mineralization. Maxy is earning a 50% interest in the Huangnan joint venture, which includes two properties, which total 203 square kilometers where exploration has delineated significant geophysical and geochemical anomalies.

In Peru, Maxy has a 100% interest in 17 gold and base metal mineral exploration properties totaling 140,000 hectares in central and southern Peru. Maxy’s gold properties are located in the Southern Peru volcanic belt that is host to various epithermal systems and numerous polymetallic systems with high silver and gold values. Maxy’s base metals properties are located in the Andahuallas Yauri Belt that is host to the Las Bambas porphyry and the

Tintaya district that is host to various world-class porphyry deposits.

Brazil Projects

Araguaia Nickel Project

The Araguaia Nickel Project comprises 45,000 hectares of 100%-owned exploration licenses near the Carajás District, in Pará State, Northern Brazil. The target geology is mafic and ultramafic intrusions that are part of the Araguaia Ophiolite Sequence, host to several large nickel deposits in this region. To date 64 diamond drill holes and 55 auger drill holes have been completed on the project, defining significant nickel mineralization on two targets, Vila Oito and Floresta. During the period the Company has been compiling data, reviewing drill cores and reinterpreting results to prepare an updated National Instrument 43-101 Technical Report, due for completion in the fourth quarter.

São Lourenço Tin Project

The São Lourenço Tin Project comprises an option to acquire a 100% interest in 3,400 hectares of Mining Licenses in Rondônia State, Northwest Brazil, where the Company completed surface exploration work that outlined a significant body of primary tin mineralization. During the period the Company completed an Independent Technical Report entitled "The Sao Lourenco Tin Project, Rondônia State, Brazil, 30th June 2009", authored by Martin Mount of Peru-based Anglo Latina Consultores S.A.C. ("ALC") concluded the following:

"Lara has focused its exploration on two hills, Serra Irene and Serra Isaac, which comprise two partly exposed cupolas of medium-grained, equigranular granite representing the SW limits of the São Lourenço-Caripuna intrusive complex. Tin mineralization sampled on the top and flanks of both hills comprises sheeted veins, parallel stringers and alteration associated with a late differentiate or fine-grained dyke activity and greisen bordered veins within the granites and which also cross the contact and pass out into the metamorphic aureole. It is likely that the mineralization is wider spread than currently delineated, because there is vegetation and deep colluvial cover over more than 50% of these occurrences.

A total of 2,241 channel samples have been taken from hand-dug surface trenching over three separate exploration phases carried out between March 2007 and December 2008. Of these 1,257 samples reported values >0.05% Sn and 146 reported values >0.5% Sn. High grade values range between 0.73% Sn and 7.88% Sn, which are derived from the main vein structures cutting through the exposed granites.

The writer considers the current information insufficient to estimate a Resource at São Lourenço. However, the writer concludes that the Project definitely merits further exploration and recommends a 1,790m diamond-drilling exploration program aimed at determining whether there is low-grade, high tonnage open pit potential, or a low tonnage, high-grade underground potential to be developed at São Lourenço. Other recommendations include additional technical and QA/QC control procedures during the next phase of exploration. The drilling program is estimated at approximately US\$0.64 million."

Curionópolis IOCG Project

The Curionópolis IOCG Project, located in the Carajás District of Pará State, Northern Brazil, comprises 12,600 hectares of 100%-owned exploration claims and licenses and the option to purchase a 100% interest in the 8,569 hectare Curionópolis Property from Redrock Exploration (BVI) Ltd., for US\$630,000 in cash payments and US\$2.7 million in exploration expenditures over a three year period, a 50% share in net iron-ore revenues and a 2% net smelter return royalty on other metals. This latter transaction has been delayed since January 2008 due to a third-party appeal of the underlying title. However, during the period, the Brazilian Department of Mines and the Ministry of Mines and Energy granted the Exploration License, which triggered Lara's option.

The Company simultaneously completed an agreement whereby Vertical Mineração Ltda. (“Vertical”), a special purpose company owned by a group of Brazilian iron producers, will acquire the iron ore targets on the Curionópolis Property for cash payments, exploration work commitments and royalties. Under the terms of this agreement, Lara will cede approximately 1,500 hectares of the property, covering a ridge of banded-massive iron formations, to Vertical in exchange for US\$1.4 million in cash payable over two years, US\$3.0 million in exploration expenditures over a three year period and a \$3/tonne to \$4/tonne royalty payment on any lump iron-ore production. Lara is entitled to 50% of the cash and royalty payments paid by Vertical and will be the operator during the exploration phase of the project. Lara also retains the rights to any discoveries of non-ferrous metals within the ceded area.

The remainder of the Curionópolis Property covers a series of IOCG-type copper-gold veins with artisanal workings, where grab samples taken by Lara during due-diligence returned grades as high as 8.4 grams per tonne (“g/t”) gold and 31.5 % copper. The Company has initiated a program of systematic exploration of these targets, which lie adjacent to the Rio Novo project.

Canabrava VMS Project

The Canabrava Volcanogenic Massive Sulphide (“VMS”) Project comprises 28,500 hectares of 100%-owned exploration claims and licenses that cover strike extensions of four zinc-lead-copper-silver VMS deposits in Central Brazil. Work at Canabrava is being conducted by Votorantim Metais Zinco S.A. (“Votorantim”) under the terms of an option and earn-in agreement whereby Votorantim can earn an initial 55% interest in the project, by funding \$2.5 million of exploration expenditures over a three year period. Votorantim has completed 2,870.8 line kilometers of VTEM (helicopter-borne time domain electromagnetic) geophysics, which defined twenty-three new targets based on signatures similar to those of the known deposits in the belt. Follow on work on these targets is being done and includes: soil sampling grids, terrestrial geophysical surveys (magnetic and time domain electromagnetic) and detailed geological mapping.

During the period, Votorantim agreed to contribute its wholly owned properties in the belt to the joint venture with Lara, such that the project now comprises approximately 54,000 hectares exploration licenses and claims.

Sprott Strategic Alliance

In November 2008, the Company and Sprott Resource Corp., (“Sprott”) agreed to form a strategic alliance (the “Alliance”), owned 50% each, to acquire phosphate, potash and other resource opportunities. Sprott has contributed starting capital of US\$500,000 to the new company, which has been used to acquire and evaluate phosphate and potash exploration properties in Brazil and Colombia and to evaluate acquisition opportunities. During the period the Company continued field reconnaissance work and preliminary evaluation of the phosphate and potash portfolio and in the process relinquished a number of claim and license areas where results have been disappointing. At present the two most promising projects within the Alliance are the Sergipe Potash Project in Brazil and the Boyacá Phosphate Project in Colombia.

Sergipe Potash

The Sergipe Potash Project comprises 21,700 hectares of exploration licenses and claims in Sergipe State, northeast Brazil. The properties are adjacent to and cover the extensions of the potash-bearing sedimentary basins of Vale’s Taquari-Vassouras mine, which produced 607,000 tons of potash in 2008. These sedimentary basins have been explored extensively for oil and gas in the past and a database of seismic surveys and exploration drilling is available through the Brazilian National Petroleum Agency (“ANP”). This ANP data includes eight wells drilled within Lara’s licenses, several of which intercepted potash, with the best drilled intercept having a cumulative 37.6 meters of potash mineralization in ten separate sedimentary units between 1,710 and 1,806 meters depth. The Company is currently reviewing and interpreting this historical exploration data.

Boyacá Phosphate

The Boyacá Phosphate Project is owned 70% by the Alliance and comprises approximately 80,000 hectares of exploration claims, covering a series of high-grade phosphate beds in the Cretaceous sedimentary sequences of the Central Colombian Andes. There are three main phosphate-bearing units within the sequence. In various places these phosphate beds are mined on a small-scale to produce 25-35% P2O5 direct-shipping phosphate rock, which is milled and consumed locally as fertilizer.

The Boyacá claim blocks, denominated Tasco, Tota, Iza and Nueva Colon, cover synclinal and anticlinal fold structures, where the mineralized units are repeated and can be traced at surface for many kilometers. Fieldwork has comprised of field checks and stratigraphic mapping to delineate the areas with the thickest and most extensive phosphate units. To date the most promising target is Iza, on the western flank of the San Miguel syncline, where the upper phosphate unit comprises stacked massive phosphate beds with an aggregate thickness of more than 4 meters. This synclinal fold is 15 kilometers long and 2 kilometers wide, with the target phosphate bed exposed on both flanks of the fold (i.e. approximately 30 kilometers of near-surface extension). The Company is currently conducting more detailed mapping to delineate potential bulk-mineable areas.

Peru Projects

Lara Copper Deposit

During the period the Company continued its strategic review of the Lara Copper Project with a view to extending the Lara deposit and identifying additional outlying exploration targets.

QUALIFIED PERSON

Michael Bennell, Lara's Vice President Exploration and a member of the Australasian Institute of Mining and Metallurgy, is a Qualified Person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, and is responsible for the preparation and verification of the technical information in the MD&A.

RESULTS OF OPERATIONS

For the quarter ended September 30, 2009 the Company reported a loss of \$337,955 or \$0.02 per common share as compared to a loss of \$573,419 or \$0.03 per common share for the comparative period ended September 30, 2008. The loss was lower for the current quarter due to lower exploration expenditures and a current income tax recovery. Exploration expenditures were lower due to lower activity in Brazil than in the prior comparative quarter. The income tax recovery is due to the application of current year's losses against taxes paid in the prior fiscal year. For the comparative period the Company had not paid any taxes and there was no tax recovery available.

For the nine months ended September 30, 2009, the Company reported a loss of \$1,161,480 or \$0.06 per common share as compared to net income of \$2,824,067 or \$0.15 per common share for the comparative period ended September 30, 2008. The difference is due to the gain, net of taxes, of \$4,384,162 from the sale of the Company's interest in the Mantaro Project to Sprott and higher interest income in 2008, partially offset by lower exploration expenses and lower stock-based compensation expense in 2009. Exploration expenditures were lower due to lower activity in Brazil than in the prior comparative period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position at September 30, 2009 was \$2,210,691 compared to \$3,440,000 at December 31, 2008. The decrease in working capital of \$1,229,309 from December 31, 2008 was due to its loss from operations and its investment in mineral properties.

All of the Company's cash and cash equivalents at September 30, 2009 are held in interest bearing accounts and highly liquid short-term interest bearing investments which can be converted to cash after thirty days without penalties. The Company has not invested in any short-term commercial paper or asset backed securities. In addition, at September 30, 2009, the Company held common shares of Sprott Resource Corp. and CCT Capital Ltd. with a fair value of \$4,195,287. These investments can be liquidated when necessary in order to provide additional funding for ongoing operations. In management's opinion, the Company has sufficient working capital to meet its administrative and exploration expenditures for the next twelve months.

SUMMARY OF QUARTERLY RESULTS

	2009	2009	2009	2008
Quarter Ended	Sep. 30	Jun. 30	Mar. 31	Dec. 31
Exploration expenditures	\$279,807	\$237,800	\$333,845	\$255,250
Stock-based compensation	-	42,046	25,818	28,502
Net income (loss) for the period	(337,955)	(398,357)	(425,168)	(413,245)
Earnings (loss) per share (basic and diluted)	(0.02)	(0.02)	(0.02)	(0.02)

	2008	2008	2008	2007
Quarter Ended	Sep. 30	Jun. 30	Mar. 31	Dec. 31
Exploration expenditures	\$471,281	\$272,046	\$372,407	\$459,165
Stock-based compensation	13,075	113,352	11,820	83,864
Net income (loss) for the period	(573,419)	3,908,724	(511,238)	(611,801)
Earnings (loss) per share (basic and diluted)	(0.03)	0.20	(0.03)	(0.04)

For the quarter ended September 30, 2009, the loss was lower than for the prior quarter due to slightly lower expenditures for several general and administrative expenses and due to lower stock-based compensation expense partially offset by higher exploration expenditures.

For the quarter ended March 31, 2009, exploration expenditures were higher than in the previous quarter but the net loss was close to the December quarter due to the write-off of capitalized mineral property costs in December. There was no corresponding write-off of mineral properties in the March 2009 quarter.

The loss for the quarters varies primarily based on exploration expenditures incurred and whether stock options are granted in the quarter, except that the second quarter of 2008, includes a gain, net of income taxes, of \$4,384,162 on the sale of the Company's interest in the Mantaro Project to Sprott for 1,180,872 common shares of Sprott.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

PROPOSED TRANSACTIONS

In September, Lara signed a Letter of Intent ("LOI") with Maxy Gold Corp. ("Maxy") with respect to the acquisition of Maxy by, or merger of Maxy into, Lara at an exchange ratio of one Lara share for eight Maxy shares. The exchange ratio represents a premium of 35% to the closing price of Maxy's shares on September 22, 2009. Lara will issue 4,307,731 common shares and, following completion, Lara will have 23,554,232 common shares outstanding of which 4,307,731 shares or 18.29% will be held by the former shareholders of Maxy. It is intended that Maxy's President, Andre Gauthier, will join Lara's Board of Directors and become its President on closing. The transaction has been approved by the Boards of Directors of both companies, but remains subject to approval of Maxy's shareholders and the TSX Venture Exchange. The costs incurred to date for the acquisition in the amount of \$3,400 have been capitalized as deferred acquisition costs.

In November 2009, Lara signed a definitive Arrangement Agreement with Maxy providing for a Plan of Arrangement with Maxy's shareholders whereby Lara will acquire all of the outstanding shares of Maxy at an exchange ratio of one Lara share for eight Maxy shares. Maxy has mailed an Information Circular to its shareholders in respect of their approval of the transaction being sought at a special shareholders' meeting on December 14, 2009.

RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. That date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has completed a scoping study which identifies the mandatory and optional exemptions from retrospective application of IFRS accounting policies and provides a comparison of the Company's current accounting policies with those prescribed under IFRS. The Company is reviewing and assessing this information but has not determined the impact on the consolidated financial statements at this time. For the balance of 2009, the Company will be selecting the exemptions it will make for the transition to IFRS and will be documenting its new accounting policies under IFRS.

Business Combinations and Related Sections

CICA Handbook Section 1582, "Business Combinations" and Section 1601, "Non-Controlling Interests", replace Sections 1581 and 1600 respectively. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective January 1, 2011 prospectively, with early adoption permitted. Lara is assessing the impact of these new standards on its consolidated financial statements.

RELATED PARTIES TRANSACTIONS

During the nine months ended September 30, 2009 the Company paid \$154,490 (2008 - \$Nil) to Seabord Services Corp. ("Seabord"), a management company controlled by a director, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. At September 30, 2009, Lara had deposits for future services with Seabord amounting to \$10,000. During the nine months ended September 30, 2009, Lara paid \$650 to a company controlled by a director, for geological consulting. These transactions were in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties. All balances due to related parties are included in accounts payable and accrued liabilities.

MANAGEMENT COMPENSATION

During the nine months ended September 30, 2009, Lara paid \$73,540 in salary to the President and CEO, Miles Thompson and \$85,500 in salary to the Vice-President Exploration, Michael Bennell. No other directors or officers received salary or consulting fees for their services in this period. David Miles, the chief financial officer and Kim Casswell, the corporate secretary are employees of Seabord and received no management compensation from Lara.

RISKS AND UNCERTAINTIES

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 operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

Lara is currently earning an interest in certain of its properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of pre-feasibility 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.

The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

Lara has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. 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.

Recently, the 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 prices 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 manner in which 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. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the Brazilian real or Peruvian sole could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

Although the Company may maintain insurance to protect 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 a decline in the value of the securities of the Company.

Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

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

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

OUTSTANDING SHARE DATA

As at November 18, 2009, there were 19,264,001 common shares issued and outstanding. In addition, there were 1,612,500 fully vested stock options outstanding with a weighted average exercise price of \$1.01 per share and terms expiring between January 11, 2011 and May 21, 2014.