

**LARA EXPLORATION LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2010**

BACKGROUND

This management's discussion and analysis of financial position and results of operations is prepared as at May 19, 2010 and should be read in conjunction with the unaudited interim consolidated financial statements of Lara Exploration Ltd. (the "Company" or "Lara") as at March 31, 2010 and for the three months ended March 31, 2010 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, 2009 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 partners through joint ventures to fund exploration and project development. Through the acquisition of Maxy Gold Corp., Lara now holds two joint venture properties in China. 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, the Tingo Este copper project and has, through the acquisition of Maxy Gold,

added twenty new precious and base metal properties as well as two joint ventures prospective for gold in China. The Company also holds a portfolio of phosphate and uranium exploration claims in Colombia and is looking to expand its presence in that country.

Highlights for Q1-2010 include:

- Completion of a new NI 43-101 Technical Report on the Araguaia Nickel Project in Brazil.
- Option Agreement signed with Redzone Resources Limited to advance the Lara and Tingo Este Copper Projects in Peru.
- 14-hole diamond drill program funded by the Vertical JV completed on the Curionópolis Iron Project in Brazil.
- Option Agreement signed with Consorcio Minerero Horizonte S.A. to advance the Corina Gold Project in Peru.

As at the end of the Quarter, the Company had active joint ventures: with Redzone Resources on the Lara and Tingo Este Copper Projects; Votorantim Metais Zinco S.A. (“Votorantim”) to explore and develop its Canabrava VMS Project in central Brazil; with Talon Metals Corp., (“Talon”) to explore the Sergipe Potash Project in Brazil; with Vertical Mineração Ltda., to develop the iron ore resources at Curionópolis in northern Brazil; and the Midu and Huangnan joint ventures in China acquired through Maxy.

During the period, the Company maintained an active field team in Brazil working on existing projects and prospecting for new areas. In Colombia the Company, through its joint venture with Geotec Ltda conducted reconnaissance work and project evaluations for phosphate, potash, coal, uranium and gold. In Peru the Company mobilized two new field teams to begin evaluations of the extensive portfolio of properties that have been added to the portfolio through the acquisition of Maxy Gold Corp., in December 2009.

Brazil Projects

Araguaia Nickel Project

During the period the Company completed an updated National Instrument 43-101 Technical Report that is available on the Company’s website. The report compiles, consolidates and interprets data from the Company’s own work programs, with exploration and drilling programs executed under separate joint ventures with the Brazilian subsidiaries of Xstrata plc (“Xstrata”) and Teck Resources Ltd. (“Teck”). The report confirms the project merits further exploration to enable an initial mineral resource estimate for the Vila Oito target and to advance the exploration at the Floresta, D-Grid and the Conceição sulphide nickel targets.

The Araguaia Nickel Project comprises 66,334 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 significant nickel discoveries in recent years: Araguaia, adjacent to Vila Oito (Teck), Serra da Tapa and Vale dos Sonhos (Xstrata) and Lontra (Horizonte Minerals plc).

Exploration programs on the Araguaia Nickel Project conducted since 2006 have identified bodies of nickel laterite mineralization in the southern part of the Vila Oito license block and in the southwest of the Floresta license block, with 64 diamond drill holes and 55 auger drill holes have been completed to date. Preliminary exploration in the Conceição License Block has also identified disseminated nickel and copper sulphide mineralization, associated with layered mafic intrusive bodies.

Curionópolis IOCG Project

The Company has agreed to cede approximately 1,500 hectares of the Curionópolis IOCG Project, covering a ridge of banded-massive iron formations, to Vertical Mineração Ltda. (“Vertical”), a special purpose company owned by a group of Brazilian iron producers. Under the terms of this agreement, Vertical will make cash payments of totaling US\$1.4 million over two years, incur US\$3.0 million in exploration expenditures over a three year period and pay Lara a \$1.5 to \$2/tonne for any granular iron-ore production.

During the period, the Vertical JV completed mapping and reconnaissance work over the property, covering some 10 kilometers of exposed iron formations. The Serra Morena target, comprising approximately a one-kilometer section of these ridges, was mapped in more detail and sampled at surface. A preliminary program comprising 14 diamond drill holes has been completed at Serra Morena, with results released May 10, 2010 for the first seven drill holes (see Table 1. below), all of which intercepted significant intervals and grades of iron mineralization.

Drill hole	From (m)	To (m)	Interval (m)	Grade Fe (%)
FD-0001	0.00	10.00	10.00	58.95
	29.00	59.00	30.00	48.63
FD-0002	0.00	39.00	39.00	62.16
FD-0003	0.00	13.50	13.50	65.05
	51.00	86.10	35.10	54.95
FD-0004	0.00	12.00	12.00	62.51
	32.00	48.00	16.00	41.90
FD-0005	0.00	3.00	3.00	59.27
	13.00	16.50	3.50	54.27
FD-0006	Hole abandoned due to drilling problems			
FD-0007	0.00	6.66	6.66	51.76
FD-0008	0.00	2.50	2.50	63.94
	97.50	110.50	13.00	39.67

Vertical plans to purchase its own drilling equipment and resume drilling in the coming months in order to define resources at Serra Morena and to drill test the extensions of the iron formations.

The remainder of the Curionópolis IOCG Property remains 100%-owned by Lara and is being explored for copper-gold mineralization. The Company has completed stream sediment sampling and field reconnaissance over the entire property and is currently engaged in more detailed follow-up work on a series of copper-gold and gold targets identified by this work. The main target area, the Osmar Trend, extends for some six kilometers in a roughly east-west direction, marked by a series of outcropping IOCG-type copper-gold veins within broader areas of alteration. Soil grids have been completed over 1 kilometer of this trend to date.

Canabrava VMS Project

The Canabrava Volcanogenic Massive Sulphide (“VMS”) Project comprises 52,414 hectares of 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 by May 12, 2011. Votorantim completed 2,870.8 line kilometers of VTEM (helicopter-borne time domain electromagnetic) geophysics in 2008, which defined twenty-three new targets based on signatures similar to those of the known deposits in the belt. During the period, Votorantim completed soil surveys and mapping over the targets.

Sergipe Potash Project

The Sergipe Potash Project comprises 21,689 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").

In December 2009, the Company entered into an Agreement with Talon Metals Corp. (TSX: TLO), whereby Talon has been granted an option to earn a 75% interest in Lara's Sergipe Potash Project in northeast Brazil. To earn its interest, Talon must pay Lara US\$500,000 (US\$100,000 paid to date) and undertake a minimum US\$4 million in exploration work programs, both over four years, and deliver a Resource Report on the Project by late 2014. Talon will be the operator of the work programs, which must include at least five drill holes targeting potentially economic potash-bearing evaporite sequences. Following exercise of its option, Talon and Lara will form a joint venture for the continued exploration of the Project and Talon will continue as operator.

The Sergipe Potash Project comprises two separate license blocks, which are contiguous with Talon's Capela and Panqueca potash prospects and cover the strike extension trend of the known potash deposits in Vale's Taquari-Vassouras Mine. A significant amount of exploration data is available on the Project from the oil and gas industry, which includes geological and geophysical data from 11 oil wells. Two of these wells intersected a cumulative 37 and 5 metres of potash mineralization respectively, in ten and two individual potash-bearing horizons, at depths between 1,300 and 1,800 metres. Furthermore, data is available for at least 30 2-D seismic lines over the Project.

The Company has been informed by Talon that exploration work has begun on the properties, the first phase of which will comprise the acquisition and reinterpretation of the geophysical (2D and 3D seismic) and drilling data generated from historical oil and gas exploration in the basin.

Peru Projects

Lara Copper Project

The 1,800-hectare Lara Copper Project in the Southern Peruvian Coastal Belt covers two porphyry centers known as Lara and Socos delineated within a corridor of hydrothermal alteration extending over several kilometers. In total, 27 drill holes representing 3,290 metres have tested a roughly 500-meter by 500-meter portion of the Lara copper-molybdenum porphyry centre and preliminary metallurgical test work completed in the late 1990s indicates that the enriched zone of the Lara deposit is amenable to low cost solvent extraction and electro-winning ("SX/EW") processing. In 2007, two holes drilled into the core of the Lara deposit returned 20 metres of 1.2% copper and 13.7 metres of 0.93% copper in the enriched zone, followed by 13.7 metres grading 0.33% copper and 220.4 metres grading 0.25% copper, respectively, in the sulphide zone. Both holes ended in mineralization. The Socos target has never been drill tested. The Lara property has excellent potential for discovery of additional copper mineralization including: supergene/hypogene porphyry copper enrichment zones beneath the leached cap east, west and south of the known resource at Lara; supergene porphyry copper enrichment zones beneath the gravel cover at Socos; extensions to the known copper sulphide mineralization in the Lara and Socos areas; and oxide copper mineralization within the entire Lara Porphyry System.

During the period, the Company completed an Option Agreement ("the Agreement") whereby Redzone Resources Limited (CNSX: REZ, "Redzone") may earn up to a 75% interest in the Lara Copper Project and the nearby Tingo Este Copper Project. Redzone may earn an initial 55% interest in the Projects by spending US\$2.5 million in exploration and issuing 850,000 common shares of Redzone to Lara over a three-year term. Redzone may then elect to earn an additional 20% interest in the Project by completing a bankable feasibility study and making a one-time cash payment to Lara of US\$1.5 million on or before January 28, 2015. Lara retains a 1% net smelter royalty on all production from the Project. Redzone is Project operator. The minimum first year exploration expenditure is US\$500,000.

At present the Company is engaged in preparations and permitting for drilling on behalf of Redzone.

Tingo Este Copper Project

The 3,700-hectare Tingo Este property lies approximately 50 kilometers northwest of the Company's Lara Deposit in a similar geological setting in southwest Peru. Previous mapping and prospecting has defined copper mineralization within a 1,000 meter by 800-meter area with values up to 0.9% copper, hosted by granodiorite and quartz monzonite intrusives of the Coastal Batholith. This property is part of the Agreement with Redzone described above.

Corina Gold Project

The Corina Property comprises seven mineral rights currently held by Lara subsidiary, Maxy Gold Peru, together with additional land staked in cooperation with Horizonte. The Corina Property is located in the districts of Juan Espinoza Medrano and Cotaruse, province of Antabamba, department of Apurimac, of southern Peru, with a total approximate area of 5,768.83 hectares.

Reconnaissance work by the Company outlined an extensive package of the tertiary volcanics that are host to many low and high sulphidation gold deposits in the region, e.g. Liam, Selene, Pallancata and Antapite. An exposed low sulphidation epithermal vein (denominated Promesa) has been mapped over 4.5 kilometers, with rock chip gold values reporting up to 6.7 g/t Au. The structure that is host to the Promesa vein cuts dacite and rhyolite pyroclastics and a rhyolite dome, extending eastward into the basal sedimentary sequence made up of brecciated and mineralized sandstones. The structure shows high potential for exploration both laterally and at depth due to very little erosion.

Subsequent to the end of the period, the Company closed an Option Agreement ("the Agreement") with Consorcio Minero Horizonte S.A. ("Horizonte") whereby Horizonte may acquire up to an 80% interest in the Corina Gold Project by paying US\$700,000 in cash, completing US\$8,500,000 of exploration and feasibility work and paying a sliding-scale royalty to the Company. Horizonte is a privately owned Peruvian gold producer.

Under the terms of the Agreement, Horizonte will have a first option to earn a 65% interest in the Corina Gold Project by making cash payments of US\$700,000 (US\$200,000 paid) and completing not less than US\$1,500,000 (US\$500,000 committed) in exploration expenditures over a three-year period, with at least US\$300,000 of the Phase 1 program and US\$500,000 of the Phase 2 program be spent on drilling.

Cash Payments to Lara	US\$
Upon signing Definitive Agreement	200,000
First Anniversary	200,000
Second Anniversary	300,000
Total	700,000

Exploration Expenditures	US\$
Phase 1 - 18 months (committed)	500,000
Phase 2 – 18-36 months	1,000,000
Total	1,500,000

Subject to completion of the first option, Horizonte would have 60 days in which to elect to invest a further US\$7,000,000 over five years on feasibility work to earn an additional 15% interest (for an aggregate 80%) in the Corina Property. Lara will retain the right to a Net Smelter Return Royalty ("NSR Royalty") on all gold and silver produced in excess of 1.5 million ounces equivalent and this royalty will vary according to gold price:

Gold Price US\$/Troy ounce	NSR Royalty
Less than \$500/oz	Nil
\$500-\$700/oz	1.0%
Greater than \$700/oz	1.5%

Colombia Projects

Boyacá Phosphate

The Boyacá Phosphate Project is owned 70% by Lara 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.

Work during the period focused detailed mapping and stratigraphy of the Iza block, 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).

Qualified Persons

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.

Andre Gauthier, Lara's President and a member of the Quebec Order of Engineers, 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 regarding the Company's projects in Peru and China.

RESULTS OF OPERATIONS

For the quarter ended March 31, 2010 the Company reported a loss of \$754,163 or \$0.04 per common share as compared to a loss of \$425,168 or \$0.02 per common share for the comparative period ended March 31, 2009. The loss was higher due to higher exploration expenses and increased costs for general and administrative expenses. The higher exploration costs were mainly due to increased activity in Peru as the Company began exploration work on the Maxy properties which were part of the Maxy acquisition in December of 2009. General and administrative expenses were higher overall due to taking on some additional costs as a result of the Maxy acquisition. Management fees were higher due to the fees being paid to a company controlled by the new President. There was also an additional \$24,000 paid to a consultant who was working on the Company's Chinese business activities. Rent costs were considerably higher in the quarter due to the additional rent which was paid on the Maxy office space, but which has been sublet effective April 1, 2010. Staff costs were higher in the current quarter due to an additional employee retained as par of the Maxy acquisition and also due to higher costs for a consultant. Transfer agent and filing fees were higher due to an additional \$15,000 in transfer agent fees for the Plan of Arrangement with Maxy Gold Corp. and annual filing fees for a number of the Maxy Gold BVI subsidiary companies.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position at March 31, 2010 was \$1,459,808 compared to \$2,240,140 at December 31, 2008. The decrease in working capital of \$780,332 from December 31, 2009 was due to its loss from operations.

All of the Company's cash and cash equivalents at March 31, 2010 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 March 31, 2010 the Company held common shares of Sprott Resource Corp. and CCT Capital Ltd. with a fair value of \$5,585,098. 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 and capital resources to meet its administrative and exploration expenditures for the next twelve months.

SUMMARY OF QUARTERLY RESULTS

	2010	2009	2009	2009
Quarter Ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Exploration expenditures	430,587	305,828	\$279,807	\$237,800
Stock-based compensation	-	-	-	42,046
Net income (loss) for the period	(754,163)	(415,477)	(337,955)	(398,357)
Earnings (loss) per share (basic and diluted)	(0.04)	(0.02)	(0.02)	(0.02)

	2009	2008	2008	2008
Quarter Ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Exploration expenditures	\$333,845	\$255,250	\$471,281	\$272,046
Stock-based compensation	25,818	28,502	13,075	113,352
Net income (loss) for the period	(425,168)	(413,245)	(573,419)	3,908,724
Earnings (loss) per share (basic and diluted)	(0.02)	(0.02)	(0.03)	0.20

For the quarter ended March 31, 2010 the loss was higher than in the prior quarter due to higher exploration expenses and higher general and administrative costs. The reasons for the increased costs are due to additional exploration activity and administrative costs as a result of acquiring Maxy Gold Corp.

For the quarter ended December 31, 2009, the loss was higher than in the prior quarter due to slightly higher costs for exploration, professional fees and administrative services.

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 pre-tax gain of \$4,623,114 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.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations and Related Sections

CICA Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations" and Section 1602, "Non-Controlling Interests", replace Sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements" respectively and establish a new section for accounting for a non-controlling interest in a subsidiary. 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. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. These new sections effectively bring Canadian GAAP into line with IFRS. The Company does not expect to adopt these new CICA Handbook sections prior to January 1, 2011. At that point, the Company will begin reporting its financial results under IFRS and therefore does not expect that these new Handbook sections will have any impact on the Company's financial statements in the interim period.

Convergence with International Financial Reporting Standards ("IFRS")

As disclosed in the year-end MD&A, Lara has made significant progress with respect to its transition to IFRS. The Company has completed the following steps:

- Determined the functional currencies for each of its reporting entities
- Determined the majority of its IFRS accounting policies
- Chosen which of the optional exemptions that it will take on the initial transition to IFRS
- Determined that only minor changes to internal controls and disclosure controls will be required in order to implement IFRS.

The Company is currently working on and expects to complete the following steps by the end of the third quarter:

- Documentation of the remainder of its IFRS accounting policies
- Preparation of a draft transition balance sheet as at January 1, 2010
- Preparation of draft note disclosures for equipment, mineral properties and shareholders' equity

RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2010 the Company paid \$47,900 (2009 - \$46,800) 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 March 31, 2010, Lara had deposits for future services with Seabord amounting to \$10,000. 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. As at March 31, 2010, the Company had a balance owing to Inca Pacific Resources Inc. of \$2,264 (2009 - \$Nil). Inca Pacific is related to Lara by having two directors in common. All balances due to related parties are included in accounts payable and accrued liabilities.

MANAGEMENT COMPENSATION

During the three months ended March 31, 2010 Lara paid \$24,000 in salary to the CEO, Miles Thompson, \$21,000 to a company controlled by the President, Andre Gauthier and \$28,500 in salary to a company controlled by 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 Seaboard and received no management compensation directly 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.

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 in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

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 May 19, 2010 there were 24,905,072 common shares issued and outstanding. In addition, there were 1,569,375 fully vested stock options outstanding with a weighted average exercise price of \$1.04 per share and terms expiring between January 11, 2011 and May 21, 2014.