MANAGEMENT'S DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2016

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at November 18, 2016 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, 2016 and the related notes thereto.

Those condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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 the market valuation for commodities, difficulties in obtaining required approvals 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 most of the properties that Lara holds. The operating plan is also dependent on being able to raise new equity funds and sell investments as required in order to raise sufficient capital resources to acquire and explore new properties. Other factors that affect Lara's operating plan are gaining access to exploration properties by securing or renewing licenses, concluding agreements with local communities and commodity prices. If any of these factors are impacted in a negative way, such as joint venture partners being unable to raise sufficient capital to complete option agreements or if the Company is unable to raise sufficient 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 as a result of new information, future events or otherwise except as required by securities law.

COMPANY OVERVIEW

Lara is a prospect generator with a strategy to fund mineral exploration 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 most active in Brazil and Peru, but retains an interest in several projects in Colombia and Chile.

HIGHLIGHTS

- Completed a private placement raising $3 million to fund new acquisitions and for general working capital.

- Agreement signed with Kiwanda Copper LLC ("Kiwanda") and the Carajas Copper Company Limited ("CJC") to sell the Company's Picha Copper Project in southern Peru for forty million shares of CJC and a net smelter returns royalty on any future production of 2% for precious metals and 1% for base metals.

- Government approvals received for the final exploration report and installation of the processing plant for the Maravaia Copper Project in northern Brazil, where construction and mine development continue to advance the project towards commercial production.

- Compania Minera Ares S.A.C. ("Ares"), a subsidiary of London-listed Hochschild Mining plc., has signed an agreement with the Calcauso community, in the Antabamba region, of the Apurimac Department, for their support for an application to drill the Company's Corina Gold Project.

- Partners Kiwanda Mines LLC ("Kiwanda") and Phillips River Mining Limited ("Phillips River") signed definitive option agreements with the underlying owners of the Bifox phosphate rock mine and processing facilities at Bahia Inglesa in northern Chile and will assume management of the operations.

EXPLORATION REVIEW

Lara currently holds or participates in exploration projects targeting copper, gold, zinc, tin, nickel, iron, phosphate, vanadium, titanium and coal, with exploration mostly funded through joint venture partnerships and strategic alliances. Nine of the projects are in Brazil, with three funded by partnerships. The Peru portfolio comprises four projects, two of which are funded by partners, with one other in a co-funding joint venture. The Company is also partnered in five coal and phosphate projects in Colombia and Chile that are funded through alliance agreements with Kiwanda that are in a sale process to Phillips River.

Outlook

The Company's efforts are currently focused on acquiring new properties and targets in Brazil and Peru. In Brazil we have been successfully pursuing both acquisitions and registering new exploration claims in 2015 and to date in 2016. Having now completed a complete overhaul of our business in Peru, we are now working with a seasoned group of local consultants and have started to identify new targets for staking and acquisition.

Brazil Exploration

Liberdade Copper Project

The Liberdade Copper Project comprises an exploration License of 8,491 hectares, located in the Municipality of São Felix do Xingú, Pará State, at the western end of the prolific Carajás District. Codelco do Brasil Mineração Ltda., a subsidiary of Chilean State-owned copper miner Codelco, has earned an initial 51% interest in the property by investing US$3,300,000 in exploration and may now elect to earn a further 24% interest by sole-funding such additional exploration works as are necessary to define a minimum resource of at least 500,000 tonnes of copper equivalent, independently reported under National Instrument ("NI") 43-101 guidelines.

The Liberdade exploration license was originally published on October 19, 2010 and valid for three years. It was transferred to Codelco on March 21, 2011, under the terms of the option agreement between Lara and Codelco, with Codelco then having the right to renew the license for up to a further three years. Codelco completed several exploration and drill programs (see Company news releases of March 1, 2013 and October 7, 2013 for details) within the license period and then requested a three-year renewal on July 12, 2013. The Brazilian Department of Mines ("DNPM") has delayed analysis of the renewal, as Vale S.A. ("Vale") has claimed to have a license dating back to 1986 that is still valid. Codelco has filed a lawsuit with the Federal Courts in Brasilia, against both the DNPM and Vale to nullify Vale's old license and safeguard its rights under the Liberdade exploration license.

Curionópolis Copper-Gold Project

The Curionópolis property covers a number of IOCG-type high-grade copper-gold targets within the prolific Carajás District of northern Brazil and is being worked under an option agreement by an unlisted Canadian company Tessarema Resources Inc. ("Tessarema"). The Company reported an initial resource estimate for mineralization at the Maravaia Copper Gold Deposit, located within its Curionopolis Project. Indicated resources were estimated for the Osmar Target at 2.14 million tonnes with average grades of 4.2% copper and 0.66 ppm gold. The potential development of these resources remains subject to test work to assess copper and gold recoveries, engineering and feasibility studies, and the securing of environmental and mining licenses. The project data and resource estimates in this news release are derived from and presented in more detail in the Amended Technical Report entitled: "Maravaia Copper-Gold Deposit, Carajás Mining District, Para, Brazil", prepared for Tessarema Resources Inc. and Lara by Dr. João Batista G. Teixeira, P.Geo, dated January 15, 2016. The report is available on SEDAR (www.sedar.com) and the company website (www.laraexploration.com).

To fulfill the conditions to earn an initial 49% interest in Curionopolis, Tessarema has made staged payments to Lara totaling US$750,000, completed over 2,000 metres of drilling, filed a Final Exploration Report with the Brazilian Department of Mines and outlined a minimum resource with over 100,000 tonnes of contained copper equivalent. In February 2016 Tessarema paid a further US$500,000 to raise its interest to 60%. Tessarema can now earn the remaining 40% interest by paying Lara US$750,000, putting the project into commercial production at a minimum rate of 500 tonnes per day and granting Lara a 2% net smelter return ("NSR") royalty on commercial production. Tessarema has advised the Company that it intends to fulfill the remaining obligations to exercise its option to acquire 100% of Curionopolis.

During the period progress was made with both permitting and site works, as Tessarema moves the project towards commercial production. The Installation License for the processing plant was issued August 23 and the Final Exploration Report approved October 14, both important milestones in the permitting process. Tessarema plans to file its Feasibility Study (known in Brazil as the *Plano de Aproveitamento Economico*) with the Department of Mines by month end November, along with its application for a full Mining License. Site works, focused primarily on construction of the processing plant and related infrastructure, will continue in parallel with the remaining permitting steps.

Curionópolis Iron Project

The Curionópolis Iron Project comprises a 1,348-hectare license area, covering banded-massive iron formations and related colluvium and lateritic material with grades reaching over 60% iron, located within the Company's Curionópolis Copper-Gold Project. This property has been optioned to Vertical Mineração Ltda. ("Vertical"), a special purpose company owned by a group of Brazilian pig iron producers, under an agreement whereby Vertical will make cash payments and pay royalties of US$1.50/ton on sales of granular iron ore and US$0.75/ton on sales of fine-grained iron ore produced from the Project.

The Company filed for arbitration with the FARJ (Forum Arbitral do Rio de Janeiro), over its Mineral Rights Transfer Agreement ("the Agreement") with Vertical. Among the terms of the agreement, signed in May 2009, whereby Lara transferred its rights to the Curionópolis Iron Project to Vertical, were obligations for Vertical to make purchase payments and pay minimum royalties to the Company. Despite several renegotiations extending payment terms and repeated notifications, Vertical has not completed these payments. Lara has requested that the Arbitrators rule on the unpaid amounts, plus interest and fines, as defined by the Agreement. Vertical has contested the qualification of the FARJ and no progress has been made with the arbitration.

Peru Projects

Grace Gold Project

The Company had an option agreement with Apumayo S.A.C. (a subsidiary of Peruvian gold miner Aruntani S.A.C.), to acquire 100% of the Company's Grace Gold Project in southern Peru for US$2,000,000 in staged cash payments and a net smelter return royalties of 0.75% on any production in excess of 200,000 troy ounces and 1% on any production in excess of 500,000 troy ounces. Apumayo further committed to minimum exploration expenditures on the property of US$500,000 and the completion of a minimum of 3,000 metres of drilling. The timing of the payments to Lara and the work commitments are subject to securing community agreements and drilling permits from the Peruvian government. Apumayo has secured community agreements and has advanced permitting, but has yet to secure a drilling permit (DIA). Subsequent to the end of the period, the Company signed an agreement to extend the option to December 2017.

The 6,600-hectare Grace Project covers Tertiary-age volcaniclastics, cut by brecciated silica bodies and veins with wide quartz-alunite and granular silica halos, indicative of a well-preserved high-sulphidation epithermal system. An area of hydrothermal alteration extending approximately 6 kilometres in length by 1 to 1.5 kilometres in width has been outlined to date, where rock chip samples have returned anomalous gold, silver, arsenic, mercury and antimony values. Apumayo has recently completed mining of two epithermal gold deposits immediately to the south of Grace and has put its mill and processing plant on care and maintenance until it is able to drill out new resources at Grace and elsewhere its holdings in the district.

Corina Gold Project

The Company has an option agreement to sell this project to Compañia Minera Ares S.A.C. ("Ares"), a subsidiary of Hochschild plc., for staged cash payments totaling US$4,150,000 (US$150,000 of which was paid on signing and a further US$150,000 paid on signing of the community agreement below), carrying out US$2,000,000 in exploration and paying a 2% NSR royalty on any future production. Ares is the project operator and is currently working to secure drill permits. During the period Ares signed an agreement with the Calcauso community, for their support for an application to drill the project.

The property is located within a belt of Tertiary-age volcanic rocks that host to several epithermal gold deposits and the Pallancata, Selene and Immaculada mining operations of Ares. Exploration work by the Company has identified a low-sulphidation epithermal vein system denominated Promesa, which has been mapped over 4.5 kilometres. 190 rock samples collected prior to the agreement with Ares, included 32 with gold values ranging from 0.3g/t to 9.4g/t and silver values ranging between 13g/t and 125g/t. Sampling and mapping of the alteration halo around the vein also suggests potential for disseminated mineralization.

Picha Copper Project

The Company signed a Letter of Intent in 2015 granting the Kiwanda Group LLC ("Kiwanda") a six-month exclusive option to acquire the Project in exchange for assuming mineral rights and community obligations that fell due during 2015. In the event that Kiwanda elected to complete its option, the Project will be transferred to a new company controlled by Kiwanda, which will grant Lara a net smelter returns royalty of 2% on any precious metals and 1% on any base metals or other minerals produced from the Project. Kiwanda will also pay or transfer to Lara

30% of the proceeds upon a sale or transfer of the Project to a third-party. In May 2016, Lara granted a six-month extension to allow Kiwanda to enter into a Letter of Intent with the Carajas Copper Company Limited ("CJC"). Subsequent to the end of the period, the parties completed a definitive agreement whereby Lara exchanged its property rights for forty million shares of CJC and will remain entitled to a net smelter returns royalty on any future production of 2% for precious metals and 1% for base metals.

The Picha Project is located in the Moquegua Department of southern Peru. To date Lara has completed geological and alteration mapping, surface sampling and ground geophysics (158 line km of Magnetic and 65 line km of Induced Polarization surveys). The positive copper results from sampling, along with the widespread alteration, brecciation, vein stock working and geophysical anomalies, are indicative of potential to discover a porphyry system at depth. The Picha property lies approximately 17 kilometres ENE of Compañia de Minas Buenaventura S.A.'s San Gabriel gold deposit.

Projects Available for Joint Venture

Sami Gold Project (Peru)

The Sami Gold Project comprises a 1,000-hectare exploration license, located in the Ayacucho Department of southern Peru. The Sami license covers a highly prospective high-sulphidation epithermal target named Pitusaja, defined by gold-silver geochemistry and mapped epithermal alteration over 2 kilometres in size, which has never been drill tested. The Pitusaja target was generated from a regional program over a much larger 50,100-hectare mineral property package originally acquired for gold and copper exploration in 2009. The Company completed systematic alteration, geological and structural mapping and collected 1,862 rock chips samples. The Pitusaja target has a typical signature of a precious metals rich, high-sulphidation epithermal system, hosted by tuffs of andesitic composition. Anomalous gold values are associated with quartz-alunite alteration, strong silicification and accompanying argillization. Also indicative is the presence of volatile pathfinder elements: mercury, arsenic and antimony, associated with barium, bismuth, silver and molybdenum.

Two outcrops of hydrothermal breccias are mapped in an area of 300 metres by 300 metres mostly covered by recent soils. The largest outcrop is 200 metres long by 10 metres to 40 metres wide, and the smaller area 20 metres by 7m; these are 200 m apart in an E-W direction with the intervening area covered by soil. The breccias are made up of dark gray silica with abundant fine and disseminated pyrite. Gold values obtained were in the range of 0.1 g/t to 1.5 g/t gold. The Pitusaja samples (total of 35) also returned anomalous values up to 25g/t silver, up to 560 ppm copper, up to 581 ppm molybdenum, up to 2,298 ppm arsenic, up to 1,304 ppm antimony, up to 2,433 ppm bismuth and up to 1,029 ppm barium.

Lara Copper Project (Peru)

The Lara Copper Project covers copper and molybdenum mineralization associated with porphyry intrusives within the prolific coastal batholith of southern Peru. In January 2010 Lara optioned the property to Redzone Resources Ltd. ("Redzone"), which invested US$2.5 million and issued 850,000 shares to Lara over three years, to earn a 55% controlling interest in the project. Lara is currently funding its 45% interest and retains a 1% NSR on any production.

Geophysical surveys, mapping, geochemical sampling and 9,850 metres of drilling have been completed on the 1,800 hectare Lara Copper Project to outline mineralization over an area approximately 2,000 metres by 1,000 metres, indicative of potential for a substantial mineralized porphyry copper body. Redzone funded two separate diamond-drilling campaigns on the Lara Property (totaling 6,566 meters in 21 holes), conducted geological mapping, sampling, geophysical surveys to investigate the enrichment zones; added step-out drill holes to increase the mineralized footprint; and tested the area for hypogene Cu-Mo mineralization. Positive results from the Phase I drilling campaign led to a mapping and geophysical survey programs in areas of interest in August 2011. Results of the 35 km IP and 70 km total magnetics ground surveys generated 20 additional "Priority One" diamond drill targets at 300 metre spacing. The Phase II follow-up diamond drill program was planned with the objective to test the overall size potential of the Lara porphyry. The exploration programs completed to date on the Lara Property have successfully extended the area of known mineralization to approximately 2,000 metres in an east and west direction and from 500 metres to 800 metres wide from north to south.

Itaituba Iron-Titanium-Vanadium Project (Brazil)

This project covers mineralized felsic and mafic intrusives with direct shipping grade magnetite mineralization with significant titanium and vanadium content, located close to paved roads, 55 kilometres from the Miritituba Port on the Tapajós River, from where the iron ore could be barged to shipping terminals on the Amazon River. The target comprises multiple sub-vertical and sub-parallel bodies of magnetite up to 50 metres thick and up to 150 metres long. The Company has completed a geophysical survey (ground magnetics) over part of the target and collected a number of surface grab samples. The high average grades of the surface samples analysed: 48% metallic iron (69% Fe_2O_3), 22% titanium dioxide (TiO_2) and 0.45% vanadium pentoxide, indicate potential for the mining of a direct shipping ore product. The magnetite mineralization outcrops on the crest and flanks of ridges, suggesting that it would be amenable to open pit mining with relatively low strip ratios. The main zone of mineralization outlined to date lies within an area of grassland and patchy scrub used for cattle grazing.

Azul Tin Project (Brazil)

The Azul Project comprises a 671 hectare Mining License; with the target geology metamorphosed granitic lithologies, exposed along a fold anticline structure that has been the subject of artisanal mining in the past. Most of the exploration work undertaken to date has been concentrated near two small artisanal pits, located approximately 200 metres apart. Sixty-one diamond drill holes were completed in the early 1980's to test extensions of the tin mineralization exposed in the pits. The position of the older drill holes from the 1980's are mostly still marked with concrete posts that can be located in the field (and which have been surveyed into the database), but the cores are no longer in a usable state. Seven more recent check holes, completed in 2014 intercepted mineralization over similar widths and at similar grades as the original programs from the 1980's and greatly increase confidence in the historical data. Intercepts from 2014 included 3.7 m at 1.33% tin from hole TAD-002 and 6.8m at 1.09% tin from TAD-006 (see Company news release of February 15, 2016 for details).

Lara must make staged cash payments of US$40,000 by December 31, 2016; US$200,000 by December 31, 2017; and finally US$500,000 by December 31, 2018 to purchase the Azul Project. Thereafter there is a 2% NSR royalty on any production, but Lara can acquire this royalty at any time for a one-time cash payment of US$3 million.

Tocantins Gold Project (Brazil)

The Tocantins Project comprises a 9,103-hectare exploration license, covering Lower Proterozoic age greenstone lithologies that have been mined sporadically on a small scale since colonial times. Vale S.A. ("Vale") carried out the first systematic exploration of the area in the 1990's, targeting gold associated with low-angle thrust faults and fold structures, completing 180 shallow reverse circulation drill holes (totalling 9,129 metres) outlining several near-surface gold occurrences. Further work undertaken more recently, included twelve diamond drill holes (totalling 1,731 metres). The best results from this program were intercepts of 2 metres at an average grade of 18.97 grams per tonne gold ("g/tAu") from drill hole TO-08 and 17 metres at 3.93 g/tAu, including 4 metres at 9.01 g/tAu and 2 metres at 11.05 g/tAu from drill hole TO-09 (see Company news release of February 1, 2016 for details). The mineralization intersected in this program is associated with sulphide and sometimes magnetite-rich quartz veining, in deformed mafic and felsic volcanics, which are usually masked at surface by younger lateritic cover.

Planalto Copper Project (Brazil)

The Planalto Project comprises three exploration licenses, totalling 4,726 hectares in area, covering meta-volcano-sedimentary sequences and intrusives of early Proterozoic-age, located near Vale S.A.'s Sossego copper mine, in the Carajás Mineral Province of northern Brazil. Data provided by the vendors, includes reports of previous exploration work including soil sampling and two diamond drill holes (the Company does not have access to the drill cores or samples to confirm these historic results). Past exploration work includes surface sampling, which outlined two copper-in-soil anomalies with values in excess of 300 parts per million ("ppm") copper, one approximately 1.3 kilometres ("km") by 0.9 km in size, the other 2.9 km by 0.3 km. The historical reporting also includes results of two drill holes executed approximately 100 metres ("m") apart on the same East-West section on one of the copper-in-soil anomalies. Hole FD-73 has a reported intercept value of 188 m of 0.4% copper, including 15 m at 0.67%, 14 m at 0.68% and 10m at 1.18% copper. Hole FD-74 has a reported intercept of 50 m at 0.38% copper, including 21 m at 0.6% copper.

The original licenses were cancelled by the Brazilian Department of Mines ("DNPM"), based on perceived deficiencies in the application paperwork, which have been definitively rectified this year under the normal administrative appeals process and the licenses reissued. The Company originally optioned the property in early 2013 (see Company news release of February 25, 2013 for details) and the terms of the option have been amended to reflect the delay. Under the amended terms of the option agreement to acquire 100% of the properties, Lara has agreed to make staged cash payments totalling up to US$500,000 as follows:

Milestone/Date	Payment US$
Upon signing the Definitive Agreement (paid)	25,000
Upon issue of Exploration Licenses (paid)	25,000
12 months from issue of the Exploration Licenses	50,000
24 months from issue of the Exploration Licenses	100,000
36 months from issue of the Exploration Licenses	100,000
DNPM approval of the Final Exploration Report	200,000

Lara may defer 50% of the annual cash payments in the event it is unable to secure third party finance or a partner. The vendor will also be entitled to a 2% net smelter return royalty on any production; Lara retains the right to purchase 50% of this royalty for a cash payment of US$2 million.

Damolândia Nickel Project (Brazil)

The Damolândia Project comes with an extensive database of airborne and terrestrial geophysics, geochemistry and drilling, including seven diamond drill holes (for a total of 1,553 metres) completed in 2008, which intersected a shallowly-plunging, pipe-like body of disseminated nickel-copper sulphide mineralization approximately 600 metres long and open down plunge (see Company news release of March 1, 2016 for details). Lara's interpretation is that the target may represent the distal extension of more massive mineralization. Certainly there are several geophysical anomalies along the trend, including electromagnetic (conductivity) anomalies, with coincident soil geochemical anomalies that may reflect more massive sulphides, which were not tested at the time. Lara has an option to acquire the Damolândia Project by making staged cash payments totalling US$580,000 and paying a 1% NSR royalty on any production, but Lara retains the right to purchase this royalty for a cash payment of US$2 million.

Serrita Gold Project (Brazil)

The Serrita Project comprises three exploration licenses, totalling 5,998 hectares, covering a wide area of artisanal workings that follow narrow gold-bearing veins generally less than half a metre thick, but which can extend up to a kilometre in length. The host geology comprises schists of the Proterozoic-age Salgueiro Group. Previous exploration work includes geological mapping, regional soil/rock sampling and 109 channel samples that focused on exposed mineralization in the artisanal workings. The channel samples ranged from 10 centimetres to 2.3 metres in length (average 44 centimetres), though most of the mineralized veins are less than 50 centimetres thick. Forty of the samples reported over 1 gram per ton ("g/t") gold, with 19 reporting over 5g/t gold. The channel samples were targeting the quartz veins, but several that sampled adjacent ferruginous schists also reported significant gold values. The exploration database suggests the potential to host multiple high-grade vein deposits, though these have not been drill tested and there remains also the possibility of outlining a larger body of mineralization including multiple vein systems that could be amenable to bulk mining and heap leach processing.

Lara has an option to acquire the Serrita Project by making staged cash and success-based bonus payments totalling up to US$1.65 million and paying a 1.25% NSR royalty on any production. Lara retains the right to purchase this royalty for a cash payment of US$1.5 million. The Company has also agreed to pay finder's fee of staged (mostly success-based) payments totalling US$100,000.

Kiwanda Alliances (Chile and Colombia)

The Company has an agreement with Kiwanda Mines LLC to sell the rights and options held under their Phosphate Alliance and Coal Alliance, to Phillips River Mining Limited. Lara has agreed to sell all of its direct project rights under both Alliances to Phillips River in exchange for 50% of the vend-in shares to be issued by Phillips River and a 2% production royalty, so under the terms of this agreement, Phillips River will acquire all of the Phosphate Alliance and Coal Alliance assets and options as follows:

- The Coal Alliance's 23% interest in central Colombian coal producer Carbhid S.A.
- The Coal Alliance's option to earn a 51% interest in Carbhid's Escalones mining rights.
- The Coal Alliance's option to earn a 100% interest in the Pelaya coal exploration rights in northern Colombia.
- The Phosphate Alliance's option to acquire a 100% interest in the Bifox phosphate mining rights in northern Chile.
- The Phosphate Alliance's 100% owned Ki phosphate exploration rights adjacent to the Bifox mining rights.

During the period Phillips River signed definitive option agreements with the underlying owners of the Bifox phosphate rock mine and processing facilities at Bahia Inglesa in northern Chile and will assume management of the operations. The BiFox mine produces direct application natural fertilizer, with average grades between 18%-20% P2O5. The phosphate rock is mined and processed in a dry processing plant, producing both fine and pelleted products, which are sold primarily into the agricultural markets of southern Chile. Phillips River expects to commence production and phosphate rock sales by year end and is targeting an initial production capacity of 5,000 tons per month, with an aim to gradually expand production to over 100,000 tons per annum within the first 18 months.

Phillips River has engaged MEC Mining Pty Ltd, a Brisbane-based global mining consultancy, to design the initial mine plan. Dr. Ernesto Lima, an engineer with over 20 years of experience in mine management and mine construction, has been engaged as the lead technical consultant to implement the mine plan and commence plant production immediately. Dr. Lima is overseeing the implementation of the work program aimed at delivery a target JORC-compliant resource of at least 40 million tons across all resource categories.

Phillips River will seek to list its shares on the Australian Securities Exchange by the end of Q1 2017, which will also mark the completion of the transaction with Lara for the sale of all its direct project rights under the Kiwanda alliances to Phillips River in exchange for reimbursement of US$570,000 of project expenses, issue to Lara of 50% of the vendor shares by Phillips River and a 2% production royalty on the phosphate assets once production capacity of 50,000 tonnes per annum has been achieved and a 2% production royalty on the coal assets (see Lara news release of October 15, 2014 for more details).

Iza Phosphate Rock Project (Colombia)

Lara and Kiwanda have a Letter of Intent with Dr. Carlos Caceres Giron to secure and develop phosphate rock projects in Colombia. Applications have already been filed for approximately 16,000 hectares of exploration licenses in the Boyacá District, where previous work by Lara and Dr. Caceres outlined extensive phosphate-rich sediments. Under the terms of the Agreement, Dr. Caceres has formed a Colombian company, Fosfatos de Iza S.A.S. ("Iza") that will be the holder of the mineral rights and manage in-country activities. Lara and Dr. Caceres will work together to select and acquire projects, build a team of technical, legal, financial and community relations personnel that will be responsible for the review, acquisition and exploration of suitable phosphate prospects and projects. Kiwanda will provide funding to resume exploration work in the coming months and subsequently acquire 100% of the shares of Iza by issuing the equivalent of US$450,000 in shares over two years to Dr. Caceres and by granting a 2% net production royalty to Lara on all production from the areas.

Phosphate-rich beds were previously mapped and sampled by Lara and Dr. Caceres in three different formations within and around the new application areas. Channel samples within the basal phosphorite unit of the Arenisca Dura Formation were 0.8 to 3.05 metres thick with phosphate grades ranging between 0.94% and 34.1% P2O5. The upper phosphorite unit of the Arenisca Dura Formation was sampled over widths of between 1.5 and 2.5 metres and grades ranging from 1.025% and 15.4% P2O5. The basal unit of the Labor Tierna Formation was sampled over thicknesses of 0.83 and 1.4 metres, with grades of between 9.46 and 15.05% P2O5. The upper unit of the Lidita Formation was sampled over thicknesses of 0.33 and 2.3 metres with grades of between 1.35% and 28.9% P2O5.

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, 2016

For the three months ended September 30, 2016 the Company had loss of $355,528 or $0.01 per share compared to a net income of $149,945 or $0.00 per share in 2015. The unfavorable variance was due to significant option payments being received in 2015 and none in 2016 and higher investor relations and transfer agent and filing fees being incurred in 2016. These unfavorable variances were partially offset by lower share-based payments in 2016 compared to 2015. For the quarter ended September 30, 2015 the Company received option revenue of $335,225 from Tessarema, $256,082 from Aguia and $30,669 from Kiwanda for the Curionopolis, Sergipe and Picha agreements respectively whereas in 2016 there were no option payments received. The Company incurred higher investor relations costs in advance of its private placement compared to no activity in 2015. Transfer agent and filing fees were higher in 2016 mainly due to costs related to the private placement. Share-based payments were higher in 2015 because approximately 1.4 million options were granted in 2015, which were fully vested on the date of the grant and there was no option grant in the quarter ended September 30, 2016.

Nine Months Ended September 30, 2016

For the nine months ended September 30, 2016 the Company had loss of $655,611 or $0.02 per share compared to a loss of $1,084,135 or $0.03 per share in 2015. The favorable variance was due to a lower write-off of exploration and evaluation assets, lower share-based payments, a lower loss from Lara's equity in associated companies and lower travel costs partially offset by lower option revenue and a higher loss on foreign exchange. In 2016 the Company wrote off the Sarambi property in the amount of approximately $35,000 compared to a write-off of approximately $916,000 in 2015 for the Condoroma property. In 2016 Lara recorded $78,576 of share-based payment expense due to accruals for bonus shares and from a grant of 100,000 fully vested options. In 2015 Lara also accrued costs for bonus shares but granted 1,470,000 fully vested options which resulted in a greater amount of share-based compensation being recognized in 2015 than in 2016.

The lower equity in the loss of associated companies in 2016 was due to a forgiveness of a debt by a third party in Andean Coal (BVI) Ltd. ("Andean Coal"), which resulted in net income for Andean Coal in the quarter ending

September 30, 2016. That net income reduced the overall net loss recorded by Lara's associated companies compared to 2015. Travel costs were lower in 2016 because the CEO moved to Brazil from England and this reduced the amount of travel costs incurred to visit the Company's South American projects.

The Company received $693,975 of option revenue from the Curionopolis Copper Project in 2016. In 2015, Lara received option revenue totaling $1,010,809 mainly from the Sergipe Potash Project and the Curionopolis Copper Project. Option revenue is highly variable each year, depending on the terms of the Company's various option agreements and the stage of develop of each of the properties optioned to third parties. The unfavorable foreign exchange variance in 2016 was the result of holding a significant amount of US cash as the US dollar weakened against the Canadian dollar, mainly during the first quarter of 2016 whereas in 2015 Lara recorded an exchange gain while holding US cash while the US dollar strengthened against the Canadian dollar.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $3,196,979 at September 30, 2016 compared to $791,656 at December 31, 2015. Working capital increased due to the private placement which raised just under $3,000,000 net of expenses and due to the exercise of options which raised an additional $95,000. During the nine months ended September 30, 2016, the Company used approximately $634,000 in operating activities and approximately $27,000 in investing activities, which partially offset the cash raised in the private placement. Lara expects that it will continue to receive option payments in the form of cash and shares over the next twelve months and includes those scheduled payments as part of its capital resources. Lara may sell some of its equity investments in order to raise additional working capital. Lara also has stock options which are in the money and which could generate additional cash if exercised. Lara has no fixed payment obligations except for option payments, however these can be terminated at any time without penalty once an option agreement is cancelled. Management believes that the Company has sufficient working capital to fund its operations for at least the next twelve months.

SUMMARY OF QUARTERLY RESULTS

	2016	2016	2016	2015
Quarter Ended	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**
Exploration expenditures (net)	$ 219,257	$ 117,835	$ 277,088	$ 265,920
Share-based payments	6,920	58,498	13,158	11,973
Net income (loss) for the period	(355,528)	(453,726)	153,643	(1,061,137)
Net income (loss) per share (basic)	0.01	0.01	0.01[1]	(0.03)

Net earnings per share –diluted was $0.00

	2015	2015	2015	2014
Quarter Ended	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**
Exploration expenditures (net)	$ 185,525	$ 169,866	$ 298,894	$ 72,556
Share-based payments	158,327	19,240	28,630	29,266
Net loss for the period	149,945	(775,928)	(458,152)	(653,569)
Net loss per share (basic and diluted)	0.00	(0.03)	(0.01)	(0.02)

The loss for the quarters varies primarily based on exploration expenditures incurred, options payments received, and whether stock options were granted in the quarter.

The Company had a net loss of $355,528 for the quarter ended September 30, 2016 compared to a net loss of $453,726 for the prior quarter. The variance was due to Lara's equity in the net income of an associated company, a favorable exchange variance and lower share-based payments partially offset by higher exploration expenditures.

The Company had a net loss of $453,726 for the quarter ended June 30, 2016 compared to a net income of $153,643 for the prior quarter. The variance was due to the receipt of option revenue of $693,975 in the first quarter compared to none in the second quarter. This was partially offset by lower exploration expenditures in the second quarter compared to the first quarter.

The Company had net income of $153,643 for the quarter ended March 31, 2016 compared to a net income of $153,643 for the prior quarter. The variance was mainly due to the option revenue of $693,975 received in 2016 (2015 – nil) and due to an impairment of a loan receivable of $416,670 taken in 2015 whereas there was no corresponding impairment taken in 2016.

For the quarter ended December 31, 2015 the Company incurred a loss of $1,061,137 compared to a net income of $149,945 in the prior quarter. The variance was mainly due to option revenue of approximately $622,000 received in 2014 whereas option revenue was nominal in 2015 and an impairment of $416,070 taken on a loan receivable in 2015. There was no comparable impairment taken in 2014.

The Company had net income of $149,945 for the quarter ended September 30, 2015 compared to a loss of $775,928 in the prior quarter. The favorable variance was due to higher option revenue received in the current quarter and combined with the write-down of the Condoroma property in the amount of $916,347 in the quarter ending June 30, 2015.

The loss for the quarter ended June 30, 2015 was greater than for the prior quarter due to the write-off of exploration and evaluation assets partially offset by lower exploration and administrative expenses and option revenue.

The loss for the quarter ended March 31, 2015 was lower than for the prior quarter due to a significant write-off of exploration and evaluation assets and a loss on investments in the quarter ended December 31, 2014, which were partially offset by higher option revenue and lower exploration expenditures in that quarter compared to the quarter ended March 31, 2015.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

INVESTMENTS IN ASSOCIATES

The Company has investments in four associated companies, Minas Dixon S.A. ("Minas"), Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI") Andean Coal (BVI) Ltd. ("Andean") and Caninde. The Company is responsible to provide its 45% share of funding for Minas. Lara has contributed $54,038 for the nine months ended September 30, 2016.

Lara entered into a definitive agreement with Kiwanda Group LLC ("Kiwanda LLC") to generate phosphate projects in South America. Kiwanda LLC was to fund the projects but is in default of its funding obligation and Lara decided to assist with funding in 2013 and was able to recover some of its funding contributions in 2014, when Kiwanda LLC was able to raise some capital.

The Company also entered into an agreement with Kiwanda Mining Partners LP ("Kiwanda LP") to generate, acquire, and develop coal projects in Peru and Colombia. Kiwanda LP was to fund the projects but is in default of these commitments and Lara has contributed its own capital to maintain the projects. In October 2014 the Company signed a definitive agreement with partner Kiwanda Mines LLC ("Kiwanda") to sell the rights and options held under the above agreements for phosphate and coal, to Phillips River Mining Limited ("Phillips River"). Refer to Note 6 of the December 31, 2014 financial statements for the terms of the agreement. At this point the sale is proceeding and the Phillips River shareholders have approved the transaction.

If the sale completes, Lara will receive US$570,000 and 50% of the vend-in shares from Phillips River. Phillips River will also assume the day-to-day management and ongoing costs of the acquired assets. Therefore if the sale completes, Lara will receive a significant amount of cash and will not be contributing any further cash resources to manage these coal and phosphate assets. This would result in a significant improvement in Lara's financial position. If the sale does not complete, the Company may have to raise additional funds from other sources such as liquidating its equity investments or raising funds through a private placement. Lara would also have to determine whether it could find a new buyer for those assets or whether to continue funding them. At September 30, 2016 the continuity of the Company's investment in associated companies and joint ventures was as follows:

	Minas	Kiwanda	Andean Coal	Total
Investment in associated company				
Net investment at December 31, 2015	$ -	$ -	$ 408,051	$ 408,051
Additional investment (recovery) for the nine months ended September 30, 2016	54,038	1,972	1,379	57,389
Share of net (loss) recovery	(31,793)	(1,972)	37,451	3,686
Prior year's loss recognized	(22,245)	-	-	(22,245)
Net investment at September 30, 2016	$ -	$ -	446,881	$ 446,881

At September 30, 2016, the associated companies and joint ventures assets, liabilities and net losses were as follows:

	Minas	Kiwanda	Andean Coal
Current assets	$ 19,371	$ 3,708	$ -
Non-current assets	327	-	647,575
Current liabilities	(2,840)	(5,320)	-
Income (loss) for the period	(70,652)	(224,282)	74,903
The Company's ownership percentage	45%	50%	50%
The Company's share of loss for the period	(31,793)	(112,141)	37,451

At September 30, 2016 the Company had accumulated net unrecognized losses of $310,242 in the Kiwanda Phosphate Alliance and $11,036 in Minas.

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, 2016	**Salary or fees**	**Share-based payments**	**Total**
Chief Executive Officer	$ 90,000	$ 13,295	$ 103,295
VP Corporate Development	36,000	7,387	43,387
VP Exploration	129,033	8,863	137,896
Director	-	45,340	45,340
	255,033	74,885	329,918

For the nine months ended September 30, 2015		Salary or fees		Share-based payments		Total
Chief Executive Officer	$	90,000	$	65,203	$	155,203
VP Corporate Development		36,000		34,224		70,224
VP Exploration		117,000		37,468		154,468
Chief Financial Officer		-		5,400		5,400
Corporate Secretary		-		2,700		2,700
Andre Gauthier, former director		10,000		6,750		16,750
Michael Winn, former director		3,000		-		3,000
Byron King, former director		3,000		-		3,000
Adrian Calvert, director		3,000		6,750		9,750
Christopher Jones, director		3,000		6,750		9,750
Geoff Chater, former director		3,000		6,750		9,750
		268,000		171,995		439,995

The above payments for management compensation and directors' fees are payments 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 which 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, 2016		December 31, 2015
Amounts due to:					
President & Chief Executive Officer	Fees and expenses	$	-	$	71,214
VP Exploration	Fees and expenses		123,717		81,816
VP Corporate Development	Fees and expenses		-		30,843
Amounts due from:					
Seabord Services Corp.	Deposit		10,000		10,000
Reservoir Capital Corp.	Expense recovery		1,199		1,199
Common director					

During the nine months ended September 30, 2016, the Company paid $160,200 (2015 - $160,200) to Seabord Services Corp. ("Seabord"). Seabord is a management services company controlled by a former director. Seabord provides the services of a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administrative staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	September 30, 2016		
Financial instruments	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ -	$ 3,404,115	$ -
Restricted cash equivalents	-	46,000	-
Receivables	-	18,206	-
Long-term investments	155,168	-	-
Accounts payable and accrued liabilities	-	-	(228,576)
Advances from JV partners	-	-	(102,572)
	$ 155,168	$ 3,468,321	$ (331,148)

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.

RISKS AND UNCERTAINTIES

Financial Risk Management

Lara's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy the Company preserves its cash resources and is able to earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, Brazil, Peru and Chile and therefore is 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 the 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, the Peruvian sol and the Chilean peso 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 result in an increase or decrease of approximately $74,600 to the loss 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 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 AFS investments which have market risk and have generally declined in value since acquisition as a result of the weak equity markets for exploration companies. The Company could incur further impairment charges in future depending on the performance of each

AFS investment and general market conditions. The Company's cash is held mainly in GIC's or 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 mainly held in bank accounts or GIC's and accordingly, credit risk is minimized. The Company assesses the collectability of amounts owing from partners on their mineral properties and records allowances for non-collection based on management's assessment of specific accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in Note 14 of the condensed consolidated interim financial statements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

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 particular mineral property and carry on exploration activities, that the Company will be able to negotiate a satisfactory agreement with any such existing land owners 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 access has been denied by a local community or land owner, 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 and the 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 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 be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, 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 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.

Financing and Share Price Fluctuation Risks

Lara has limited financial resources, has no reliable 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 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 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 sol could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production on 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 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 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 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.

Key Personnel Risk

Lara's success is dependent upon the performance of 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 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 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

There are 34,212,607 common shares issued and outstanding. In addition, there are 1,815,000 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.36 per option and terms expiring between November 21, 2016 and May 25, 2021. There is a commitment to issue 75,001 common shares as a bonus to certain directors, officers and employees of the company. These bonus shares will vest on August 28, 2017.