MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 13, 2016 and should be read in conjunction with the consolidated financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the year ended December 31, 2015 and the related notes thereto.

Those consolidated 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 FOR 2015

- Option payments received from partners totaled \$591,307 and cash from the sale of marketable securities totaled \$1,016,800 during 2015, allowing the Company to maintain both prospecting activities and treasury.
- Initial resource estimate published for mineralization at Maravaia Copper Gold Deposit, located within its Curionopolis Project in northern Brazil. Indicated resources were estimated for the Osmar Target at 2.14 million tonnes with average grades of 4.2% copper and 0.66 parts per million ("ppm") gold.
- 13.69 metres averaging 18.38% graphitic carbon intersected by drilling at the Canindé Graphite Project in Brazil.
- Letter of Intent signed to acquire and develop phosphate rock projects in the Boyacá District of Colombia, securing Lara another royalty opportunity.
- Purchase Option signed to acquire the Azul Tin Project, located in Tocantins State, central Brazil.
- Subsequent to the end of the year, the Company signed purchase options for the Tocantins Gold Project and the Damolândia Nickel Project, both located in central Brazil.

EXPLORATION REVIEW

Lara currently holds or participates in exploration projects targeting copper, gold, tin, nickel, iron, phosphate, vanadium, titanium, graphite and coal, with exploration mostly funded through joint venture partnerships and strategic alliances. Nine of the projects are in Brazil (two added post year-end), with three funded by partnerships. The Peru portfolio comprises five projects, three 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.

Outlook

The strategy of the company for 2015 has been twofold, to: (1) remain sustainable by reducing costs and selling non-core assets; and (2) seek to acquire new properties and targets while the market remains weak. The Company added \$1,608,107 to its treasury during 2015, through option payments received and cash from the sale of shares in other junior companies. While funding the Company in this way remains a challenge, we continue to prefer to squeeze our portfolio, than undertake a dilutive equity financing at the bottom of the cycle.

Our team is now reduced to a core group focused on prospecting and new business. Currently, we are most active in Brazil, where we are pursuing both acquisitions and registering new exploration claims, but the intent is to extend this effort to Peru during 2016. In the last quarter of 2015 we optioned the Azul Tin Project, and in the first quarter of 2016 we signed options for the Tocantins Gold Project and the Damolândia Nickel Project, all three located in accessible areas of Central Brazil. We remain opportunistic in Colombia and Chile, without teams in the field exploring, but ready to pursue acquisitions if the right properties become available. During 2015 the Company managed to both actively prospect and acquire new opportunities and to maintain its treasury, which we hope to be able to continue through 2016.

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"). Subsequent to the end of the period, 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 further 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.

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. Eventually if Vertical is unable or unwilling to pay, the Company is requesting return of the property.

Canindé Graphite Project

The Canindé Graphite Project comprises 15,614 hectares of exploration licenses accessible on paved highways from the Ceará State Capital, Fortaleza. The high-grade and disseminated flake graphite occurrences are hosted within gently dipping schistose rocks and shear zones developed within a complex of felsic gneisses with local meta-sedimentary schist enclaves. In the last Quarter, the Company's partner, Paradigm Metals Ltd. ("Paradigm"), terminated its option to earn an 80% interest in the project. Paradigm completed eight shallow drill holes at Canindé, with the best intersection returning 13.69 metres averaging a grade of 18.38% graphitic carbon, from diamond core drilling at the Pedra Preta target (see Company news release of May 20, 2015 for details). Paradigm also completed laboratory-scale graphite recovery tests at SGS Geosol Laboratorios Ltda. (Belo Horizonte, Brazil), on high-grade and low-grade samples, achieving good recoveries from the high-grade sample. The Company is reviewing the work completed by Paradigm.

Sergipe Potash Project

Lara's Sergipe Potash Project comprises 21,483 hectares of exploration licenses that are adjacent to and cover northern extensions of the potash-bearing sedimentary units of the Taquari-Vassouras Mine (operated by Vale S.A.). Subsequent to the end of the period, the Company's partner, Aguia Resources Ltd. ("Aguia"), terminated its option to acquire a 100% interest in the project. Aguia was unable to complete its drilling commitment on the Sergipe Project and elected instead to pay Lara US$400,000 in cash, issue to Lara 11,000,000 common shares of Aguia (that Lara has subsequently sold) and to terminate its option. The Company has relinquished these mineral rights, considering the project unfeasible in the current pricing environment for potash.

Peru Projects

Grace Gold Project

The Company has an option agreement with Apumayo S.A.C., a subsidiary of Peruvian gold miner Aruntani S.A.C. ("Aruntani"), 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. Aruntani 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 advanced community discussions and permitting, but has yet to secure a drilling permit (DIA) and as such the future of the partnership is uncertain. As at the time of reporting, Lara and Apumayo are discussing terms under which to maintain and extend the option agreement.

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 is currently mining gold on epithermal deposits immediately to the south of Grace and which are derived from mineralized alteration zones similar to those outlined at Grace.

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), 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. Subsequent to year-end, Ares advised the Company that it wishes to relinquish part of the property package, to focus its efforts on the Promesa Vein.

The Corina Gold Project comprises 13,478 hectares of exploration licenses covering a low-sulphidation epithermal vein system called Promesa, extending for several kilometers, with anomalous silver and gold values. The project lies adjacent to Hochschild mineral rights on a northeasterly oriented trend of mineralization that is host to Hochschild’s Pallancata and Immaculada mines.

Picha Copper Project

The 3,000 hectare Picha Project is located within the Tertiary Volcanic Arc of Southern Peru, adjacent to the mineral rights block where Compañia de Minas Buenaventura S.A. is developing its San Gabriel gold deposit, for which it reports indicated and inferred resources of 12.3 million tonnes at average grades of 6.5 grams per ton gold (2.5 million ounces).

The Company signed a Letter of Intent granting the Kiwanda Group (“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 elects 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. The exclusive option expired at year-end, but the Company continues to work with Kiwanda to find investors for Picha and to back an alliance to generate other copper targets.

Condoroma Copper Project

In December 2014, the Company signed a Letter of Intent (“LOI”) with Goldplata Mining International Corporation (“Goldplata”), to consolidate their respective interests in the Condoroma and Murindo copper porphyry projects. Under the terms of the LOI, Goldplata had an exclusive six-month option to negotiate an agreement to acquire Lara's interest in the Condoroma Project in exchange for agreeing to pay the property holding costs for the coming year. Lara and Goldplata also agreed to negotiate on a best efforts basis the terms to exchange their respective interests in the Condoroma and Murindo Projects for shares in a new company and to seek finance to develop these projects and to acquire other similar copper porphyry projects in the region. The Parties were unable to agree terms for the Condoroma consolidation and the LOI was terminated at the end of the second quarter of 2015. Lara has elected to write down its investment in the Condoroma Project.

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 200m 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 560ppm copper, up to 581ppm molybdenum, up to 2,298 ppm arsenic, up to 1,304ppm 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 3.7m 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.

Chile and Colombia - Kiwanda Alliances

The Company has an agreement with Kiwanda Mines LLC to sell the rights and options held under their Phosphate Alliance and Coal Alliance, to Australian Securities Exchange listed 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.

Lara has received US$200,000 and is entitled to a further US$570,000 upon completion of the acquisition of the assets by Phillips River. Phillips River will acquire the assets through the issue of new shares at a deemed price of AUD$0.20 each, based on an independent valuation. After payment of the cash amounts due to Lara, the new Phillips River shares will be issued equally to Lara (50%) and Kiwanda (50%), with 50-60% of the shares payable upon closing of the transaction and the remainder only payable subject to achieving certain production and resource definition milestones. Lara is further entitled to a 2% production royalty on the Coal Alliance assets and, once an annual production capacity of 50,000 tonnes has been achieved, a 2% production royalty on the Phosphate Alliance Assets. Phillips River shareholders approved the transaction on May 15, 2015 and the transaction is now expected to complete in the second quarter of 2016.

Ki Phosphate Rock Project (Chile)

The Ki Project comprises 21,390 hectares of exploration licenses at Bahia Inglesa in Northern Chile, owned 100% by the Phosphate Alliance between Kiwanda and Lara. The Ki Project is adjacent to and covers extensions of the phosphate-bearing basins currently being mined by Bifox Ltda., where the Phosphate Alliance also has a purchase option.

Iza Phosphate Rock Project (Colombia)

During the period Lara and Kiwanda signed 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 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 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% P_2O_5. 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% P_2O_5. 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% P_2O_5. 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% P_2O_5.

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 December 31, 2015

For the three months ended December 31, 2015 the Company had a net loss of $1,061,137 or $0.03 per share compared to a loss of $653,569 or $0.02 per share in 2014. The loss was greater in 2015 due to higher exploration costs, lower option revenue and a loss on disposal of investments partially offset by lower administrative expenditures and a lower write-off of exploration and evaluation assets.

Higher exploration expenses were due to increased spending on the Curionopolis and Caninde projects. Option revenue was nominal in 2015 whereas Lara recorded almost $400,000 in option revenue in 2014 from its partners on the Caninde, Curionopolis and Sergipe mineral properties. The loss on disposal of investments in 2015 was due to the sale of Horizonte Minerals Inc. shares whereas in 2014 there was an overall gain on the sale of investments.

Administrative expenses were lower in 2015 due to decreased management and directors' fees. These fees were lower in 2015 because the Company terminated the position of country manager for Peru at the end of 2014 and at the end of the first quarter of 2015 Lara terminated the payment of directors' fees. Mineral property write-offs were lower in 2015 because the Company only wrote off the Itaituba property valued at approximately $54,000. In 2014 Lara wrote off the Sami and Isy properties which were valued at approximately $634,000.

Year Ended December 31, 2015

For the year ended December 31, 2015 the Company incurred a loss of $2,145,272 or $0.07 per share compared to a loss of $2,556,354 or $0.08 per share in 2014. The loss was lower in 2015 due to lower exploration expenditures, lower management fees, higher option revenue, a lower impairment loss on equity investments and a higher realized gain on equity investments sold, partially offset by the write-off of the Condoroma and Itaituba mineral properties and higher share-based payments.

Exploration expenses were lower than in 2014 as the Company cut back on activity to preserve capital resources with the main reductions being for expenditures incurred on general and other activity in both Brazil and Peru. Management fees were lower due to the Company terminating the position of country manager for Peru at the end of 2014 and terminating the payment of directors' fees as of March 31, 2015. Directors' fees were recorded for the full year in 2014. Option revenue was higher in 2015 as the result of increased option payments received for the Curionopolis, Sergipe and Picha properties compared to 2014. The impairment loss for investments was lower in 2015 because the Company had recognized significant impairment losses on its equity investments in 2014 due to the weak equity markets. The only impairment taken in 2015 was with respect to the loan receivable from Symerton Holding S.A. Share-based payments were higher in 2015 because the Company granted 1,470,000 stock options which were fully vested on the date of the grant whereas there was only a nominal option grant in 2014.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $791,656 at December 31, 2015 compared to $730,256 at December 31, 2014. Working capital increased due to the receipt of option payments and the sale of long-term investments partially offset by working capital consumed by operating activities. The Company has and will continue to limit its own exploration programs in 2016 in order to conserve cash. Lara's cash resources at December 31, 2015 were mainly held in interest bearing accounts. At December 31, 2015 the Company held investments with a fair value of approximately $193,000. Lara expects that it will continue to receive option payments in the form of cash and possible 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. However, the Company may have to raise some additional capital to fund its business activities over the next twelve months. This is forward looking information. The amount and timing of a financing, if any, will depend on the amount of cash resources Lara can realize by liquidating some of its equity investments and on whether future scheduled option payments are received from its exploration partners.

SELECTED ANNUAL INFORMATION

Years Ended	December 31, 2015	December 31, 2014	December 31, 2013
Financial Results			
Exploration expenditures	$ 920,205	$ 1,155,294	$ 1,767,445
Net loss for the year	(2,145,272)	(2,556,534)	(4,369,834)
Net income (loss) per common share - basic and diluted	($0.07)	(0.08)	(0.14)
Financial Position			
Working capital	$ 791,656	$ 730,256	$ 2,247,568
Loan receivable	-	348,780	-
Long-term Investments	192,685	714,366	1,443,188
Exploration and evaluation assets	185,236	1,108,981	1,823,714
Total Assets	1,926,865	3,727,150	6,441,018
Share Capital	20,980,656	20,863,240	20,714,041
Deficit	(27,874,104)	(25,728,832)	(23,172,478)

For the year ended December 31, 2015 the Company reported a net loss of $2,145,272 compared to a net loss of $2,556,354. The loss was lower in 2015 due to reduced exploration expenditures, lower management fees, a lower impairment charge for investments and higher options revenue partially offset by a higher impairment charge for exploration and evaluation assets. The loan receivable was reduced to nil in 2015 due to an impairment charge. Investments declined in 2015 as the Company liquidated some of its positions in order to sustain its working capital. Exploration and evaluation assets declined in 2015 due to impairment charges taken on the Isy and Sami properties.

For the year ended December 31, 2014, the Company reported a net loss of $2,556,354 compared to a net loss of $4,369,834 for 2013. The loss was greater in 2013 was mainly due to higher exploration expenditures, a higher impairment loss on long term investments and a higher write-off of exploration and evaluation assets than for 2013.

SUMMARY OF QUARTERLY RESULTS

	2015	2015	2015	2015
Quarter Ended	**Dec. 31**	**Sept. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 265,920	$ 185,525	$ 169,866	$ 298,894
Share-based payments	11,973	158,327	19,240	28,630
Net income (loss) for the period	(1,061,137)	149,945	(775,928)	(458,152)
Net loss per share (basic and diluted)	(0.03)	0.00	(0.03)	(0.01)

	2014	2014	2014	2014
Quarter Ended	**Dec. 31**	**Sept. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 72,556	$ 204,366	$ 466,356	$ 412,016
Share-based payments	29,266	10,237	43,635	5,916
Net loss for the period	(653,569)	(689,321)	(899,676)	(313,788)
Net loss per share (basic and diluted)	(0.02)	(0.02)	(0.03)	(0.01)

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

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.

The loss for the quarter ended December 31, 2014 was lower than for the prior quarter due to lower exploration expenditures and higher option revenue in the quarter partially offset by a higher write-off of exploration and evaluation assets. The reduced exploration expenditures were the result of an effort to conserve capital resources. The Company received option revenue in the December 2014 quarter on the Caninde, Sergipe and Curionopolis properties amounting to approximately $400,000 whereas there was no option revenue received in the prior quarter. Option revenue is recognized when the payments are received and depends on the timing of the scheduled payments according to the option agreements and on the timeliness of the partners' payments.

The loss for the quarter ended September 30, 2014 was lower than for the prior quarter due to lower exploration expenditures, no impairment charge on investments and a reversal of equity in losses of associated companies. These favourable variances were partially offset by a loss on sale of investments in the September 2014 quarter.

The loss for the quarter ended June 30, 2014 was much higher than for the prior quarter due to no option revenue being received in the quarter plus a much higher impairment charge was taken on AFS investments in the June quarter as compared to the March 2014 quarter.

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 and contributed approximately $100,000 in 2014. Lara has contributed $54,778 for the year ended December 31, 2015.

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 had an agreement with Paradigm Metals Limited ("Paradigm") whereby Paradigm could earn up to an 80% interest in the Caninde Graphite Project. Under the terms of the agreement, Paradigm exercised a condition of its option agreement and in 2015 elected to take control of Caninde (BVI) Ltd., the company which indirectly owns the graphite project. Paradigm terminated the option and returned full ownership of Caninde (BVI) to Lara in November 2015.

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 7 of the December 31, 2015 financial statements for the terms of the agreement. The completion of the sale is pending the approval of the listing of Phillips River by the Australian Securities Exchange.

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 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 December 31, 2015 the continuity of the Company's investment in associated companies and joint ventures was as follows:

	Minas	Kiwanda	Andean Coal	Caninde (1)	Total
Investment in associated company					
Net investment at December 31, 2013	$ -	$ 105,241	$ 96,349	$ -	$ 201,590
Additional investment (recovery) for the year ended December 31, 2014	99,454	(144,917)	326,823	-	281,360
Share of net (loss) recovery	(95,047)	39,676	(13,841)	-	(69,212)
Prior year's loss recognized	(4,407)	-	-	-	(4,407)
Net investment at December 31, 2014	$ -	$ -	$ 409,331	$ -	$ 409,331
Investment at the transition date of April 1, 2015	-	-	-	3,937	3,937
Additional investment (recovery) for the year ended December 31, 2015	54,778	4,315	2,764	77,224	139,081
Net assets transferred to subsidiary	-	-	-	(2,146)	(2,146)
Share of net (loss) recovery	(54,778)	(4,315)	(4,044)	(79,015)	(142,152)
Net investment at December 31, 2015	$ -	$ -	$ 408,051	$ -	$ 408,051

(1) The figures for Caninde in the above column are for the period April 1, 2015 to October 31, 2015.

At December 31, 2015, the associated companies and joint ventures assets, liabilities and net losses were as follows:

	Minas	Kiwanda	Andean Coal
Current assets	$ 12,142	$ 5,497	$ 62
Non-current assets	-	-	564,477
Current liabilities	(16,754)	(5,584)	-
Loss for the year	(154,733)	(166,871)	(8,088)
The Company's ownership percentage	45%	50%	50%
The Company's share of loss for the year	(69,630)	(83,436)	(4,044)

At December 31, 2015 the Company had accumulated net unrecognized losses of $33,280 in Minas and $200,073 in the Kiwanda Phosphate Alliance.

RELATED PARTY TRANSACTIONS

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

For the year ended December 31, 2015	**Salary or fees**	**Share-based payments**	**Total**
Chief Executive Officer	$ 120,000	$ 65,203	$ 185,203
VP Corporate Development	48,000	34,224	82,224
VP Exploration	156,000	37,468	193,468
Chief Financial Officer	-	5,400	5,400
Corporate Secretary	-	2,700	2,700
Andre Gauthier	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, director	3,000	6,750	9,750
	$ 349,000	$ 171,995	$ 520,,995

During the year ended December 31, 2015 the Company paid $213,600 (2014 - $213,600) 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 staff, administration staff and office space to the Company. The CFO and the Corporate Secretary are employees of Seabord and are not paid directly by the Company. The contract with Seabord is an ongoing monthly commitment which can be terminated by either party with sufficient notice.

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 balances	Service or items		December 31 2015		December 31 2014
Amounts due to:					
Chief Executive Officer	Management fees	$	71,214	$	59,552
Former President, Director	Fees and expense recovery		-		6,574
Vice President, Corporate Development	Management fees		30,843		26,903
Vice President, Exploration	Fees and expenses		81,816		-
Directors	Directors' fees		-		30,000
Amounts due from:					
Chief Executive Officer	Bonus share payroll expense		-		737
Vice President, Corporate Development	Bonus share payroll expense		-		1,785
Seabord Services Corp.	Deposit		10,000		10,000
Reservoir Capital Corp. *(common director)*	Expense recovery		1,199		2,166
Reservoir Minerals Inc. *(common director)*	Expense recovery		-		2,565

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	December 31, 2015					
Financial instruments		Available-for-sale investments		Loans and receivables		Other financial liabilities
Cash and cash equivalents	$	-	$	1,017,726	$	-
Restricted cash equivalents		-		46,000		-
Receivables		-		1,125		-
Long-term investments		192,685		-		-
Accounts payable and accrued liabilities		-		-		(280,054)
	$	192,685	$	1,064,851	$	(280,054)

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 marginally increase these resources 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 subsidiaries 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 $44,800 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 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 company and general market conditions. The Company's cash and cash equivalents are held mainly in interest-bearing bank accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and are mainly held in bank accounts and accordingly, credit risk is minimized. The Company assesses the collectability of amounts owing from partners on their mineral properties and on its loan receivable 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 15 of the consolidated 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 out exploration activities, 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 to a third party.

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 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 31,286,357 common shares issued and outstanding. In addition, there are 2,594,500 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.36 per option and terms expiring between June 24, 2016 and July 24, 2020. There is a commitment to issue 150,001 common shares as a bonus to certain directors, officers and employees of the company. The bonus shares will vest in two equal tranches on August 28, 2016 and 2017.