MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2015

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at May 28, 2015 and should be read in conjunction with the condensed consolidated interim financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the three months ended March 31, 2015 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 exploration through joint ventures and partnership agreements. This approach significantly reduces the technical and financial risks for the Company, without losing exposure to the value enhancement of a major discovery. Lara's management team is well established in South America and has experience in a broad range of disciplines, enabling it to pursue opportunities in various commodities: precious and base metals, fertilizer minerals, coal and industrial minerals like graphite. Currently the Company is most active in Brazil and Peru, with projects also in Colombia and Chile through the phosphate and coal alliances with Kiwanda Group LLC ("Kiwanda LLC").

HIGHLIGHTS

- Codelco completes earn-in to 51% of the Liberdade Copper Project in Brazil and files lawsuit to safeguard the mineral rights; and
- Phillips River shareholders approve the transaction to acquire Lara and Kiwanda's phosphate and coal alliances.

EXPLORATION REVIEW

Lara holds or participates in exploration projects targeting copper, gold, iron, potash, phosphate, vanadium, titanium, graphite and coal, with exploration mostly funded through joint venture partnerships and strategic alliances. Lara currently holds seven projects in Brazil, five of which are funded by partnerships. The Peru portfolio comprises ten projects, two of which are fully funded by partners, with two others in a co-funding joint venture. The Company also has two coal projects in Colombia and a phosphate project in Chile funded by alliance agreements.

Outlook

The strategy of the company for 2015 is twofold, to: (1) remain sustainable by reducing costs and selling assets; and (2) seek to acquire new properties and targets while the market remains weak. The Company has received payments in cash and shares from the sale of assets, which has meant that we have not had to issue new shares to finance our activities. While this remains a challenge, we intend to continue to prefer to squeeze our existing portfolio rather than undertake a dilutive equity financing. Our team is now reduced to a core group focused on new business, primarily in Brazil and Peru, though we remain opportunistic in Colombia and Chile. It is hard to stake new ground in Brazil right now pending finalization of the proposed new mining laws, though we continue to look at acquisition opportunities. In Peru, quite a lot of ground is being dropped, as companies have had to reduce their exploration budgets and we hope to be able to register new properties claims there in the coming months.

Brazil Projects

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 tons of copper equivalent, independently reported under National Instrument 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") To date Tessarema has completed approximately 2,500 metres of diamond drilling on the property targeting high-grade copper-gold breccias. Work during the period focused primarily on environmental studies and permitting to secure a pilot mining license.

Curionópolis Iron Project

The Curionópolis Iron Project comprises a 1,348-hectare license area, covering banded-massive iron formations with grades reaching over 60% iron, located within the Company's Curionópolis IOCG 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 Brazilian Department of Mines has approved the Final Exploration Report, detailing resource calculations and preliminary economic studies for the 9roject. Work now continues on completion of environmental and engineering studies in order to apply for a full mining license.

Canindé Graphite Project

Subsequent to the end of the period, the Company reported that its partner Paradigm Metals Limited ("Paradigm") had intersected 13.69 metres averaging a grade of 18.38% graphitic carbon from diamond core drilling at the Pedra Preta target. Paradigm completed eight shallow drill holes at Pedra Preta (one of twelve targets so far identified on the property), all of which encountered graphitic carbon ("Cg") mineralisation of varying widths and grades, the highlights of which are:

Drill hole No.	From (m)	To (m)	Width (m)	Cg Grade (%)
CA-PP-DDH-01-15	3.09	16.78	13.69	18.38
	18.02	27.75	9.73	1.03
including	20.35	25.58	5.23	1.44
	31.88	33.95	2.07	4.06
	63.40	64.90	1.50	2.48
CA-PP-DDH-02-15	0.00	6.50	6.50	4.80
including	0.00	2.89	2.89	9.73
	15.50	39.71	24.21	1.76
including	15.50	23.00	7.50	3.08
	41.00	46.34	5.34	2.94
CAN-PP-DDH-05-15	14.05	25.05	11.00	1.72
including	18.50	22.57	4.07	2.89
CAN-PP-DDH-06-15	13.90	15.94	2.04	3.04
including	14.92	15.94	1.02	4.06

The last drill hole CAN-PP-DDH-08-15 was drilled as a twin hole of CAN-PP-DDH-01-15 to provide material for metallurgical test work; samples from this hole will be submitted to SGS Geosol in Belo Horizonte for metallurgical and industrial testing to determine flake size and distribution. In addition to this test work, Paradigm has advised the Company that it plans to conduct geophysical surveys, additional surface exploration and a detailed review of the domestic end user market to confirm demand for flake graphite and identify potential off-take and industry partners.

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.

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 SA). These license areas have been explored for oil and gas in the past and a database of seismic surveys and exploration drilling is available through the Brazilian National Petroleum Agency ("ANP"). This data includes eight wells drilled within Lara's license areas, several of which intercepted potash, with the best drilled intercept a cumulative 37.6 metres of potash mineralization in ten separate sedimentary units between 1,710 and 1,806 meters depth. The Company has optioned the property to Aguia Resources Ltd. ("Aguia"), for staged cash payments of US$400,000 (US$200,000 received) by June 30, 2015 and nineteen million Aguia shares (8 million received). Aguia holds approximately 68,700 hectares of licenses covering both northern and southern extensions of this potash-producing basin, in some cases adjacent to the Lara ground.

Peru Projects

Grace Gold Project

The Company has 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. During the period work by Apumayo was focused on completing this preparatory work.

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 Corina Gold Project comprises 13,478 hectares of exploration licenses covering a low-sulphidation epithermal vein system extending for several kilometers, with anomalous silver and gold values. The Company has an option agreement to sell the project to Compañía Minera Ares S.A.C. ("Ares"), a subsidiary of Hochschild, 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% net smelter return ("NSR") royalty on any future production. Ares is the project operator, with Lara providing support with community relations until a Community Agreement is secured and thereafter on an as-needed basis.

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 and potentially add other porphyry prospects, into a new company with a mandate to explore and develop world-class copper porphyry projects in Peru, Colombia and other South American countries.

The Condoroma Copper Porphyry Project comprises 20,842 hectares of mineral properties within the prolific Andahuaylas-Yauri copper porphyry belt of southern Peru, host to the Las Bambas, Haquira, Constancia and Tintaya copper deposits. Lara and Goldplata have completed surface sampling and geophysical surveys on parts of their respective properties, identifying widespread alteration and mineralization, while Goldplata has mined from high-grade polymetallic veins in the past. Mineralization at Condoroma is interpreted as being related to a buried porphyry system that has never been drill tested.

The Murindo Copper Porphyry Project comprises 16,000 hectares of mineral properties in the Western Cordillera of Colombia. Surface exploration has identified a significant and well mineralized copper porphyry system, with sampling to date showing mineralization extending over an approximate area of two by four kilometres. The targets at Murindo have also never been drilled.

Under the terms of the LOI, Goldplata has 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 have 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.

Projects Available for Joint Venture

Sami Gold Project (Peru)

The Sami Gold Project comprises 5,200 hectares of mineral rights, located in the Ayacucho and Huancavelica departments of southern Peru at elevations of between 4,000 and 4,500 metres. The property lies along the Southern Peruvian Tertiary Volcanic Belt, which is host to a number of world-class high sulphidation epithermal gold and silver deposits. Lara's mineral rights cover extensive areas of epithermal alteration, with anomalous gold and silver values that are associated with quartz veining, siliceous bodies, hydrothermal breccias and oxidized vein stockworks. During the period the Company reduced the size of the property to focus its exploration efforts on the three most promising target areas: Pitusaja, Sami North and Sami West.

The Pitusaja Target high-sulphidation epithermal alteration, within which breccias are exposed over an area 100 by 200 metres, with gold values of up to 1.45 g/t and silver values up to 25.4 g/t returned from the Company's surface sampling. The Sami North target comprises two areas of quartz-alunite and vuggy silica alteration that lie just south of Junefields' Hueso Sur gold-silver project. Float and outcrop sampling within Lara's property has returned values of up to 1.43 g/t gold and up to 285 g/t silver. Sami West covers extensive argillic, quartz-alunite and vuggy silica alteration, with the highest-grade sample returning 4.79 g/t gold.

Lara and Tingo Este Copper Projects (Peru)

The Lara and Tingo Este Copper Projects (both 45% owned by the Company) cover copper and molybdenum mineralization associated with porphyries within the prolific coastal batholith of southern Peru. Geophysical surveys, mapping, geochemical sampling and 9,850 metres of drilling have been completed on the 1,800 hectare Lara Project to outline mineralization over approximately 2,000 metres by 1,000 metres (including a historical inferred resource of 18.6 million tonnes ("Mt") at 0.53% copper in oxide and supergene material), indicative of potential for a substantial mineralized porphyry copper body. The Tingo Este Project comprises 3,700-hectares of exploration licenses approximately 50 kilometres northwest of the Lara Project in a similar geological setting, with exposed mineralization interpreted as also being related to a porphyry intrusive.

Picha Copper-Silver Project (Peru)

The Picha Project comprises 3,000 hectares of exploration licenses over porphyry-type alteration anomalous in copper and silver that lie adjacent to the properties of Compañia de Minas Buenaventura S.A., that are host to Chucapaca Gold-Copper Deposit with reported mineral resources of 7,600,000 gold equivalent ounces. The Company has identified seven priority exploration targets at Picha, based on geochemical and geophysical data, five closely associated with significant Induced Polarization geophysical anomalies and two based primarily on geochemistry. The Company undertook community relations and permitting work, securing authorization from the General Mining Directorate of the Ministry of Energy and Mines of Peru, to undertake a drilling campaign, one of the first drill permits to be granted since the implementation of the new regulations in July 2012.

Atenea Gold Project (Peru)

The Atenea Project comprises 2,000 hectares of exploration licenses covering Tertiary-age volcanics in the Andahuaylas-Yaury skarn-porphyry belt and is located between the Constancia and Tintaya copper mines. Fieldwork completed by the Company has identified alteration typical of a steam-heated zone (high in the epithermal system) with alteration characterized by granular and brecciated silica, with low but anomalous gold, silver and pathfinder element values.

Chocos Polymetallic Project (Peru)

The 800-hectare Chocos property is located within the prolific Tertiary Volcanic Belt of southern Peru, about 100 kilometres north of Arequipa. The Company has carried out mapping, surface sampling and trenching targeting a series of lead, zinc and silver veins that extend from 200 metres to as much as one kilometre in length and have thicknesses ranging from 0.20 to 2.0 metres.

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 analyzed: 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.

<u>Chile and Colombia - Kiwanda Alliances</u>

The Company has an agreement with its partner 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 now acquire all of the Phosphate Alliance and Coal Alliance assets and options as follows:

- Lara's 19.9% 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 A$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 tons has been achieved, a 2% production royalty on the Phosphate Alliance Assets. Phillips River shareholders approved the transaction on May 15, 2015.

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 National Instrument 43-101 *Standards of Disclosure for Mineral Projects,* and is responsible for the preparation and verification of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2015

For the three months ended March 31, 2015 the Company incurred a loss of $458,152 or $0.01 per share compared to a loss of $313,788 or $0.01 per share in 2014. The net loss was lower in 2014 due to the receipt of approximately $434,000 of option revenue. The revenue was mainly from Aguia for the Sergipe Potash project. There was no option revenue received in 2015. The lack of option revenue in 2015 was partially offset by lower costs for: exploration, management fees, equity loss on investment in associated companies and a higher exchange gain. Exploration expenditures were lower in 2015 because the Company was conserving cash and spending less of its own funds conducting exploration compared to the prior year. Management fees were lower in 2015 due to the former President resigning his position which resulted in a reduction of $36,000 in fees. The CEO took on the President's role but did not receive an increase in fees. In 2015 the associated companies have been less active and accordingly they incurred lower operating costs and lower losses than in 2014. As a result Lara recorded an equity loss in associated companies of approximately $5,000 compared to a loss of approximately $54,000 in 2014. The Company recorded a significant exchange gain in 2015 on the translation of the US$300,000 loans receivable into Canadian dollars. There was no comparable gain in 2014.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $290,329 at March 31, 2015 compared to $730,256 at December 31, 2014. Working capital decreased from 2014 due to funds used in operations for exploration and administrative expenses partially offset by cash generated from selling some equity investments. The Company will continue to limit its own exploration programs in 2015 in order to conserve cash. Lara had cash resources of $636,863 at March 31, 2015, which were mainly held in interest bearing accounts. At March 31, 2015 the Company also held investments with a fair value of approximately $865,955. 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 also expects to 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.

SUMMARY OF QUARTERLY RESULTS

	2015	2014	2014	2014
Quarter Ended	**Mar. 31**	**Dec. 31**	**Sept. 30**	**Jun. 30**
Exploration expenditures (net)	$ 298,894	$ 72,556	$ 204,366	$ 466,356
Share-based payments	28,630	29,266	10,237	43,635
Net loss for the period	(458,152)	(653,569)	(689,321)	(899,676)
Net loss per share (basic and diluted)	(0.01)	(0.02)	(0.02)	(0.03)

	2014	2013	2013	2013
Quarter Ended	**Mar. 31**	**Dec. 31**	**Sept. 30**	**Jun. 30**
Exploration expenditures	$ 412,016	$ 516,311	$ 393,554	$ 441,804
Share-based payments	5,916	42,455	(19,951)	19,471
Net loss for the period	(313,788)	(1,063,449)	(1,418,465)	(1,758,328)
Net loss per share (basic and diluted)	(0.01)	(0.03)	(0.05)	(0.06)

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 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.

The loss for the quarter ended March 31, 2014 was lower than for the prior quarter due to higher option revenue combined with lower exploration expenditures and a write-off of exploration and evaluation assets which occurred in the prior quarter but for which there was no comparable write-off in 2014.

The loss for the quarter ended December 31, 2013 was lower than the prior quarter due the write-off of exploration and evaluation assets, mainly the Chocos property, in the quarter ended September 30, 2013. This was partially offset by lower option revenue received in the quarter ending December 31, 2013.

The loss for the quarter ended September 30, 2013 was lower than for the prior quarter because in the June quarter there was an impairment loss on non-current investments of approximately $993,000 compared to an impairment loss of approximately $65,000 in the quarter ended September 30, 2013. There were also option payments received of approximately $266,000 in the September quarter and no option payments received in the June quarter. Those two favorable variances were partially offset by the write-off of the Chocos exploration property in the amount of approximately $946,000.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

INVESTMENTS IN ASSOCIATES

The Company has investments in three associated companies, Minas Dixon S.A. ("Minas"), Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI") and Andean Coal (BVI) Ltd. ("Andean"). The Company is responsible to provide its 45% share of funding for Minas and contributed approximately $100,000 in 2014. Lara is expecting a similar level of expenditure in 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 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 but there is no certainty that it will complete.

If the sale does complete, 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 March 31, 2015 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, 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
Additional investment (recovery) for the period ended March 31, 2015	-	958	2,089	3,047
Share of net (loss) recovery	-	(958)	(3,636)	(4,594)
Prior year's loss recognized	-	-	-	-
Net investment at March 31, 2015	$ -	$ -	$ 407,784	$ 407,784

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

	Minas	Kiwanda	Andean Coal
Current assets	$ 8,915	$ 23,907	$ 5,918
Non-current assets	423,336	-	500,842
Current liabilities	(141,383)	(5,301)	-
Non-current liabilities	-	-	-
Loss for the year	(88,951)	(45,498)	(7,272)
The Company's ownership percentage	45%	50%	50%
The Company's share of loss for the period	(40,028)	(22,749)	(3,636)

At March 31, 2015 the Company had accumulated net unrecognized losses of $142,743 in the Kiwanda Phosphate Alliance $58,456 in Mnas.

RELATED PARTY TRANSACTIONS

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

For the three months ended March 31, 2015	**Salary or fees**	**Share-based payments**	**Total**
Chief Executive Officer	$ 30,000	$ 10,307	$ 40,307
VP Corporate Development	12,000	5,726	17,726
VP Exploration	39,000	6,871	45,871
Michael Winn, director	3,000	-	3,000
Byron King, director	3,000	-	3,000
Adrian Calvert, director	3,000	-	3,000
Christopher Jones, director	3,000	-	3,000
Geoff Chater, director	3,000	-	3,000
	96,000	22,904	118,904

During the quarter ended March 31, 2015 the Company paid $53,400 (2014 - $53,400) to Seabord Services Corp., ("Seabord"). Seabord is a management services company controlled by a 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 assets and liabilities	**Service or items**	**March 31, 2015**	**December 31, 2014**
Amounts due to:			
Chief Executive Officer	Fees and expense recovery	$ 79,075	$ 59,552
Former President, Director	Expense recovery	6,574	6,574
Directors	Directors fees and expenses	45,000	30,000
VP Corporate Development	Fees and expense recovery	36,160	26,903
Seabord Services Corp.	Expense recovery	-	173
Amounts due from:			
Chief Executive Officer	Bonus share payroll deduction	-	737
VP Corporate Development	Bonus share payroll deduction	-	1,785
Seabord Services Corp. *Common director*	Deposit	10,000	10,000
Reservoir Minerals Inc. *Common director*	Expense recovery	5,140	2,565
Reservoir Capital Corp. *Common director*	Expense recovery	-	2,166

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	December 31, 2014		
Financial instruments	Available-for-sale investments	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ -	$ 636,863	$ -
Restricted cash equivalents	-	46,000	-
Receivables	-	58,931	-
Loan receivable	-	379,260	-
Long-term investments	865,955		
Accounts payable and accrued liabilities	-	-	(470,601)
	$ 865,955	$ 1,121,054	$ (470,601)

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. The loan receivable is denominated in US dollars and is carried at cost and translated to Canadian dollars at the exchange rate on March 31, 2015.

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 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 $26,000 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 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 is held mainly in interest-bearing bank accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and are 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 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 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, 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 30,969,691 common shares issued and outstanding. In addition, there are 1,395,000 fully vested stock options outstanding with exercise prices ranging from \$0.86 to \$1.76 per option and terms expiring between November 8, 2015 and April 22, 2019. There is a commitment to issue 225,000 common shares as a bonus to certain directors, officers and employees of the company. The bonus shares will vest in three equal tranches on August 28, 2015, 2016 and 2017.