MANAGEMENT'S DISCUSSION AND ANALYSIS
THE YEAR ENDED DECEMBER 31, 2018

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 15, 2019 and should be read in conjunction with the condensed consolidated interim financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the year ended December 31, 2018 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 market prices 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 some 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 to raise enough capital resources to acquire and explore new properties. Other factors that affect Lara's operating plan are: commodity prices, gaining access to exploration properties by securing or renewing licenses and concluding agreements with local communities. If any of these factors are impacted in a negative way, such as joint venture partners being unable to raise enough capital to complete option agreements or if the Company is unable to raise enough 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 because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Lara is a prospect generator with a strategy to seek exploration discoveries and create royalty interests in South America, funding a significant portion of its mineral exploration costs 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 focused and most active in Brazil and Peru.

COMPANY HIGHLIGHTS FOR 2018

- Discovery drill intercepts returned from the Planalto Copper Project in northern Brazil of 117.4 metres with an average grade of 0.57% copper equivalent; 114.58 metres averaging 0.59% copper equivalent; and 130.41 metres at 0.93%, all from the Homestead Target.

- 88 diamond drill-holes were completed at the Grace Gold Project in southern Peru, 34 of which intercepted anomalous gold values. The third-party option on the Grace project expired in December 2017 and the project is now 100%-owned by Lara again and a new partner is being sought.

- Channel sampling at the Puituco Zinc Project in central Peru encountered well-mineralized breccia veins and mantos, with the best zone averaging 4.65% zinc and 4.86% lead over 42.6m on a stratiform ("Manto") body approximately 20 metres thick.

- Tessarema received its Mining License from the Brazilian government and is now fully permitted to start operations at the Maravaia Copper Project in northern Brazil. Plant construction work advanced through the year but was not completed to the contractual deadline in November 2018.

- Follow-up work completed on the Damolândia Nickel Project in central Brazil suggests greater size potential than originally thought. Terms of the underlying option extended, and the exploration licenses renewed.

- The Company received US$150,000 in October when Capstone Mining Ltd. ("Capstone") signed an LOI to earn into the Planalto Copper Project in Northern Brazil. In February 2019, Capstone signed a definitive agreement to option the Project.

- Scout drilling was completed over the end of the year on the Itaituba Vanadium Project in northern Brazil, with selected samples with a range of magnetic susceptibilities producing magnetic concentrate recoveries from 6.6% to 42.6%, with several of these concentrate samples showing vanadium values at 1% V_2O_5 (maximum of 1.03% V_2O_5).

- Subsequent to year end on March 26, 2019 the Company completed a private placement raising $2 million to fund on-going generative exploration programs and working capital. The financing was oversubscribed, with strong support from insiders and existing shareholders.

EXPLORATION REVIEW

Lara currently holds or participates in exploration projects targeting copper, gold, tin, nickel, iron, phosphate, vanadium, titanium and coal, with exploration mostly funded through joint venture partnerships and strategic alliances. There are currently eight projects in Brazil, four of which are funded by partnerships. The Peru portfolio now comprises fourteen prospects, one is funded by a partner, with one other in a co-funding joint venture and one a royalty interest. The Company also has an indirect interest in coal and phosphate projects in Colombia and Chile that are funded through alliance agreements with Kiwanda that are in a listing process on the ASX under the name Bifox Ltd.

OUTLOOK

The Company expects to see three drill programs during 2019, with partner funded work on its Planalto and Corina projects and additional self-funded drilling at Itaituba. At the Planalto Copper Project in with Carajás Province of northern Brazil, work there is currently focused on permitting, but the plan is to complete geophysical surveys and resume drilling to test depth extensions of the Homestead target and scout drill other anomalies. Our recent drilling on the Itaituba Vanadium Project in the Tapajos Province of northern Brazil, was also very encouraging and the company also intends to complete additional sampling, geophysics and drilling before seeking a partner. Recent communications with our partner Hochschild Mining, suggest that permits for our Corina Gold Project in southern Peru could finally be in hand by mid-year allowing a drill program there in the second half. Elsewhere in Peru, the Company plans to continue its generative work for gold, copper and zinc targets.

BRAZIL EXPLORATION

Planalto Copper Project

The Planalto Project comprises three exploration licenses, totalling 4,726 hectares in area, covering meta-volcano-sedimentary sequences and intrusives of early Proterozoic-age, located near Vale S.A.'s Sossego copper mine and Oz Minerals' Antas copper mine, in the Carajás Mineral Province of northern Brazil. Lara's exploration work yielded a series of very promising drill results from the Homestead target, including hole PDH 18-03, which intercepted 130.41 metres between 68.05 metres and 198.46 metres down hole, with an average grade of 0.88% copper and 90ppb gold, or 0.93 % copper equivalent "CuEq", within a wider zone of 284.71 metres from surface averaging 0.48% Cu and 48 ppb Au (see Company news release of June 19, 2018 for details).

On November 5th, 2018 the Company announced that it had signed an LOI granting Capstone Mining Corp. ("Capstone"), an exclusive option to earn up to a 70% interest in the Project. Under the terms of the LOI, Capstone will pay Lara US$150,000 immediately (received) and US$ 200,000 following receipt of a drill permit for the Project and execution of the Definitive Agreement ("the Agreement"), which was signed February 4, 2019. Capstone will then invest a minimum of US$1.2 million within a year of signing the Agreement, to drill test extensions of the mineralization identified at Homestead and scout drill other targets on the property.

Capstone can earn an initial 49% interest by investing US$5 million by the third anniversary of the Agreement and can then elect to purchase an additional 2% interest in the Project by paying Lara US$400,000 and committing to fund a Feasibility Study by the fifth anniversary, to reach a 61% interest. The third and final phase will comprise Capstone electing to finance, build and operate a commercial mining operation to the benefit of Lara 30% and Capstone 70%, with Lara repaying its pro-rata share of the financing out of cash flow. Lara will hold certain buy back rights to reacquire a majority interest in the Project should Capstone decide to discontinue investing.

Maravaia Copper Project

The Maravaia Copper Project comprises multiple high grade IOCG breccias. Drilling has defined a resource of 2.14Mt grading 4.2% copper and 0.66ppm gold on the Osmar target (Please refer to the Company's 43-101 Technical Report "Maravaia Copper-Gold Deposit, Carajás Mining District, Pará, Brazil" by João Batista G. Teixeira, dated September 28, 2016 and available on the Company's website and Sedar). The Company's joint venture partner, Tessarema Resources Inc. ("Tessarema"), can earn a 95% interest (Lara retains a 5% carried interest) in Maravaia and the other mineral rights of the Curionópolis Project, by putting the project into commercial production and paying Lara a 2% NSR royalty on any production.

Tessarema secured a loan and offtake agreement with Ocean Partners UK Ltd., to provide a loan towards project development, construction costs and working capital for Mineração Maravaia and the Maravaia Copper Mine and has partnered with a local company to undertake the construction. The operating company, Mineração Maravaia Ltda., was granted its mining license by the Brazilian government in mid-2018.

Tessarema did not achieve commercial production by November 26, 2018 as per its contractual obligations with Lara must now make an additional US$1 million cash payment to Lara to extend the option for a further year. Negotiations are on-going between Tessarema, Ocean Partners and the Brazilian partners to amend the joint venture and loan agreements in order to complete construction of the mine.

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 claims and safeguard its rights under the Liberdade exploration license. During the period all the relevant filings were submitted by both sides and the parties now await a ruling from the judge.

Itaituba Vanadium Project

This project covers gabbroic intrusives with grade and disseminated 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 Company has completed a geophysical survey (ground magnetics) over part of the target and collected surface grab samples with high average grades of 48% metallic iron (69% Fe_2O_3), 22% titanium dioxide (TiO_2) and 0.45% vanadium pentoxide.

In late 2018 and early 2019 the Company completed an initial four-hole (total of 250.65m) scout diamond drill program to determine the attitude and vertical depth extension of a number of these vanadium-bearing titanium-magnetite bodies previously identified at the surface. Preliminary Davis tube tests run on core samples, selected for a range of magnetic susceptibility values in the host rocks of these titanium-magnetite bodies, produced magnetic concentrate recoveries from 6.6% to 42.6%, with several of these concentrate samples showing vanadium values at 1% V_2O_5 with a maximum of 1.03% V_2O_5 (see Company news release of February 26, 2019 for details). Lara plans to systematically cut and sample the remainder of the drill core and expects to report full assays, including Davis Tube concentrate assays by mid-2019 and then plans additional geophysics and drilling before seeking a partner.

Damolândia Nickel Project

The Damolândia Nickel Project comprises an exploration licence with an area of 1,800 hectares covering a late Proterozoic-aged mafic-ultramafic complex, hosted in a high-grade metamorphic terrain in central Goiás State. A number of similar nickel-copper occurrences are known in the region and one, Americano do Brasil, which has recently suspended mining operations, had a historic reserve of 4.98 Mt at 0.62% Ni and 0.65% Cu. Lara can acquire a 100% interest in the Damolândia property for staged cash payments totaling US$580,000 (US$30,000 paid to date) and paying a 1% NSR royalty on any production (Lara retains the right to purchase this royalty for a cash payment of US$2 million). Lara's 2018 review of historical data and additional confirmation fieldwork has identified potential for disseminated and stringer-style sulphide nickel-copper-cobalt ("Ni-Cu-Co") mineralization that has either not been, or at best only partially tested by historic drill programs (see Company news release of November 13, 2018 for details).

Tocantins Gold Project

The Tocantins Gold 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. 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/t Au") from drill hole TO-08 and 17 metres at 3.93 g/t Au, including 4 metres at 9.01 g/t Au and 2 metres at 11.05 g/t Au 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. The Company has completed additional surface work on the property and secured a renewal of the exploration license and is actively seeking a joint venture partner.

Vertical 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. 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.

Vertical is in default with its obligations and payments and the Company filed for arbitration with the FARJ (Forum Arbitral do Rio de Janeiro) in 2016, over its Mineral Rights Transfer Agreement ("the Agreement") with Vertical. Among the terms of the Agreement, signed in May 2009, whereby Lara transferred its rights to the Curionópolis Iron Project to Vertical, were obligations for Vertical to make purchase payments and pay minimum royalties to the Company. Despite several renegotiations extending payment terms and repeated notifications, Vertical has not completed these payments. Lara has requested that the Arbitrators rule on the unpaid amounts, plus interest and fines, as defined by the Agreement. Vertical has contested the qualification of the FARJ and the parties have yet to agree an alternative venue. No progress was made with the arbitration process in 2018.

Azul Tin Project

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 positions of the older drill holes from the 1980's are mostly still marked with concrete posts that can be located in the field (and which have been surveyed into the database), but the cores are no longer in a usable state. Seven more recent check holes completed in 2014 intercepted mineralization over similar widths and at similar grades as the original programs from the 1980's and greatly increase confidence in the historical data. Intercepts from 2014 included 3.7 m at 1.33% tin from hole TAD-002 and 6.8m at 1.09% tin from TAD-006 (see Company news release of February 15, 2016 for details). Lara's option over the property expired unexercised in December 2018 and Lara is currently discussing amending the terms or relinquishing the property back to the underlying owner.

PERU EXPLORATION

Corina Gold Project

Corina is located within a belt of Tertiary-age volcanic rocks that are host to the Pallancata and Immaculada mining operations owned by London-listed Hochschild plc. During 2017-18 Ares, the local subsidiary of Hochschild, completed additional surface sampling and geophysics to better define drill targets, in parallel it also completed archeological and environmental studies, filing its first drill permit application during the period. Subject to timely issue of the drill permit, Hochschild planned to undertake a first-pass drill program in the fourth quarter of 2018, however, delays to the issue of the permit have now pushed this program into 2019, but this project remains a priority for them as it lies close the Pallancata mine, which is running out of ore.

Grace Gold Project

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 kilometers in length by 1 to 1.5 kilometers in width has been outlined to date, where rock chip samples have returned anomalous gold, silver, arsenic, mercury and antimony values. The Project lies adjacent to and immediately north of Minera Apumayo which until recently mined oxide material from four open pits close to Lara's property.

The Company optioned Grace to Apumayo in 2013, which completed additional surface work, geophysics and 88 shallow drill-holes into four target areas but elected not exercise its option in December 2017. In April, the Company (see Company news release of April 10, 2018 for details) reported results from 34 of these drill-holes that had intercepted significant gold mineralization, associated with with high sulphidation epithermal alteration and brecciation of andesitic volcanics. Apumayo was just looking for oxide material to feed its idle mill and did not deepen any of the mineralized holes to test the sulphide potential, so the property remains highly prospective and the Company is seeking a new partner to step in and continue the exploration.

Puituco Project

The Puituco project, located in the Huancavelica Department of Central Peru was acquired at auction in 2017, targeting a buried copper porphyry system. The Company's licenses are surrounded by properties held by BHP (known as their Kenita Project) and lie to the north-northwest of the Greater Riqueza project, a JV between Inca Minerals and South32. The Company has completed mapping and surface chip channel sampling program to evaluate polymetallic brecciated feeder structures and related mantos (see Company release of June 12, 2018 for details). A total of 63 samples were collected across vertical brecciated structures and two related low-angle mantos that extend into the limestones. The best intervals were sampled across Manto-2 where a series of roughly horizontal channel samples PUI-022 to PUI-030 averaged 4.65% zinc, plus 4.86% lead and 37 g/t silver over 42.6 metres; and PUI-031 to PUI-034 averaged 4.73% zinc, 2.6% lead and 16 g/t silver over a thickness of 17.3 metres (slightly oblique to the stratigraphy).

Mineralization at Puituco is hosted by Cretaceous-age limestones of the Jumasha Formation, which have been cut by Tertiary-age intrusives, with a diorite stock mapped to the SW of the sampled area and an andesitic sill extending into the property from the north. Mineralization comprises hydrothermal breccias filling NE-SW oriented tension structures (related to a major regional structure, the NW-SE oriented Chonta Fault) and related mantos, where fluids have been driven laterally into the limestone beds and recrystallized and brecciated them. Geological observations indicate that both Manto 1 and 2 are approximately 20m thick. The vertical orientation of the mineralization and its relationship with the intrusives, indicates potential for the presence of additional mantos deeper in the sedimentary sequence and for a larger porphyry intrusive at depth driving the system.

Lara Copper Project

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.

During the period the Company assumed management of the project on behalf of the joint venture with Redzone, re-established the drill core and sample storage close to site and completed additional sequential copper analyses to continue the work to characterize and better understand the properties of the different types of copper mineralization within the core area. Site work has included ongoing support work with the community, environmental monitoring and remediation of the sites of the previous drill programs. With the rising copper price environment, the Company has received a number of expressions of interest and continues to actively seek a new investor for the project.

Picha Copper Project

The Company has completed the sale of the Picha project to Australian-listed Valor Resources Limited ("Valor") for 40,000,000 shares and 40,000,000 options of Valor and will remain entitled to an NSR royalty on any future production of 2% for precious metals and 1% for base metals. The project is in the Moquegua Department of southern Peru, approximately 17km ENE of Compañia de Minas Buenaventura S.A.'s San Gabriel gold deposit. Lara completed geological and alteration mapping, surface sampling and ground geophysics (158-line km of magnetic and 65-line km of induced polarization surveys) on the project. This work reported positive copper results from sampling, along with the widespread alteration, brecciation, vein stock working and geophysical anomalies, are indicative of potential to discover a porphyry system at depth.

Sami Gold Project

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 anomalous gold-silver geochemistry and mapped epithermal alteration over 2 kilometres in length, which has never been drill tested. 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 clay alteration. During the period, the Company continued to seek a new partner to test the target.

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, 2018

For the three months ended December 31, 2018, the Company had a net loss of $596,340 or $0.02 per share compared to a net loss of $1,304,207 or $0.04 per share in 2017. The favorable variance was due to: lower share-based payments; lower exploration expenditures; and a smaller loss on the fair value change of FVTPL investments. Those favorable variances were partially offset by an increased loss in equity investments and the write-off of an exploration and evaluation asset. Share-based payments totaled $27,781 in 2018 compared to $705,500 in 2017. The reason for the higher share-based compensation in 2017 was that 1,645,000 stock options were granted at a value of $0.43 per option compared to only 350,000 stock options being granted in 2018 with a fair value of $0.42. In 2018 Lara incurred lower exploration expenditures mainly due to the recovery of costs on the Planalto Project from the receipt of an option payment from Capstone. The loss in equity investments was higher in 2018 due to the write-off of Andean Coal's investment in Carbhid Coal. In 2018 the Company wrote off its investment in the Huacamaya property because there were access issues due to land owners were not being in favor of exploration and mining activity. There is was no comparable write-off of exploration and evaluation assets in 2017.

Year Ended December 31, 2018

For the year ended December 31, 2018, the Company had a net loss of $3,079,196 or $0.09 per share compared to a net loss of $1,177,546 or $0.03 per share in 2017. The unfavorable variance was due to: a gain on the sale of subsidiaries and a fair value gain on FVTPL investments in 2017 and a higher loss in equity investments in 2018. These unfavorable variances were partially offset by lower share-based compensation in 2018. In 2017 there was a significant gain on the sale of subsidiaries related to the Curionopolis Copper Project and there was no comparable gain in 2018. In 2018 the Company incurred a loss on the change in fair value of Valor common shares and options whereas in 2017 there was a substantial gain on Valor options. The loss in equity investments was higher in 2018 due to the write-off of Andean Coal's investment in Carbhid Coal. The reason for the higher share-based compensation in 2017 was that 1,645,000 stock options were granted at a value of $0.43 per option compared to only 350,000 stock options being issued in 2018 with a fair value of $0.42.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $531,847 at December 31, 2018, compared to $2,051,695 at December 31, 2017. Working capital declined by $1,519,848 in 2018. The decrease in working capital was the result of working capital used to fund exploration and administration activities, and investments in: associated companies, long-term investments, and exploration and evaluation assets. These outflows were partially offset by cash generated from the sale of equity investments and the liquidation of short-term investments.

Lara expects that it will continue to receive option payments in the form of cash and / or shares over the next twelve months and includes those scheduled payments as part of its capital resources. The Company has exercised its Valor options to acquire additional shares and will sell those shares to further increase its working capital when determined appropriate by Management. Lara has no fixed payment obligations except option payments for mineral properties; however, these can be terminated at any time without penalty once an option agreement is cancelled. The Company will have to raise working capital to fund its operations for the next twelve months and accordingly, has closed a private placement in March 2019, for gross proceeds of $2,000,000. The Company expects that with these additional funds, it will have enough working capital to sustain its operations for the next twelve months.

SUMMARY OF QUARTERLY RESULTS

	2018	2018	2018	2018
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 110,295	$ 204,132	$ 373,409	$ 356,641
Share-based payments	27,781	17,507	22,438	211,194
Net loss for the period	(596,340)	(606,793)	(866,678)	(1,009,385)
Net loss per share (basic and diluted)	(0.02)	(0.02)	(0.03)	(0.03)

	2017	2017	2017	2017
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 226,134	$ 328,803	$ 214,296	$ 280,955
Share-based payments	705,500	3,021	4,737	4,685
Net income (loss) for the period	(1,304,207)	16,057	410,087	(299,483)
Net loss per share (basic and diluted)	(0.04)	0.00	0.01	(0.01)

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

For the quarter ended December 31, 2018, Lara had a net loss of $596,340 compared to a net loss of $606,793 for the quarter ended September 30, 2018. The favorable variance was due to: lower exploration expenditures and a lower loss on the fair value change of FVTPL investments. These were partially offset by a higher loss on equity in investments in associated companies.

For the quarter ended September 30, 2018, Lara had a net loss of $606,793 compared to a net loss of $866,678 for the quarter ended June 30, 2018. The favorable variance was due to lower exploration expenses and lower costs for investor relations and shareholder communications.

For the quarter ended June 30, 2018, Lara had a net loss of $866,678 compared to a net loss of $1,009,385 in the prior quarter. The favorable variance was due to lower share-based payments, a reduced loss on the change in value of Valor options partially offset by higher transfer agent and filing fees.

For the quarter ended March 31, 2018, Lara had a net loss of $1,009,385 compared to a net loss of $1,304,207 in the prior quarter. The favorable variance was due to lower share-based compensation partially offset by higher exploration expenses and a greater loss on the decline in fair value of its derivative financial instruments.

For the quarter ended December 31, 2017, the Company had a net loss of $1,304,207 compared to net income of $16,057 in the prior quarter. The unfavorable variance was due to higher share-based payments, a loss of $160,158 compared to a gain of $579,383 on derivative financial instruments, partially offset by lower exploration expenditures.

For the quarter ended September 30, 2017, Lara had net income of $16,057 compared to income of $410,087 in the prior quarter. The unfavorable variance was due to a gain on the sale of subsidiaries in the prior quarter of $1.033,047 partially offset by an increase in the value of derivative investments in the current quarter of $579,383 combined with a decrease in the value of the derivative investments in the prior quarter of $126,468.

For the quarter ended June 30, 2017 the Company had net income of $410,087 compared to a loss of $299,483 in the prior quarter. The favorable variance was due to a gain on sale of subsidiary companies of $1,033,047 partially offset by a decrease in the fair value of Valor share purchase options of $126,468 as compared with a gain on those options of $224,485 in the prior quarter.

OUTSTANDING SHARE DATA

There are 38,634,274 common shares issued and outstanding. In addition, there are 3,105,000 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.02 per option with terms expiring between April 22, 2019 and March 14, 2023. The Company also has 2,000,000 common share purchase warrants outstanding with an exercise price of $0.70 which expire on March 27, 2021. In March 2018, the Company granted 250,000 bonus shares and has issued 166,666 of these. The remaining 83,334 bonus shares vest on March 22, 2020.

INVESTMENTS IN ASSOCIATES

Kiwanda Coal Alliance

The Company owns a 50% interest in Andean Coal (BVI) Ltd. ("Andean Coal"). The Company had a net investment in Andean Coal of $306,735 at December 31, 2017. During the year ended December 31, 2018 the Company made an additional investment of $1,234. The Company's share of the net loss for the year ended December 31, 2018 was $176,726 which decreased its net investment in Andean Coal to $131,243.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). At December 31, 2017, the Company's net investment in Kiwanda was $Nil and there were accumulated unrecognized losses of $365,224. During the year ended December 31, 2018, the Company made an additional investment of $1,131. The Company's share of the net loss for the period was $130,311 and recognized a loss of $1,131, resulting in an accumulated unrecognized loss of $494,404 and a net investment in Kiwanda of $Nil at December 31, 2018.

Minas Dixon S.A.

The Company owns a 45% interest in Minas Dixon S.A. ("Minas"). At December 31, 2017 Lara had an accumulated unrecognized loss of $51,330 in Minas with a net investment of $nil. During the year ended December 31, 2018, the Company made an additional investment of $86,424. The Company's share of the net loss for the year ended December 31, 2018 was $72,672, and it recognized $13,752 of previously unrecognized losses. Therefore, at December 31, 2018, the Company's net investment in Minas was $Nil and there were $37,578 of unrecognized losses.

The continuity of investment in associated companies and joint ventures is as follows:

	Minas	Kiwanda	Andean Coal	Total
<u>Investment in associated company</u>				
Net investment at December 31, 2017	$ -	$ -	$ 306,735	$ 306,735
Additional investment (recovery) for the year ended December 31, 2018	86,424	1,131	1,234	88,789
Share of net (loss) income	(72,672)	(1,131)	(176,726)	(250,529)
Previous losses recognized	(13,752)	-	-	(13,752)
Net investment at December 31, 2018	$ -	$ -	$ 131,243	$ 131,243

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, 2018	Salary or fees	Share-based payments	Total
Chief Executive Officer	$ 120,000	$ 68,363	$ 188,363
VP Corporate Development	48,000	68,363	116,363
VP Exploration	185,313	142,194	327,507
	$ 353,313	$ 278,920	$ 632,233

The above payments for management compensation 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	December 31, 2018	December 31, 2017
Amounts due to:			
CEO	Expenses	$ 80,000	$ 593
VP Exploration	Fees and expenses	93,683	11,759
VP Corporate Development	Fees and expenses	33,600	2,499

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at December 31, 2018	FVTPL	FVTOCI	Amortized Cost	Total
Cash and cash equivalents	$ -	$ -	$ 780,247	$780,247
Restricted cash equivalents	-	-	57,500	57,500
Receivables	-	-	16,623	16,623
Long-term investments	114,648	-	-	114,648
Accounts payable and accrued liabilities	-	-	(322,766)	(322,766)
	$ 114,648	$ -	$ 531,604	$646,252

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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CHANGE OF ACCOUNTING POLICY

On January 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, therefore the Company's accounting policy with respect to financial liabilities is unchanged.

The main area of change is the accounting for equity securities previously classified as available for sale. The Company elected to classify its equity investments as fair value through other comprehensive income ("FVTOCI") as they are held for trading.

The Company completed an assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	Original Classification – IAS 39	New Classification – IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Restricted cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Long-term investments - equities	Available for sale	FVTOCI
Long-term investments - options	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The adoption of IFRS 9 did not result in any changes to the Company's financial statements.

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 can earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, Brazil and Peru and is therefore 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 and the Peruvian sol 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 $65,000 to the net loss or income 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 FVTPL investments which have market risk and have generally declined in value since acquisition because of the weak equity markets for exploration companies. 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 or GIC's and accordingly, credit risk is minimized. The Company generally does not accrue receivables for scheduled option payments, only recording them when they have been received. That procedure significantly reduces the risk of recording uncollectible receivables. To date Lara has always paid amounts owing when due.

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. 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 mineral property and carry on exploration activities, that the Company will be able to negotiate a satisfactory agreement with any such existing land owners or communities for this access. Therefore, the Company or one of its joint venture partners may be unable to carry out exploration activities on a property. In those circumstances where access has been denied by a local community or land owner, the Company may need to rely on the assistance of local officials or the courts to gain access or it may be forced to abandon the property.

Lara is currently earning an interest in certain of its properties through option agreements and the acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making cash payments to the vendor, paying annual land fees, 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 enough capital to satisfy exploration and other expenditure terms in a 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 to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties.

Financing and Share Price Fluctuation Risks

Lara has limited financial resources, has no reliable source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity issues, debt financing or liquidation of long-term investments. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Lara, have experienced wide fluctuations in share price 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 way 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. 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

During exploration, development and production on mineral properties, the Company is subject to many 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 severe 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 mineral properties, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect itself against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and cause a decline in the value of the Company's securities. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities because 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 competes with many other companies and individuals that have substantially greater financial and technical resources, for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.