MANAGEMENT'S DISCUSSION AND ANALYSIS
THE NINE MONTHS ENDED SEPTEMBER 30, 2019

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at November 20, 2019 and should be read in conjunction with the condensed consolidated interim financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the nine months ended September 30, 2019 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 Q3-19

- Subsequent to the end of the period, the Company announced that its Final Exploration Reports for the Planalto Copper Project had been approved by the Brazilian Mining Agency ("ANM") which triggered reimbursement of US$600,000 in exploration costs by Capstone and a new budget for a further 2,000m of drilling in 2019.

- Completed agreements to convert the Tocantins Gold Project and the Cumaru Manganese Project in Brazil and three gold exploration properties in the Ancash Department of Peru, into net smelter return royalty interests.

- Drilling by partner Hochschild Mining on the Company's Corina Gold Project in Peru returned multiple gold and silver intercepts in two subparallel zones of veining.

- Agreements were finalized to consolidate ownership and complete project financing for the Maravaia Copper Project (now renamed Celesta), with upgrades to the processing plant, infrastructure works and mine stripping now underway.

- The Company's ongoing prospecting effort in Peru have outlined a new target on the Buenos Aires Zinc Project, with an anomaly extending for several kilometres along the Cerro Shacsha.

EXPLORATION REVIEW

Lara currently holds or participates in exploration projects targeting copper, gold, nickel, iron, phosphate, vanadium, titanium and zinc, with exploration mostly funded through joint venture partnerships and strategic alliances. There are currently eight active projects and three royalty interests in Brazil, six of which are fully funded by partnerships. The Peru portfolio now comprises six active exploration projects, one of which is partner funded, and three royalty interests. The Company also has an indirect interest in a phosphate project Chile that is funded through alliance agreements with Kiwanda that are in a listing process on the ASX under the name Bifox Ltd.

OUTLOOK

During the period partner Hochschild started drill-testing the Company's Corina Gold Project in Peru, with first results reported in October that included a number of strongly mineralized gold and silver intercepts. Post the end of the period the Company reported that the Brazilian National Mining Agency ("ANM") had approved its exploration reports for the Planalto Copper Project, where drilling has now resumed, funded by partner Capstone to follow up on the extensions of mineralization to the West, East and Southeast. The ANM approval triggered a reimbursement to Lara of US$600,000 of exploration costs, which along with the penalty payments being received from Celesta mean that the company is now comfortably funded for 2020.

BRAZIL EXPLORATION

Planalto Copper Project

The Planalto Project comprises three exploration licenses, 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 in 2017-18 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, 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). During the second half of 2018, the Company ran a process to find a suitable joint venture partner and concluded a definitive option agreement with Capstone Mining Corp., in early 2019 (see Company news release of February 4, 2019, for details).

In the first half of 2019, a further 2,998.86 metres of diamond drilling was completed, 2,569.02 metres of which comprised infill and step-out drilling on the Homestead target (see Company news release of July 23, 2019, for details). The copper-gold mineralization at Homestead is now recognised to underlie an area with dimensions of more than 350m north-south and 350m east-west and is open down dip to the west of the drill grid.

The Company filed Final Exploration Reports ("RFP") with the ANM at the end of May, which were approved on October 31. The Company's partner, Capstone has since approved a budget to complete geophysical surveys and additional drilling in 2019, focused primarily on extensions of the Homestead Target.

Celesta (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.

During the period, the Company entered into an Amended Joint Venture Agreement ("the JV Agreement") with Tessarema Resources Inc. ("Tessarema"), and a new local partner North Extração de Minério Ltda. ("North"), to consolidate ownership of the Maravaia processing plant and surface rights access agreements (held by North), the Curionópolis mineral rights (originally held by Lara) and all other rights to the Maravaia Copper Project held by Tessarema, into a new venture denominated Celesta Mineração S.A. ("Celesta") and move the project into production as soon as possible. As part of a previously agreed life-of-mine concentrates Offtake Agreement, Ocean Partners UK Ltd. ("Ocean Partners"), has agreed to lend Celesta US$2.6m to fund upgrades to the plant, pre-stripping, mine infrastructure and working capital.

Tessarema is in default under the terms of its original option agreement with Lara because it failed to achieve commercial production at the end of 2018 and recognised that it owed Lara a US$1 million late penalty fee. As part of the JV Agreement it has been agreed that Celesta will assume and pay the penalty fee to Lara in ten monthly payments of US$100,000 the first of which was paid on November 28. Lara will also own 5% of the shares of Celesta without the obligation to contribute to the start-up costs and continues to hold a 2% Net Smelter Returns Royalty on any production, with a new more detailed royalty agreement completed as a schedule of the JV Agreement.

Itaituba Vanadium Project

This project covers gabbroic intrusives with massive 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 ground magnetic survey 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 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). During the period, the Company cut and sampled the remainder of the drill core for geochem analyses and Davis Tube concentrate analyses and is planning further work once the license is renewed.

Tocantins Gold Royalty

In November, the Company signed a Definitive Agreement transferring all its rights and obligations for the Tocantins Gold Project to local mining company Mineração Aldeia de Vale Eireli, in exchange for a 2% Net Smelter Return Royalty on production.

The Tocantins Gold Project, which is located near the town of Conceição de Tocantins in Central Brazil, comprises two exploration licenses totalling 14,329 hectares, covering Lower Proterozoic age greenstone lithologies that have been mined for gold sporadically since colonial times. Vale S.A. ("Vale") carried out the first systematic exploration of the area in the 1990s, 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 by a junior explorer, included twelve diamond drill holes (totalling 1,731 metres), targeting higher grade plunging zones in fold noses. The best results from this program were intercepts of 2 metres at an average grade of 18.97 grams per tonne gold ("g/tAu") from drill hole TO-08, and 17 metres at 3.93 g/tAu, including 4 metres at 9.01 g/tAu and 2 metres at 11.05 g/tAu from drill hole TO-09 (see Company news release of February 1, 2016 for details).

Cumaru Manganese Royalty

During the period the Company signed a Definitive Agreement transferring all its rights and obligations for the Cumaru Manganese Project in northern Brazil, to local mining company Seven Mineração Limitada, in exchange for BRL 250,000 in cash (equivalent to approximately US$60,975) and a royalty of US$2/ton of ore taken from the property.

The Cumaru Manganese Project comprises two exploration licenses totalling 8,915 hectares in area, located near the town of Cumaru do Norte in Pará State, northern Brazil, registered as part of Lara's on-going generative program for gold and copper around the Carajás Mineral Province. Exploration work did not encounter significant gold or copper values but did identify lateritic manganese mineralization. Seven Mineração has made agreements with the local landowners and is currently undertaking additional exploration and permitting work, to start pilot mining in the near term.

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 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. During the period, Hochschild secured permits to drill and is undertaking a first-pass drill program on the project. At the end of the period, the Company reported results from the first batch of holes from this program, with multiple gold and silver intercepts summarized in the following table:

Drillhole	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
COR19001	201.55	204.75	3.20	1.13	24.00
including	203.40	204.75	1.35	1.80	31.00
COR19001	218.80	228.20	9.40	0.43	7.11
COR19002	253.15	254.45	1.30	0.43	4.40
COR19002	330.20	348.50	18.30	0.26	1.35
COR19003	142.85	146.85	4.00	0.28	1.57
	219.80	221.00	1.20	0.46	67.40
COR19004	152.00	156.85	4.85	0.07	0.78
	265.00	266.35	1.35	0.61	9.00
COR19005	91.10	94.60	3.50	8.97	32.00
including	92.10	93.65	1.55	15.90	47.00
COR19005	117.90	122.90	5.00	0.60	4.99
COR19005	160.80	162.80	2.00	1.18	2.90
COR19006	209.60	211.10	1.50	1.71	7.65
including	210.70	211.10	0.40	2.89	7.90
COR19006	284.85	287.10	2.25	0.27	0.87
COR19007	126.40	142.10	15.70	4.56	53.69
including	132.30	135.00	2.70	15.94	207.20
and	132.30	133.70	1.40	19.55	290.00
COR19007	184.60	189.20	4.60	1.10	27.64
COR19007	200.75	201.75	1.00	1.32	14.50
COR19008	209.40	211.00	1.60	0.52	2.05
COR19008	220.80	223.00	2.20	3.20	25.66
including	220.80	221.80	1.00	5.73	51.00
COR19009	144.80	149.00	4.20	0.82	6.71
COR19009	152.50	157.60	5.10	1.05	14.19
including	156.50	157.00	0.50	2.63	53.70
COR19009	160.40	165.40	5.00	1.08	6.98
including	164.50	165.40	0.90	1.86	2.40
COR19010	186.60	202.60	16.00	6.00	28.68
including	195.10	198.10	3.00	16.08	82.60

COR19010	206.90	210.60	3.70	7.66	51.56
including	207.90	208.90	1.00	17.35	126.00
COR19010	212.40	215.80	3.40	2.52	25.00
COR19010	222.65	230.30	7.65	4.08	37.93
including	222.65	228.40	5.75	4.95	45.85
including	224.45	224.95	0.50	8.14	77.60

The reported intercepts do not necessarily represent true widths. The current program is expected to run until mid-October with a further four drill holes either planned or in progress (program total 14).

The main targets of the Corina Gold Project lie within the Calcauso community, Antabamba region, Apurimac Department in Southern Peru. The geological setting is a belt of Tertiary-age volcanic rocks that also host Ares's Pallancata and Immaculada mining operations and past producer Selene, with Lara's project located approximately 15km north (approximately 25km by road) of the mill at Selene, which currently processes ore from the Pallancata mine.

At Corina, the host rocks are mostly felsic tuffs, cut by an E-W fault, with brecciation and veining that has been mapped at surface over several kilometres. Mineralization is typically hosted by zones of brecciation with silicification, stockworks and quartz veining, within two sub-parallel structures denominated Corina and Micky. The Corina structure is mineralized but has so far returned lower grades and carries grey-white quartz and pyrite. The Micky structure has returned better grades, associated with chalcedonic quartz and coliform textures typical of low sulphidation epithermal alteration systems. The current working hypothesis is that the better intercepts on the Micky structure represent shoots that plunge shallowly to the east (comparable to the comportment of the Pablo-Yurika silver vein at Pallancata and the Angela gold vein at Immaculada).

Ares has the option to purchase the Corina Project from Lara by making staged cash payments totalling US$4,150,000 of which US$300,000 has been paid to date, with the next installment of US$350,000 due by July 2020. Ares must also carry out US$2,000,000 in exploration expenditures, which will most likely be fulfilled by the current program and pay a 2% net smelter return royalty on any future production (see Company news release of June 23, 2014, for details).

Puituco Zinc 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 the potential for the presence of additional mantos deeper in the sedimentary sequence and for a larger porphyry intrusive at depth driving the system.

Buenos Aires Zinc Project

During the period the Company reported results of its mapping and surface sampling program on the Cerro Shacsha Target, located approximately 25km northeast of the Company's Puituco Zinc Project. Rock chip and channel samples have returned values up to 44% zinc, with twelve samples of the 151 collected returning values over 3% zinc.

The Company has a historical dataset with 20 rock samples and 1,629 soil samples within the Buenos Aires property. The two follow-up programs have been conducted to date, with 64 rock samples collected in 2018 and a further 87 rock samples and 37 soil samples in the recently completed program in 2019. The historical soil samples were collected at 10m intervals on 19 lines, spaced between 200m and 400m apart, with the anomaly extending continuously for approximately 4.7km north-south and 1km wide, with zinc values ranging from 1,015ppm to 24,500ppm. The limited check soil samples collected this year returned values ranging from 98ppm to >10,000ppm (over limit results pending), confirming the historical anomaly.

The anomalous zinc values are related to altered limestones of the Jumasha formation along a 15-30m wide high-angle fault zone. The structure is subparallel to the bedding of the limestones and is folded both laterally and vertically. Alteration comprises dolomitization, clay alteration, and decalcification of the limestones, with accompanying mineralization comprising sphalerite and zinc silicates. Higher grade samples relate to narrow feeder zones, with brecciation, iron oxides, and silicification that are interpreted as representing the distal reflection of a carbonate replacement system. The presence of dykes and anomalous copper and molybdenum values also indicate the possible presence of an intrusive body within the sequence.

To date, the structure and related alteration have been mapped and sampled for approximately 4km along strike, but historical sampling indicates the anomaly remains open and appears to extend for a further 3-4km within Lara's licenses. The Company is undertaking additional work both laterally and along strike in the coming weeks to better assess the extent and nature of the mineralization.

The Buenos Aires Zinc Project comprises two exploration licenses totalling 1,600 hectares in area, located within the Huasicancha and Chuya communities, in the Huancavelica Region at an elevation of between 4,400m and 4,650m.

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., which has now changed its name to Global Battery Metals, 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 the potential for a substantial mineralized porphyry copper body. With the rising copper price environment, the Company has received several expressions of interest and continues to seek a new investor for the project actively.

Ancash Gold Royalties

During the period the Company signed a Definitive Agreement transferring all its rights and obligations to the Pampas 1, Pampas 2 and Tayacoto gold exploration licenses, located in the Ancash Department of northern Peru, to Estrella Gold S.A.C. ("Estrella") in exchange for 5% of the shares of Estrella and a 1% NSR royalty on future production. The three properties, totalling 2,200 hectares in area, are early-stage prospects claimed as part of Lara's generative program for gold in Peru. Estrella is a Peruvian exploration company focused on epithermal gold exploration in the Ancash Department. Estrella Gold currently holds 10,300 hectares of licenses and license applications (including 2,200 hectares from Lara) and is finalizing acquisition and joint venture agreements for two assets. Estrella plans to list in Canada and has signed a Letter of Intent with Daura Capital Corp. (listed in TSXV with symbol DUR.P) by which Daura will acquire Estrella Gold.

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

<u>Three Months Ended September 30, 2019</u>

For the three months ended September 30, 2019, the Company had a net loss of $741,575 or $0.02 per share compared to a net loss of $606,793 or $0.02 per share in 2018. The loss was higher in 2019 due to higher exploration expenses which were substantially offset by a gain of $31,000 on the value of FVTPL investments compared to a loss of $185,000 in 2018. Exploration expenditures were higher in 2019 due to increased activity on the Planalto project compared to 2018. The Company has been holding shares in Valor Resources; in 2018, these shares declined significantly in value while in 2019 they increased in value over the prior quarter.

<u>Nine Months Ended September 30, 2019</u>

For the nine months ended September 30, 2019, the Company had a net loss of $1,354,008 or $0.04 per share compared to a loss of $2,482,856 or $0.07 per share for 2018. The lower loss was due to lower net exploration expenses, lower share-based payments and an unrealized gain on FVTPL investments compared to a significant unrealized loss on those investments in 2018. Exploration expenses were lower in 2019 due to the reduction of accruals on the Damolandia property which related to 2018 activity. In 2019 Lara recorded $34,000 of share-based payments compared to $251,000 in 2018. The expense was higher in 2018 due to a grant of 350,000 options which were fully vested on the grant date, whereas there was no comparable grant in 2019. In 2019 the Company had an unrealized gain of $100,000 on its Valor shares compared to an unrealized loss of $624,000 in 2018. The gain or loss in any period is determined by the change in the market value of the Valor shares.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $1,174,503 at September 30, 2019, compared to $531,847 at December 31, 2018. Working capital increased by $642,656 in 2019 due to a private placement in March 2019 which raised gross proceeds of $2,000,000 and an option payment received from Capstone in June 2019. These funds were partially offset by cash used in operating and investing activities. The Company received US$600,000 from Capstone in November 2019, as a reimbursement of Planalto exploration costs. Lara also received the first of ten instalments of US$100,000 from Celesta against the US$1,000,000 penalty it owes on the Maravaia project and is expecting to start to receive royalty payments from Celesta within the next six months. However, the Company may have to raise additional working capital to sustain operations for the next twelve months depending on its level of exploration activity and whether anticipated cash receipts are received as expected.

SUMMARY OF QUARTERLY RESULTS

	2019	2019	2019	2018
Quarter Ended	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**
Exploration expenditures (net)	$ 567,884	$ (14,297)	$ 227,500	$ 110,295
Share-based payments	7,562	7,397	19,397	27,781
Net loss for the period	(741,575)	(92,231)	(520,203)	(596,340)
Net loss per share (basic and diluted)	(0.02)	(0.00)	(0.01)	(0.02)

	2018	2018	2018	2017
Quarter Ended	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**
Exploration expenditures (net)	$ 204,132	$ 373,409	$ 356,341	$ 226,134
Share-based payments	17,507	22,438	211,194	705,500
Net income (loss) for the period	(606,793)	(866,678)	(1,009,385)	(1,304,207)
Net loss per share (basic and diluted)	(0.02)	(0.03)	(0.03)	(0.04)

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 September 30, 2019, the net loss of $741,575 which was higher than the prior quarter mainly due to higher net exploration expenditures.

For the quarter ended June 30, 2019, Lara had a net loss of $92,231 compared to a net loss of $520,203 for the prior quarter. The lower net loss was mainly due to lower net exploration costs as the result of receiving an option payment and from the reversal of previously accrued expenditures.

For the quarter ended March 31, 2019, Lara had a net loss of $520,203 compared to a net loss of $596,340 for the quarter ended December 31, 2018. The lower loss in 2019 was due to a reduced equity loss on associated companies and a lower loss on the change in fair value of FVTPL investments partially offset by higher exploration costs.

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.

OUTSTANDING SHARE DATA

There are 38,634,274 common shares issued and outstanding. In addition, there are 3,055,000 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.02 per option with terms expiring between July 24, 2020, 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 $131,243 at December 31, 2018. During the nine months ended September 30, 2019 the Company made an additional investment of $1,278 and the Company's share of the net income for the period was $3,547 which increased its net investment in Andean Coal to $136,068.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). At December 31, 2018, the Company's net investment in Kiwanda was $Nil and there were accumulated unrecognized losses of $494,404. During the nine months ended September 30, 2019, the Company made an additional investment of $1,172 and the Company's share of the net loss for the period was $23,151. Lara recognized a loss of $1,172, resulting in an accumulated unrecognized loss of $516,383 and a net investment in Kiwanda of $Nil at September 30, 2019.

Minas Dixon S.A.

The Company owns a 45% interest in Minas Dixon S.A. ("Minas"). At December 31, 2018, Lara had an accumulated unrecognized loss of $37,578 in Minas with a net investment of $Nil. During the nine months ended September 30, 2019, the Company made an additional investment of $59,111. The Company's share of the net loss for nine months ended September 30, 2019, was $24,228 and it recognized $34,883 of previously unrecognized losses. At September 30, 2019, the Company's net investment in Minas was $Nil and there were $2,695 of unrecognized losses.

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

	Minas	Kiwanda	Andean Coal	Total
Investment in associated company				
Net investment at December 31, 2018	$ -	$ -	$ 131,243	$ 131,243
Additional investment (recovery) for the six months ended June 30, 2019	59,111	1,172	1,278	61,561
Share of net income (loss)	(24,228)	(1,172)	3,547	(21,853)
Previous losses recognized	(34,883)	-	-	(34,883)
Net investment at September 30, 2019	$ -	$ -	$ 136,068	$ 136,068

RELATED PARTY TRANSACTIONS

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

For the nine months ended September 30, 2019	Salary or fees	Share-based payments	Total
Chief Executive Officer	$ 90,000	$ 6,871	$ 96,871
VP Corporate Development	36,000	6,871	42,871
VP Exploration	134,603	20,614	155,216
	$ 260,603	$ 34,355	$ 294,958

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	September 30, 2019	December 31, 2018
Amounts due to:			
CEO	Fees and Expenses	$ 60,000	$ 80,000
VP Exploration	Fees and expenses	86,498	93,683
VP Corporate Development	Fees and expenses	23,622	33,600

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at September 30, 2019	FVTPL	Amortized Cost	Total
Cash and cash equivalents	$ -	$ 1,318,508	$1,318,508
Restricted cash equivalents	-	57,500	57,500
Receivables	-	59,969	59,969
Long-term investments	215,603	-	215,603
Accounts payable and accrued liabilities	-	(231,967)	(231,967)
	$ 215,603	$ 1,204,010	$1,419,613

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, 2019, the Company adopted all the requirements of IFRS 16 – Leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of IFRS 16 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 $85,000 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 participate in its various exploration projects. 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.