



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the three months ended March 31, 2023 and 2022 have been prepared by management and approved by the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

LARA EXPLORATION LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian Dollars)

	March 31	December 31
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,307,831	\$ 3,275,810
Restricted cash equivalents (Note 3)	1,500,000	1,500,000
Receivables	78,783	56,816
Prepaid expenses and deposits	38,225	49,069
Total current assets	3,924,839	4,881,695
Non-current assets		
Restricted cash equivalents (Note 3)	57,500	97,391
Equipment	14,050	20,395
Exploration and evaluation assets (Note 4)	76,118	76,118
Investments in associated companies (Note 6)	83,679	87,767
Long-term investments (Note 7)	3,335,591	3,394,189
Total non-current assets	3,566,938	3,675,860
TOTAL ASSETS	\$ 7,491,777	\$ 8,557,555
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 123,466	\$ 175,352
Advances from joint venture partner	-	418,950
TOTAL LIABILITIES	123,466	594,302
EQUITY		
Share capital (Note 8)	30,776,763	30,776,763
Reserve	9,811,222	9,811,222
Deficit	(33,219,674)	(32,624,732)
TOTAL EQUITY	7,368,311	7,963,253
TOTAL LIABILITIES AND EQUITY	\$ 7,491,777	\$ 8,557,555

Nature and continuance of operations (Note 1)

Event after reporting date (Note 14)

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 17, 2023.

Approved by the Board of Directors“Miles Thompson” Director“Christopher Jones” Director

The accompanying notes are an integral part of these condensed interim financial statements.

LARA EXPLORATION LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31 2023	Three months ended March 31 2022
Exploration expenditures, net (Note 5)	\$ 162,546	\$ 109,251
General and administrative expenses		
Depreciation	1,212	509
Management fees	49,188	30,592
Office, rent, and administrative services	96,568	97,093
Professional fees	33,485	32,812
Shareholder communication and investor relations	27,299	4,818
Transfer agent and regulatory fees	30,276	20,396
Travel and related	1,866	250
	239,894	186,470
Loss from operations	(402,440)	(295,721)
Change in fair value of long-term investments (Note 7)	(58,598)	56,090
Equity loss of associated companies	(4,088)	(6,307)
Loss on derecognition of a former subsidiary (Note 6)	(168,459)	-
Other income	29,926	71,102
Foreign exchange and other	8,717	66,055
LOSS AND COMPREHENSIVE LOSS	\$ (594,942)	\$ (108,781)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	45,801,014	39,627,608

The accompanying notes are an integral part of these condensed interim financial statements.

LARA EXPLORATION LTD.CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31 2023	Three months ended March 31 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (594,942)	\$ (108,781)
Items not affecting cash and cash equivalents:		
Depreciation	2,488	4,710
Change in fair value of long-term investments	58,598	(56,090)
Equity loss of associated companies	4,088	6,307
Loss on derecognition of a former subsidiary	168,459	-
Unrealized foreign exchange	(3,520)	15,803
Changes in non-cash working capital items:		
Receivables	(23,608)	68,885
Prepaid expenses and deposits	(17,704)	(11,862)
Accounts payable and accrued liabilities	515,696	60,220
Advance from joint venture partner	(620,773)	(832,191)
Net cash used in operating activities	(511,218)	(852,999)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(2,308)
Purchase of equipment	(2,226)	(7,128)
Cash held by a former subsidiary	(464,377)	-
Net cash used in investing activities	(466,603)	(9,436)
Effect of exchange rate changes	9,842	(15,803)
Change during the period	(967,979)	(878,238)
Cash and cash equivalents, beginning of period	3,275,810	1,936,185
Cash and cash equivalents, end of period	\$ 2,307,831	\$ 1,057,947

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these condensed interim financial statements.

LARA EXPLORATION LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Number of common shares		Share capital		Reserve		Deficit		Total
Balance, December 31, 2021	39,627,608	\$	26,806,296	\$	9,811,222	\$	(32,280,150)	\$	4,337,369
Loss for the period	-		-		-		(108,781)		(108,781)
Balance, March 31, 2022	39,627,608	\$	26,806,296	\$	9,811,222	\$	(32,388,931)	\$	4,228,587
Balance, December 31, 2022	45,801,014	\$	30,776,763	\$	9,811,222	\$	(32,624,732)	\$	7,963,253
Loss for the period	-		-		-		(594,942)		(594,942)
Balance, March 31, 2023	45,801,014	\$	30,776,763	\$	9,811,222	\$	(33,219,674)	\$	7,368,311

The accompanying notes are an integral part of these condensed interim financial statements.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

1. NATURE AND CONTINUANCE OF OPERATIONS

Lara Exploration Ltd. (the “Company” or “Lara”) was incorporated under the British Columbia Business Corporations Act on March 31, 2003. The Company’s principal business activities are the acquisition, exploration, and development of mineral properties in South America, currently with exploration and evaluation properties in Brazil, Peru, and Chile. These condensed consolidated interim financial statements are comprised of the Company and its subsidiaries. The Company’s common shares are listed on the TSX Venture Exchange under the symbol “LRA.”

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the required permits to mine and future profitable production or proceeds from the disposition of these assets.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these consolidated financial statements, the Company has not identified a known body of commercial-grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted, and accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

The accounting policies, estimates, and judgements applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended December 31, 2022. The Company’s interim results are not necessarily indicative of its results for a full year.

3. RESTRICTED CASH EQUIVALENTS

	March 31 2023	December 31 2022
Interest-bearing term deposit	\$ 1,500,000	\$ 1,500,000
Collateral for corporate credit cards and other	57,500	97,391
	1,557,500	1,597,391
Current portion	1,500,000	1,500,000
Non-current portion	\$ 57,500	\$ 97,391

In September 2022, the Company purchased a \$1,500,000 guaranteed investment certificate for a fixed one-year term at an interest rate of 4.8% per annum.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

4. EXPLORATION AND EVALUATION ASSETS

	December 31				March 31
	2022	Additions	Reductions		2023
Peru					
Kenita/Puituco	\$ 39,743	\$ -	\$ -	\$	39,743
Mantaro	34,068	-	-		34,068
Qumir	2,307	-	-		2,307
	\$ 76,118	\$ -	\$ -	\$	76,118

Planalto Copper Project, Brazil

In February 2013 (amended in June 2016 and June 2019), the Company entered into an option agreement to acquire a 100% interest in the Planalto Copper Project from Brazil Americas Investments & Participation Mineracao LLC (“Brazil Americas”) by paying US\$500,000 in cash (paid) and a 2% NSR royalty. The Company completed the acquisition by making payments totalling US\$250,000 (\$316,783) during the year ended December 31, 2021. Lara has the right to acquire 50% of the NSR royalty for US\$2,000,000.

In October 2018, Capstone Mining Corp. (“Capstone”) signed a letter of intent with Lara to option the Planalto Copper Project and made a payment of US\$150,000 (\$197,854) to the Company. The option payment was first applied against the capitalized value of the Planalto Copper Project.

In February 2019, the Company announced that it had signed a definitive agreement (“the Agreement”) (amended in June 2019, February 2021, and February 2023) granting Capstone an exclusive option to earn up to a 70% interest in the Company’s Planalto Copper Project. Capstone paid the Company US\$200,000 following receipt of a drill permit for the project and assumed the costs of the underlying agreement. Capstone can earn an initial 49% interest by paying the Company US\$5,000,000 by the third anniversary of the agreement and can then elect to purchase an additional 2% interest in the Planalto Copper 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 for the benefit of Lara 30% and Capstone 70%, with Lara repaying its pro-rata share of the financing out of production cash flow. Lara will hold certain buy back rights to reacquire a majority interest in the project should Capstone decide to discontinue investing.

Lara elected to accelerate the drill program at the Planalto Copper Project and, on May 28, 2019, filed a “Final Exploration Report” (“RFP”) with the National Agency of Mining (“ANM”) in Brazil. In June 2019, Lara and Capstone amended their agreement such that the initial three-year earn-in period for Capstone to acquire a 49% interest in the Planalto Copper Project started from the date of approval of the RFP and the 2019 drill program as fulfilling Capstone’s first-year work commitment. Capstone transferred US\$500,000 to Lara upon the signing of the amendment to cover the payment to Lara due upon receipt of the permit to drill, the payment due to the underlying vendor and partial reimbursement of Lara’s costs. The RFP was approved on October 31, 2019, and Capstone reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged, and exploration work resumed in November 2019.

In October 2022, Capstone gave notice that it had completed the first phase of the option agreement for the Planalto Copper Project in Brazil by investing more than US\$5 million in exploration expenditures to earn a 49% interest. Capstone can raise its interest to 51% to become the project operator by paying Lara US\$400,000 (paid) and agreeing to fund the phase 2 expenditures. Capstone can then earn a further 10% interest (to 61%) in the project by delivering a feasibility study.

In February 2023, Capstone elected to raise its interest to 51% and become the operator (Note 6). In addition, the agreement was amended extending the timeframe to start the feasibility study, where Capstone will deliver a Preliminary Economic Assessment and pay US\$750,000 cash on or before March 31, 2024. Capstone has agreed to completing a total of 32,000 metres of exploration and infill drilling on the project by December 31, 2024, with a minimum of 10,000 metres to complete by December 31, 2023. Capstone will make a final cash payment of US\$1,000,000 by June 30, 2025 and deliver a Feasibility Study by December 31, 2026.

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4. EXPLORATION AND EVALUATION ASSETS

In August 2020, Lara entered into an option agreement to acquire mining rights adjacent to the original Planalto Project from Mineracao Zaspir Ltda. ("Zaspir"). Lara agreed to acquire a 100% interest in these mining rights for payments totalling US\$250,000. The first US\$25,000 was paid upon signing the option agreement, and the Company will pay a further US\$25,000 upon filing the license transfer to Lara. Lara must pay an additional US\$100,000 on the first anniversary of the application to transfer the mining rights. A second US\$100,000 payment must be made on the second anniversary of the application to transfer the mining rights. In addition to the cash purchase price, the Company will grant Zaspir a 2% NSR royalty on any production, which can be repurchased for US\$250,000 within 2 years of granting the exploration license. After two years, one-half of the royalty (1%) can be purchased for the same price. On February 8, 2022, Lara and Zaspir amended their agreement to bring forward the payments, with US\$50,000 paid on signing and US\$75,000 paid upon publication of the transfer, completed on February 24, 2022. The remaining amount of US\$100,000 is payable by January 1, 2023 (paid).

In December 2020, the Company signed an option agreement with Mineração Tariana Ltda. ("Tariana"), a subsidiary of Anglo American do Brasil Ltda., to acquire an exploration license adjacent to the Company's Planalto Copper Project ("the Project") in the Carajás Mineral Province of northern Brazil. Under the terms of the agreement, the Company will make a payment of US\$50,000 upon the date of publication of the transfer of title by the Brazilian Mining Agency ("the ANM") and payments of US\$50,000 on the first and second anniversaries of that date. The Company has committed to complete a minimum of 2,000 metres of diamond drilling together with resource and reserve studies by May 2022. On July 26, 2021, Lara and Tariana agreed to an amendment to the agreement, moving the deadline to complete the drilling and studies to May 16, 2023. The Company then has until the date of filing the Final Exploration Report with the ANM to notify Tariana of its intention to exercise the option and put the Project into production. The Company will pay a 1.25% NSR royalty to Tariana on production. If the project is not operating from July 31, 2026, at such date, the Company will make advanced royalty payments of US\$50,000 per year for five years or until the start of production, if that is sooner, which amounts are recoverable from 50% of the royalties payable to Tariana thereafter. The transfer of the license to Lara's subsidiary Planalto Mineracao was published on March 9, 2022, and the initial US\$50,000 payment has been made. The Tariana license and the Zaspir license form part of the Company's staged earn-in agreement with Capstone Mining Corp.

Cumaru Manganese Royalty, Brazil

In May 2019, 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 per ton of ore taken from the property. The Company has received the first BRL\$125,000 payment. The second payment was due on July 19, 2020, but is still outstanding, and accordingly, no amount receivable has been recorded.

Liberdade Copper Project, Brazil

In May 2022, Lara was advised by partner Codelco do Brasil Mineração Ltda. ("Codelco"), that the court has given a positive ruling in the lawsuit defending the validity of its Liberdade exploration license with the ANM. The Company considers the ruling favourable but understands that it is being appealed by the ANM.

Kenita (Puituco) Property, Peru

During the year ended December 31, 2021, the Company signed a mining rights transfer agreement with BHP World Exploration Inc. Sucursal del Peru to acquire the Kenita property in exchange for a commitment to pay a 1% net smelter returns royalty on any future production. The Kenita property consists of five exploration licenses which are adjacent to and surround the Puituco licenses.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

4. EXPLORATION AND EVALUATION ASSETS**Lara Copper Project, Peru**

In July 2020, the Company, with its partner, Global Battery Metals Ltd. ("GBM"), signed an option and royalty agreement for the sale of the Lara Copper Project for US\$5,759,000 and a 1.5% NSR royalty to Minsur S.A. ("Minsur"). The Lara Copper Project is owned 45% by Lara and 55% by GBM. Minsur retains the right to purchase a 0.25% NSR royalty for US\$2,500,000 from each of Lara and GBM at any time before the commencement of commercial production. Under the terms of the agreement, Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the Lara Copper Project by making staged cash payments based on permitting milestones, as summarized in the table below:

Milestones and/or dates		Option payments in USD
Upon registration of the agreement before a public notary	<i>Received</i>	\$ 59,000
One-year anniversary of registration	<i>Received</i>	200,000
Approval of environment study and start of work ("DIA-IA")		200,000
One-year anniversary of approval of DIA-IA		300,000
Approval of semi-detailed environmental study ("EIA-SD")		500,000
One-year anniversary of approval of EIA-SD		1,500,000
Upon transfer of title		3,000,000
		\$ 5,759,000

Corina Gold Project, Peru

In July 2022, Hochschild relinquished its option to purchase the Corina gold-silver discovery. Lara and Hochschild completed the handover during the year ended December 31, 2022, with Hochschild remaining responsible for the environmental restitution from its 2020-21 drilling program.

Mantaro Project, Peru

In March 2022, the Company entered into an agreement with other existing owners to increase its interest from 33% to 70% by funding US\$500,000 of exploration expenditures by December 31, 2025.

Exploration in Chile

In September 2022, the Company advanced \$11,517 in connection to staking activities in Chile, which is expected to be finalized during 2023.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

5. EXPLORATION EXPENDITURES

For the three months ended March 31, 2023	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
Administrative	\$ 16,245	\$ 37,450	\$ 37,787	\$ -	\$ 91,482
Assays	6,143	-	268	-	6,411
Drilling	556,307	-	-	-	556,307
Field costs	21,368	7,252	6,081	-	34,701
Property maintenance	510	15,115	117	-	15,742
Salaries and consultants	18,834	17,727	25,503	-	62,064
Travel and related costs	866	14,005	1,241	-	16,112
Total	620,273	91,549	70,997	-	782,819
Recoveries	(620,273)	-	-	-	(620,273)
Net expenditures	\$ -	\$ 91,549	\$ 70,997	\$ -	\$ 162,546

For the three months ended March 31, 2022	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
Administrative	\$ 24,153	\$ 36,862	\$ 10,253	\$ -	\$ 71,268
Assays	51,455	6,859	-	2,147	60,461
Drilling	363,206	-	-	-	363,206
Field costs	50,484	2,503	3,375	-	56,362
Property maintenance	16,760	1,652	(3,491)	-	14,921
Salaries and consultants	44,956	20,764	14,676	3,054	83,450
Travel and related costs	7,179	9,498	507	592	17,776
Total	558,193	78,138	25,320	5,793	667,444
Recoveries	(558,193)	-	-	-	(558,193)
Net expenditures	\$ -	\$ 78,138	\$ 25,320	\$ 5,793	\$ 109,251

6. INVESTMENTS IN ASSOCIATED COMPANIES

	March 31 2023	December 31 2022
Opening balance	\$ 87,767	\$ 97,994
Share of Minas Dixon's income (loss)	(4,088)	(10,227)
Ending balance	\$ 83,679	\$ 87,767

As at March 31, 2023 and December 31, 2022, the Company has a 45% interest in Minas Dixon S.A. ("Minas Dixon").

In February 2023, Capstone elected to raise its interest in Copper Projects Ltd. ("Copper Projects") to 51% and become the operator of the Planalto Copper Projects (Note 6). In connection to the derecognition of its former subsidiaries, the Company has estimated the carrying amount of the investment in this associated company for Copper Projects to be \$Nil and recognized a loss of \$168,459 in its profit or loss.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

6. INVESTMENTS IN ASSOCIATED COMPANIES

For the three months ended March 31, 2023, the aggregate assets, liabilities, and income (loss) of Minas Dixon and Copper Projects are as follows:

		Minas Dixon		Copper Projects
Current assets	\$	221,043	\$	391,746
Non-current assets		309		64,305
Current liabilities		936		43,333
Income (loss) for the period		(9,084)		(367,044)
Company's ownership percentage		45%		49%
Company's share of income (loss) for the period	\$	(4,088)	\$	(179,852)

7. LONG-TERM INVESTMENTS

	December 31			Fair value	March 31	
	2022		Changes	adjustments		2023
Shares of Estrella	\$ 1,041	\$	-	\$	-	\$ 1,041
Rights to Sereno lawsuits	177,627	\$	-	-	-	177,627
Shares of Bifox	3,215,521	\$	-	(58,598)	-	3,156,923
	\$ 3,394,189	\$	-	\$ (58,598)	\$	3,357,654

The Company holds 5% of the shares of Estrella Gold SAC ("Estrella"), which is a private exploration company. The common shares of this company have been classified as FVTPL financial assets and are valued at cost, which is the best estimate of fair value as at the reporting date.

The Company purchased a right from Sereno Minerals (BVI) Ltd., a private mineral exploration company, to 5% of the proceeds of two lawsuits in Brazil. The Company paid \$177,627 (US\$140,000) for the right. The investment has been valued at cost, which is the best estimate of fair value as at the reporting date.

The Company holds 13,935,236 shares or approximately 11.9% of Bifox Limited ("Bifox"). The Company valued its investment in Bifox at \$0.25 Australian dollars per share based on recent financings by Bifox. Upon relisting the shares, Bifox will be obligated to reimburse Lara for US\$570,000 of project expenses. Bifox operates the Baha Inglesa phosphate mine and processing facilities in northern Chile. The Company also holds a 2% production royalty triggered once the production rate exceeds 20,000 tonnes per annum.

The Company holds a 5% interest in Celesta Mineracao ("Celesta") and a 2% NSR royalty. A nominal value has been attributed to the 5% interest.

8. SHARE CAPITAL**Authorized**

As at March 31, 2023 and December 31, 2022, the authorized share capital of the Company was an unlimited number of common shares without par value.

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

8. SHARE CAPITAL (continued)**Stock options**

The changes in stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2022	2,085,000	\$ 0.73
Expired/cancelled	(370,000)	0.72
Balance, March 31, 2023	1,715,000	\$ 0.73

The following table summarizes the stock options outstanding and exercisable as at March 31, 2023:

Expiry date	Exercise price	Outstanding	Exercisable
November 13, 2024	\$ 0.50	200,000	200,000
September 1, 2025	\$ 0.76	1,465,000	1,465,000
June 28, 2026	\$ 0.70	50,000	50,000
		1,715,000	1,715,000

As at March 31, 2023, the weighted average remaining life of the outstanding stock options was 2.36 (December 31, 2022 - 2.13) years.

Share purchase warrants

There were no changes in number of share purchase warrants outstanding during the three months ended March 31, 2023. The following table summarizes the share purchase warrants outstanding as at March 31, 2023:

Expiry date	Exercise price	Outstanding
July 17, 2025	\$ 1.00	3,068,703

As at March 31, 2023, the weighted average remaining life of the outstanding share purchase warrants was 2.22 (December 31, 2022 - 2.46) years.

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets. Except for exploration and evaluation assets, equipment and exploration expenditures, substantially all of the Company's assets and expenditures are located and incurred in Canada. Exploration and evaluation assets are in Brazil and Peru, equipment is located mainly in Brazil, and all the exploration expenditures are incurred in Brazil and Peru.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors and officers of the Company. The aggregate value of transactions and outstanding balances relating to key management personnel are as follows:

For the three months ended	March 31 2023	March 31 2022
Management fees - CEO	\$ 49,188	\$ 30,592
Exploration expenditures - VP Exploration	-	41,793
General and administrative expenses		
<i>Seabord Management Corp.</i>	53,400	53,400
<i>VP Corporate Development</i>	30,000	12,000
	\$ 132,588	\$ 137,785

Seabord Management Corp. ("Seabord") is related to Lara because it provides the Company key management personnel services, such as the Chief Financial Officer and Corporate Secretary, who are employees of Seabord and are not paid directly by the Company. As at March 31, 2023 and December 31, 2022, the Company has provided a \$10,000 deposit in connection with the service agreement with Seabord.

As at March 31, 2023, the Company had \$Nil (December 31, 2022 - \$21,944) due to directors and management related to remuneration and expense reimbursements, which have been included in accounts payable and accrued liabilities.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended March 31, 2023, the Company:

- received interest \$11,960 (2022 - \$35); and
- derecognized the net assets and liabilities of a former subsidiary in connection to Capstone acquiring 51% of interest in Copper Projects.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT**Financial risk management**

The Company's financial instruments are exposed to certain financial risks, which include credit risk, currency risk, market and interest rate risk, and liquidity risk.

Credit risk

The Company's cash, cash equivalents, and restricted cash equivalents are mainly held through large Canadian or South American financial institutions and, as at March 31 2023, are mainly held in interest-bearing accounts. Accordingly, the credit risk is minimized. The Company assesses the collectability of other receivables and records allowances for non-collection based on management's assessment of specific accounts.

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Brazil, and Peru. The Company funds cash calls to its subsidiary companies outside of Canada in Canadian and US dollars, and a portion of its expenditures are also incurred in the local currencies, which include the US dollar, the Brazilian real, and the Peruvian sol. The Company's exposure to foreign currency risk arises primarily from fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

LARA EXPLORATION LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**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 because of volatility 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. The Company holds FVTPL investments in exploration companies, which have significant market risk, due to the weak equity markets for exploration companies. The Company's cash, cash equivalents, and restricted cash equivalents are held mainly in interest-bearing bank accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk through the management of its capital resources as outlined below. The Company is exposed to liquidity risk.

Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties, which enables it to conserve capital and reduce risk. The Company can liquidate long-term investments in order to raise additional cash resources. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on-hand to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less. Management believes that the Company may have to raise additional capital to fund its operations for the next twelve months. The Company is not subject to any capital restrictions, and there were no changes to capital management during 2023.

13. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	March 31 2023	December 31 2022
Financial assets - FVTPL:			
Long-term investments	Level 2	\$ 3,357,654	\$ 3,394,189
Financial assets - amortized costs:			
Cash and cash equivalents		2,365,331	3,275,810
Restricted cash equivalents		1,557,500	1,597,391
Receivables		78,783	56,816
Financial liabilities - amortized costs:			
Accounts payable and accrued liabilities		123,466	175,352
Advance from joint venture partner		-	418,950

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

LARA EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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13. FINANCIAL INSTRUMENTS (continued)

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments. Cost is the best measure of fair value for the Company's long-term investments.

14. EVENT AFTER REPORTING DATE

Subsequent to March 31, 2023, the Company granted 2,420,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.79 per share with an expiry date of April 19, 2028.