LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

DeVISSER GRAY LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lara Exploration Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lara Exploration Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not achieve profitable operations and has accumulated losses since inception. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation properties.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 2 – Significant accounting judgements and estimates, note 2 – Accounting policy Exploration and evaluation assets and expenditures and Note 4 Exploration and evaluation assets	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation properties may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation properties balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.
- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation properties.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 24, 2024

LARA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		December 31 2023		December 31 2022
ASSETS				
Current assets				
Cash and cash equivalents	$	1,030,040	$	3,275,810
Restricted cash equivalents (Note 3)		1,500,000		1,500,000
Receivables		59,105		56,816
Prepaid expenses and deposits		81,552		49,069
Total current assets		2,670,697		4,881,695
Non-current assets				
Restricted cash equivalents (Note 3)		57,976		97,391
Equipment		9,011		20,395
Exploration and evaluation assets (Note 4)		76,118		76,118
Investments in associated companies (Note 6)		67,309		87,767
Long-term investments (Note 7)		3,314,444		3,394,189
Total non-current assets		3,524,858		3,675,860
TOTAL ASSETS	**$**	**6,195,555**	**$**	**8,557,555**
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	208,251	$	175,352
Advances from joint venture partner		-		418,950
TOTAL LIABILITIES		208,251		594,302
EQUITY				
Share capital (Note 8)		30,776,763		30,776,763
Reserve		10,853,332		9,811,222
Deficit		(35,642,791)		(32,624,732)
TOTAL EQUITY		5,987,304		7,963,253
TOTAL LIABILITIES AND EQUITY	**$**	**6,195,555**	**$**	**8,557,555**

Nature and continuance of operations (Note 1)
Event after reporting date (Note 15)

These consolidated financial statements were authorized for issuance by the Board of Directors on April 24, 2024.

Approved by the Board of Directors

"Miles Thompson" Director *"Christopher Jones"* Director

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

LARA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended December 31 2023		Year ended December 31 2022
Exploration expenditures, net (Note 5)	$	1,006,387	$	457,127
General and administrative expenses				
Depreciation		4,812		4,104
Management fees		202,330		140,862
Office, rent, and administrative services		401,459		367,514
Professional fees		82,487		93,576
Share-based payments (Note 8)		1,042,110		-
Shareholder communication and investor relations		114,154		115,105
Transfer agent and regulatory fees		44,034		43,199
Travel and related		2,274		1,850
		1,893,660		766,210
Loss from operations		**(2,900,047)**		**(1,223,337)**
Change in fair value of long-term investments (Note 7)		(79,745)		8,675
Equity loss of associated companies		(20,458)		(10,227)
Loss on derecognition of a former subsidiary (Note 6)		(168,459)		-
Gain on acquisition (Note 6)		42,831		-
Impairment of loan		-		(26,883)
Other income		107,233		832,391
Foreign exchange and other		586		74,799
LOSS AND COMPREHENSIVE LOSS	**$**	**(3,018,059)**	**$**	**(344,582)**
Basic and diluted loss per share	$	(0.07)	$	(0.01)
Weighted average number of shares outstanding - basic and diluted		45,801,014		42,959,556

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

LARA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31 2023	Year ended December 31 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,018,059)	$ (344,582)
Items not affecting cash and cash equivalents:		
Depreciation	5,301	16,654
Share-based payments	1,042,110	-
Change in fair value of long-term investments	79,745	(8,675)
Equity loss of associated companies	20,458	10,227
Loss on derecognition of a former subsidiary	168,459	-
Gain on acquisition	(42,831)	-
Impairment of loan	-	26,883
Unrealized foreign exchange	3,876	(87,859)
Changes in non-cash working capital items:		
Receivables	(4,406)	(2,649)
Prepaid expenses and deposits	(18,200)	110,820
Restricted cash equivalents	-	(1,539,891)
Accounts payable and accrued liabilities	120,984	(76,624)
Advance from joint venture partner	(620,273)	(804,775)
Net cash used in operating activities	**(2,262,836)**	**(2,700,471)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(2,307)
Purchase of equipment	-	(15,923)
Cash held by a former subsidiary	(464,377)	-
Cash held by acquired entity	479,497	-
Net cash provided by (used in) investing activities	**15,120**	**(18,230)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued in private placement	-	3,970,467
Net cash provided by financing activities	-	**3,970,467**
Effect of exchange rate changes	1,946	87,859
Change during the year	**(2,245,770)**	**1,339,625**
Cash and cash equivalents, beginning of year	**3,275,810**	**1,936,185**
Cash and cash equivalents, end of year	**$ 1,030,040**	**$ 3,275,810**

Supplemental disclosure with respect to cash flows (Note 11)

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

LARA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(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)	$	4,337,368
Shares issued in private placement	6,173,406		3,970,467		-		-		3,970,467
Loss for the year	-		-		-		(344,582)		(344,582)
Balance, December 31, 2022	45,801,014	$	30,776,763	$	9,811,222	$	(32,624,732)	$	7,963,253
Share-based payments	-		-		1,042,110		-		1,042,110
Loss for the year	-		-		-		(3,018,059)		(3,018,059)
Balance, December 31, 2023	**45,801,014**	**$**	**30,776,763**	**$**	**10,853,332**	**$**	**(35,642,791)**	**$**	**5,987,304**

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

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 consolidated 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 minerals on any of its properties. The Company has not achieved profitable operations and has accumulated losses since its inception. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These annual consolidated financial statements have been prepared on a historical cost basis, except for long-term investments, which are classified as fair value through profit or loss ("FVTPL"), and which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of these consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

These consolidated financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company's principal operating subsidiaries and associated companies are as follows:

Name	Principal	Place of incorporation	Ownership
Maxy Gold Corp.	Exploration company	British Columbia, Canada	100%
Maxy Gold Peru SAC	Exploration company	Peru	100%
Lara Peru SAC	Exploration company	Peru	100%
Lara do Brasil Mineracao Ltda.	Exploration company	Brazil	100%
Planalto Mineracao Ltda.	Exploration company	Brazil	100%
Minas Dixon SA	Exploration company	Peru	45%

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the period-end exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The Company has determined that the functional currency of its foreign subsidiaries is the Canadian dollar. Exchange differences arising from the translation of the net investment in its subsidiaries are recorded as a gain or loss on foreign currency translation in profit or loss.

Royalty revenue

Royalty revenue is recorded at the prescribed percentage of the value of the provisional invoice issued by the operator upon each concentrate shipment. The provisional invoices are based on 90% of the market prices for copper and gold at the time of each shipment. Subsequent pricing adjustments for second provisional and final invoices are recorded when pricing is known.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following two categories: amortized cost or FVTPL.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities recorded at amortized cost are initially recognized at fair value less directly attributable transaction costs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Impairment of financial assets

The expected credit loss model includes a three-stage assessment for calculating impairment for financial assets. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on-hand, at banks, broker balances, and short-term deposits.

Equipment

Equipment is carried at cost, less accumulated depreciation, and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write-off the cost of equipment, less their estimated residual values, using the straight-line method at the following rates: office equipment - 10 years; vehicles - 5 years; and computer equipment - 3 years. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Exploration and evaluation assets and expenditures

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are recorded in profit or loss as incurred.

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being transferred to property under development. Thereafter, all costs will be capitalized to the property.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management’s estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in joint arrangements

The Company accounts for its investment in Minas Dixon using the equity method and accounts for investments in joint operations by recognizing the Company's direct rights to assets, obligations for liabilities, revenues, and expenses. Under the equity method, the interest in the joint venture is carried on the consolidated statement of financial position at cost plus changes in the Company's share of its net assets, less distributions received and less any impairment in the value of individual investments.

Equity investment

The Company accounts for its long-term investments in affiliated companies over which it has significant influence and investments in joint ventures using the equity method of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events have an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- significant financial difficulty of the associated companies;
- becoming probable that the associated companies will enter bankruptcy or other financial reorganization; and
- national or local economic conditions that correlate with defaults of the associated companies.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, mineral properties are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Valuation of units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is the more easily measurable component and they are valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The residual balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as other reserve.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Valuation of units issued in private placements (continued)

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is the more easily measurable component and they are valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The residual balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as other reserve.

Share-based payment

The stock option plan allows Company employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

The offset to the recorded cost is to share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date, and each tranche is recognized on a straight-line basis over the period the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

The Company's bonus share plan allows it to grant bonus shares as long-term incentive compensation. Bonus shares granted entitle the holder to receive common shares of the Company at the completion date of the vesting period. Share-based payment expense is recognized over the vesting period based on the quoted market value of the common shares on the grant date.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable regarding previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation, and environmental costs arises when an environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for the restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profit or loss as extraction progresses. The Company has no material restoration, rehabilitation, and environmental costs as the disturbance to date is minimal.

Earnings (loss) per share

Basic earnings (loss) per share (“EPS”) is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders, and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Segment reporting

The Company operates in a single reportable operating segment – the acquisition and exploration of mineral properties in South America.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Share-based payments</u>

The fair value of stock options granted are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

<u>Recovery of deferred tax assets</u>

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

(Expressed in Canadian Dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the degree of dependence on the Company for financial support.

Investment in associated company

The Company has a minority position on the Board of Minas Dixon S.A. ("Minas Dixon"), where the Company has determined that it has a significant influence in its associated company. Therefore, the Company accounts for its investments in Minas Dixon using equity accounting.

Long-term investments

The Company has long-term investments in Sereno Minerals (BVI) Ltd., Estrella Gold SAC ("Estrella"), and Celesta Mineracao ("Celesta"). There is no observable market data for these investments. The Company has applied judgment to determine that cost is the best estimate of fair value. The Company holds an investment in Bifox Limited ("Bifox") that has been valued based on recent financings completed by Bifox.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

3. RESTRICTED CASH EQUIVALENTS

	December 31 2023	December 31 2022
Interest-bearing term deposit	$ 1,500,000	$ 1,500,000
Collateral for corporate credit cards and other	57,916	97,391
	$ 1,557,916	**$ 1,597,391**

In September 2022, the Company purchased a $1,500,000 guaranteed investment certificate ("GIC") for a fixed one-year term at an interest rate of 4.8% per annum, which was redeemed in full in September 2023.

In October 2023, the Company purchased a $1,500,000 GIC for a fixed one-year term at an interest rate of 5.2% per annum, which is redeemable in full in April 2024.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	December 31 2022	Additions	Reductions	December 31 2023
Peru				
Kenita/Puituco	$ 39,743	$ -	$ -	$ 39,743
Alli Allpa (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. 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 could earn an initial 49% interest by funding exploration expenses of US$5,000,000 by the third anniversary of the agreement and could 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 would 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 held certain buy back rights to reacquire a majority interest in the project should Capstone 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 signing 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 notified 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. In February 2023, Capstone elected to 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 to earn a further 10% interest (to 61%) in the project by delivering a feasibility study (Note 6). In addition, the agreement was amended and certain timeframes extended. In November 2023, Capstone terminated its earn-in option, with the project reverting to the Company (Note 6).

In August 2020, Lara entered into an option agreement (amended in February 2022) 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 staged payments totaling US$250,000 (paid) and granting Zaspir a 2% NSR royalty on any production. The Company retains the right to buyback half of the royalty (being 1%) for US$250,000.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Planalto Copper Project, Brazil (continued)

In December 2020, the Company signed an option agreement (amended in July 2021) with Mineração Tariana Ltda. ("Tariana"), a subsidiary of Anglo American do Brasil Ltda., to acquire an exploration license adjacent to the Company's Planalto Project. Under the terms of the agreement, the Company will make a payment of US$50,000 (paid) upon the date of publication of the transfer of title by the Brazilian Mining Agency ("the ANM"; completed in March 2022) and payments of US$50,000 on the first and second anniversaries of that date (paid). The Company has committed to complete a minimum of 2,000 metres of diamond drilling (completed) together with resource and reserve studies by May 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 final option payment was made subsequently in March 2024. The Tariana and Zaspir licenses formed part of the Company's now terminated 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.

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 adjacent to and surrounding Lara's Puituco licenses acquired at a government auction.

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.

Alli Allpa (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.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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	*Received*	$	59,000
One-year anniversary of registration	*Received*		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**

5. EXPLORATION EXPENDITURES

For the year ended December 31, 2023	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
Administrative	$ 16,245	$ 148,966	$ 148,485	$ -	$ 313,696
Assays	6,143	819	55,066	994	63,022
Community relations	-	-	258,053	-	258,053
Drilling	556,307	-	-	-	556,307
Field costs	21,368	23,994	39,447	-	84,809
Property maintenance	510	40,610	35,478	-	76,598
Salaries and consultants	18,834	103,361	63,854	16,407	202,456
Travel and related costs	866	38,043	28,713	4,097	71,719
Total	620,273	355,793	629,096	21,498	1,626,660
Recoveries	(620,273)	-	-	-	(620,273)
Net expenditures	$ -	355,793	629,096	21,498	$ 1,006,387

For the year ended December 31, 2022	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
Administrative	$ 197,798	$ 128,077	$ 41,697	$ 14,352	$ 381,924
Assays	140,283	9,307	6,173	2,147	157,910
Drilling	1,115,069	-	-	-	1,115,069
Field costs	295,481	7,568	12,676	-	315,725
Property maintenance	44,941	21,961	26,071	-	92,973
Salaries and consultants	348,880	23,521	115,239	11,194	498,834
Travel and related costs	50,468	14,898	20,755	1,491	87,612
Total	2,192,920	205,332	222,611	29,184	2,650,047
Recoveries	(2,192,920)	-	-	-	(2,192,920)
Net expenditures	$ -	$ 205,332	$ 222,611	$ 29,184	$ 457,127

(Expressed in Canadian Dollars)

6. INVESTMENTS IN ASSOCIATED COMPANIES

		December 31 2023		December 31 2022
Opening balance	$	87,767	$	97,994
Share of Minas Dixon's income (loss)		(20,458)		(10,227)
Ending balance	**$**	**67,309**	**$**	**87,767**

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

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 4). In connection to the derecognition of its former subsidiaries, the Company 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 from the derecognition of $464,372 in cash, less net liabilities of $295,918. In November 2023, Capstone terminated its earn-in option, with its ownership of Copper Projects reverting back to the Company. In connection to the re-acquisition of the 51% interest in Copper Projects, the Company has recognized a gain of $42,831 in its profit or loss from the acquisition of $479,497 in cash less net liabilities of $436,666.

For the year ended December 31, 2023 and 2022, the aggregate assets, liabilities, and income (loss) of Minas Dixon are as follows:

		December 31 2023		December 31 2022
Current assets	$	184,758	$	230,215
Non-current assets		309		309
Current liabilities		1,030		1,024
Income (loss) for the period		(45,463)		(22,727)
Company's ownership percentage		45%		45%
Company's share of income (loss) for the period	$	(20,458)	$	(10,227)

7. LONG-TERM INVESTMENTS

		December 31 2022		Changes		Fair value adjustments		December 31 2023
Shares of Estrella	$	1,041	$	-	$	-	$	1,041
Rights to Sereno lawsuits		177,627		-		-		177,627
Shares of Bifox		3,215,521		-		(79,745)		3,135,776
	$	**3,394,189**	**$**	**-**	**$**	**(79,745)**	**$**	**3,314,444**

		December 31 2021		Changes		Fair value Adjustments		December 31 2022
Shares of Estrella	$	1,041	$	-	$	-	$	1,041
Rights to Sereno lawsuits		177,627		-		-		177,627
Shares of Bifox		3,206,846		-		8,675		3,215,521
	$	**3,385,514**	**$**	**-**	**$**	**8,675**	**$**	**3,394,189**

The Company holds 5% of the shares of Estrella Gold SAC, 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, for 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.

(Expressed in Canadian Dollars)

7. LONG-TERM INVESTMENTS (continued)

The Company holds 13,935,236 shares or approximately 11.9% of Bifox Limited. 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% preferred interest in Celesta Mineracao and a 2% NSR royalty. A nominal value has been attributed to the 5% interest.

8. SHARE CAPITAL

Authorized

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

In June 2022, the Company completed a non-brokered private placement financing raising $3,970,467 net of share issue costs by issuing 6,153,886 units at $0.65 per unit. Each unit consisted of one common share and one-half of a non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at $1.00 until June 17, 2025. If, after October 17, 2022, the closing price of the 'Company's shares on the TSX Venture Exchange is $1.20 or higher for any period of 10 consecutive trading days, the Company may, by a news release issued within five trading days thereof, accelerate the expiry of the warrants to the 21st trading day after such news release. The Company paid finders' fees of 4% in units to two brokerage firms (1,520 units and 18,000 units) in respect of subscriptions from investors introduced by them as finders.

Stock options

The changes in stock options outstanding are as follows:

	Number		Weighted average exercise price
Balance, December 31, 2021	**3,650,000**	**$**	**0.74**
Expired/cancelled	(1,565,000)		0.76
Balance, December 31, 2022	**2,085,000**	**$**	**0.73**
Granted	2,420,000		0.79
Expired/cancelled	(450,000)		0.73
Balance, December 31, 2023	**4,055,000**	**$**	**0.76**

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

Expiry date		Exercise price	Outstanding	Exercisable
November 13, 2024	$	0.50	200,000	200,000
September 1, 2025	$	0.76	1,435,000	1,435,000
June 28, 2026	$	0.70	50,000	50,000
April 19, 2028	$	0.79	2,370,000	2,370,000
			4,055,000	**4,055,000**

As at December 31, 2023, the weighted average remaining life of the outstanding stock options was 3.18 (2022 - 2.13) years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Share purchase warrants

The changes in share purchase warrants outstanding are as follows:

	Number		Weighted average exercise price
Balance, December 31, 2021	**2,000,000**	**$**	**0.70**
Issued	3,086,703		1.00
Expired/cancelled	(2,000,000)		0.70
Balance, December 31, 2022 and 2023	**3,086,703**	**$**	**1.00**

The following table summarizes the share purchase warrants outstanding as at December 31, 2023:

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

As at December 31, 2023, the weighted average remaining life of the outstanding share purchase warrants was 1.55 (2022 - 2.46) years.

Share-based payments

In April 2023, the Company granted 2,420,000 (2022 - Nil) stock options with a weighted average fair value of $0.43 (2022 - $Nil) per option. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

For the year ended	December 31 2023	December 31 2022
Risk-free interest rate	3.24%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	61%	n/a
Expected life in years	5	n/a
Forfeiture rate	0%	n/a

During the year ended December 31, 2023, the Company recorded share-based payments of $1,042,110 (2022 - $Nil), representing the fair value of options vested during the year, with the offsetting amounts credited to reserve.

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, 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.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons with the authority and responsibility for planning, directing and controlling the Company's activities, including 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 year ended		**December 31 2023**		**December 31 2022**
Management fees - CEO	$	202,330	$	140,862
Exploration expenditures - VP Exploration		56,075		175,025
General and administrative expenses				
Seabord Management Corp.		213,600		213,600
VP Corporate Development		120,000		72,000
Share-based payments		822,492		-
	$	**1,414,497**	**$**	**601,487**

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 December 31, 2023 and 2022, the Company has provided a $10,000 deposit in connection with the service agreement with Seabord.

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

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration and agreed to by the related parties.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2023, the Company:

- received interest of $107,547 (2022 - $5,550); and
- derecognized the net assets and liabilities of a former subsidiary in connection to Capstone acquiring 51% of interest in Copper Projects; and
- recognized net assets and liabilities of Copper Projects when Company reacquired 51% interest in that entity.

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 December 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.

(Expressed in Canadian Dollars)

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 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.

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 the 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 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 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 sufficient capital 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	**December 31 2023**	**December 31 2022**
Financial assets - FVTPL:			
Long-term investments	Level 2	$ 3,314,444	$ 3,394,189
Financial assets - amortized costs:			
Cash and cash equivalents		1,030,040	3,275,810
Restricted cash equivalents		1,557,976	1,597,391
Receivables		59,105	56,816
Financial liabilities - amortized costs:			
Accounts payable and accrued liabilities		208,251	175,352
Advance from joint venture partner		-	418,950

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS (continued)

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:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) 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
c) Level 3: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

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. INCOME TAXES

As at December 31, 2023, and 2022, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

		December 31 2023		December 31 2022
Mineral properties	$	5,849,479	$	3,405,458
Tax loss carry-forwards		4,782,698		4,156,163
Other		156,254		532,791
Unrecognized deferred tax assets	**$**	**10,788,431**	**$**	**8,094,412**

As at December 31, 2023, the Company has non-capital losses of approximately $14,300,000 (2022 - $14,100,000) and $1,300,000 (2022 - $900,000) to reduce future income tax in Canada and Peru, respectively. The losses in Canada expire between 2025 and 2043, and, in Peru, between 2024 and 2028.

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

		December 31 2023		December 31 2022
Pre-tax income (loss) for the year	$	(3,018,059)	$	(344,582)
Canadian federal and provincial income tax rates		27%		27%
Expected income tax expense (recovery)		(814,876)		(93,037)
Gain on acquisition		(1,808,819)		-
Non-deductible items		(70,362)		(559,094)
Deferred income tax assets not recognized		2,694,057		652,131
Unrecognized deferred tax assets	**$**	**-**	**$**	**-**

Tax attributes are subject to review, and potential adjustments, by tax authorities.

15. EVENT AFTER REPORTING DATE

Subsequent to December 31, 2023, the Company granted 500,000 stock options to an officer and a consultant of the Company.