MANAGEMENT'S DISCUSSION AND ANALYSIS
THE YEAR ENDED DECEMBER 31, 2019

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 15, 2020 and should be read in conjunction with the consolidated financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the year ended December 31, 2019 and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate," and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Lara's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties, and factors may include but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in market prices for commodities, difficulties in obtaining required approvals or permits for the development of a mineral project and other factors. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Lara's operating plan is dependent on its joint venture partners being able to make option payments and fund exploration activities on some of the properties that Lara holds. The operating plan is also dependent on being able to raise new equity funds and sell investments as required to raise enough capital to acquire and explore new properties. Other factors that affect Lara's operating plan are: commodity prices, gaining access to exploration properties by securing or renewing licenses, and concluding agreements with local communities. If any of these factors impact the Company in a negative way, such as joint venture partners being unable to raise enough capital to complete option agreements or if the Company is unable to raise enough capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Lara is a prospect generator with a strategy to seek exploration discoveries and create royalty interests in South America, aiming to fund a significant portion of its mineral exploration costs through joint ventures and partnership agreements. This approach significantly reduces the technical and financial risk for the Company, without losing exposure to the shareholder value enhancement of a major discovery. Lara's experienced management team has already made multiple discoveries and is well established in South America. Currently, the Company is focused and most active in Brazil and Peru.

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2019

- Completion of a JV with Capstone Mining Corp. ("Capstone") to advance the Company's flagship Planalto Copper discovery, with two drill programs completed during the period, leading to the completion and approval by the Brazilian Mining Agency ("ANM") of Final Exploration Reports.

- Drilling by partner Hochschild Mining PLC ("Hochschild") on the Company's Corina Gold Project in Peru returned multiple gold and silver intercepts in two subparallel zones of low sulphidation epithermal veining and brecciation.

- Agreements were finalized to consolidate ownership and complete project financing for the Maravaia Copper Project (now renamed Celesta Mineração S.A. ("Celesta")), with upgrades to the processing plant, infrastructure works, and mine stripping and targeting commercial production in 2020.

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

- The Company's ongoing prospecting effort in Peru has outlined a new target on the Buenos Aires Zinc Project, with an anomaly extending for several kilometres of the Cerro Shacsha range, in the same district as the Company's Puituco Zinc Project.

EXPLORATION REVIEW

Lara currently holds or participates in exploration and royalty projects hosting copper, gold, iron, phosphate, vanadium, and zinc mineralization, with exploration drilling mostly funded through joint venture partnerships. The Company currently holds eight active projects and three royalty interests in Brazil, six of which are fully funded by partnerships. The Peru portfolio comprises six active exploration projects, one of which is partner funded, and three royalty interests. The Company also has an equity interest in Bifox Limitd. ("Bifox", previously known as Phillips River Mining Ltd.), which has a phosphate development project in Chile.

OUTLOOK

If Lara has a core business, it is copper exploration in the Carajás Mineral Province of northern Brazil, where we have so far created and participated in three discoveries, at Liberdade, Planalto, and Curionópolis (now the Celesta Project). The Liberdade discovery remains in a legal dispute between our partner, the National Copper Corporation of Chile, or Codelco, and Brazilian miner Vale S.A. ("Vale"); where we continue to monitor progress through the Brazilian courts and trust that it will be settled due course. Planalto is being more actively developed, and we plan, with partner Capstone, to start additional geophysical surveys and further step-out drilling. Celesta is in the late stages of construction, with first mining and processing of high-grade IOCG breccias expected to begin in Q2-2020, with a gradual ramping up to commercial production in the second half of 2020.

In Peru, we made a new precious metals discovery at Corina with London-listed Peruvian miner Hochschild in 2019. The Corina project lies close to Hochschild's Pallancata mine and mill at Selene, so they are prioritising work on the project, and we expect them to embark on a more substantial drill program in H2-2020 once permits are in place. Our generative work in Peru has outlined two zinc targets on the Puituco and Buenos Aires projects that we will try to advance, and partner. We alsohave two further license blocks, Aguila Este (gold) and Huaylas (copper) that should see work this year.

In January 2020, our partner Bifox was finally able to settle the long-standing legal case with the Chilean government that it inherited when the phosphate mining licenses at Bahia Inglesa were acquired. The plan is to work towards reinstating permits and restarting mining and direct application phosphate sales.

The coronavirus COVID-19 pandemic has had various effects on the Company's activities, with Brazil, Peru, Chile, Canada, and the UK all under some form of lockdown. Our executive will be working from home until travel restrictions are lifted, which is likely to limit our ability to move projects forward and to acquire new ones. While it is not possible to predict the duration or magnitude of the outbreak and its effects on the Company's business, we will continue to work to keep our team, the people around us, and the Company in good health.

BRAZIL EXPLORATION

Planalto Copper Project

The Planalto Project comprises three exploration licenses, covering a new IOCG copper discovery, located near Vale's Sossego copper mine and Oz Minerals' Antas copper mine, in the Carajás Mineral Province of northern Brazil. Lara's exploration work in 2017-18 yielded a series of very promising drill results from the Homestead target, and in early 2019 the Company entered into a definitive option agreement with Canadian listed copper miner Capstone (see Company news release of February 4, 2019, for details).

In H1-2019, a further 2,998.86 metres of diamond drilling was completed, 2,569.02 metres of which comprised infill and step-out drilling on the Homestead target (see Company news release of July 23, 2019, for details). The copper-gold mineralization at Homestead is now recognised to underlie an area with dimensions of more than 350 metres north-south and 350 metres east-west and is open down dip to the west of the drill grid. The Company filed Final Exploration Reports ("RFP") with the ANM at the end of May, which were approved on October 31 and has since completed a further 2,591.45 metres of step-out drilling, the results of which should be released in Q2-2020.

The Company's partner, Capstone, has approved a budget to complete additional geochemical and geophysical surveys to target the extensions of the known mineralization, baseline environmental, metallurgical and engineering studies. Aside from the desktop studies, most of this work will start once the COVID-19 health risks have passed and travel restrictions are lifted.

Celesta (previously Maravaia) Copper Project

The Celesta Copper Project comprises multiple high-grade IOCG breccias being developed under an option and royalty agreement with Tessarema Resources Inc. ("Tessarema"), signed in 2013. Drilling has so far defined a resource of 2.14 million tonnes grading 4.2% copper and 0.66 parts per million ("ppm") gold on the Osmar target (Please refer to the Company's 43-101 Technical Report "Maravaia Copper-Gold Deposit, Carajás Mining District, Pará, Brazil" by João Batista G. Teixeira, dated September 28, 2016, and available on the Company's website and Sedar).

During the period, the Company entered into an Amended Joint Venture Agreement ("the JV Agreement") with Tessarema to introduce a local partner North Extração de Minério Ltda. ("North"), to consolidate ownership of the processing plant and surface rights access agreements (held by North), the mineral rights (held by Lara) and all other rights held by Tessarema, into the new venture Celesta, with the objective to move the project into production as soon as possible. As part of a previously agreed life-of-mine concentrates Offtake Agreement, Ocean Partners UK

Ltd. (“Ocean Partners”), agreed to extend its existing loan and lend Celesta another US$2.6m to fund upgrades to the plant, pre-stripping, mine infrastructure, and working capital.

Tessarema is in default under the terms of its original option agreement with Lara because it failed to achieve commercial production at the end of 2018 and recognised that it owed Lara a US$1 million late penalty fee. As part of the JV Agreement, it has been agreed that Celesta will assume and pay the penalty fee to Lara in ten monthly payments of US$100,000, the first of which was paid on November 28, 2019. Lara will also own 5% of the shares of Celesta without the obligation to contribute to the start-up costs and continues to hold a 2% Net Smelter Returns Royalty on any production, with a new more detailed royalty agreement completed as a schedule of the JV Agreement.

Brazil has defined mining as an essential service, and mining operations in the Carajás are still active for the time being, including the construction and development work at Celesta. Travel restrictions and the partial shutdown of the Brazilian government offices is causing some delays in receiving permits, equipment, and contractors, though most of the Celesta staff are now based at or near-site and construction nearing completion.

Liberdade Copper Project

The Liberdade Copper Project comprises an exploration license of 8,491 hectares, located at the western end of the Carajás Mineral Province. The project is in partnership with Codelco do Brasil Mineração Ltda., a subsidiary of Codelco, which has earned a 51% interest in the property and can earn a further 24% interest by sole-funding such additional exploration works as are necessary to define a minimum resource of at least 500,000 tonnes of copper equivalent, independently reported under National Instrument (“NI”) 43-101 guidelines.

The Liberdade exploration license was published on October 19, 2010, and valid for three years. It was transferred to Codelco on March 21, 2011, under the terms of the agreement between Lara and Codelco, with Codelco then having the right to renew the license for up to a further three years. Codelco completed several exploration and drill programs (see Company news releases of March 1, 2013, and October 7, 2013, for details) within the license period and then requested a three-year renewal on July 12, 2013. The ANM delayed analysis of the renewal, as Vale claimed to have a license dating back to 1986 for which it was still entitled to a one-year renewal. Codelco filed a lawsuit with the Federal Courts in Brasilia, against both the ANM and Vale to nullify Vale’s claims and safeguard its rights to the Liberdade exploration license. Both sides have submitted all the relevant filing, and the parties now await a ruling from the judge.

Itaituba Vanadium Project

This project covers gabbroic intrusives with massive and disseminated magnetite mineralization with significant titanium and vanadium content, located on paved roads, 55 kilometres from the Miritituba Port on the Tapajós River, from where concentrates could be barged to shipping terminals on the Amazon River.

The Company initially completed a ground magnetic survey over part of the target and collected surface grab samples with high average grades of 48% metallic iron (69% Fe_2O_3), 22% titanium dioxide (TiO_2) and 0.45% vanadium pentoxide. Then in early 2019, an initial four-hole (total of 250.65 metres) scout diamond drill program to determine the attitude and vertical depth extension of a number of the vanadium-bearing titanium-magnetite bodies. Preliminary Davis tube tests run on core samples, selected for a range of magnetic susceptibility values in the host rocks of these titanium-magnetite bodies, produced magnetic concentrate recoveries from 6.6% to 42.6%, with several of these concentrate samples showing vanadium values at 1% V_2O_5 with a maximum of 1.03% V_2O_5 (see Company news release of February 26, 2019, for details). The Company has cut and sampled the remainder of the drill core for analyses and is planning further work once the license is renewed.

Tocantins Gold Royalty

In Q2-2019, the Company signed a Definitive Agreement transferring all its rights and obligations for the Tocantins Gold Project to local mining company Mineração Aldeia de Vale Eireli, in exchange for a 2% Net Smelter Return Royalty on production.

The Tocantins Gold Project, which is located near the town of Conceição de Tocantins in Central Brazil, comprises two exploration licenses totalling 14,329 hectares, covering Lower Proterozoic age greenstone lithologies that have been mined for gold sporadically since colonial times. Vale carried out the first systematic exploration of the area in the 1990s, targeting gold associated with low-angle thrust faults and fold structures, completing 180 shallow reverse circulation drill holes (totalling 9,129 metres) outlining several near-surface gold occurrences. Further work undertaken more recently by a junior explorer, included twelve diamond drill holes (totalling 1,731 metres), targeting higher grade plunging zones in fold noses. The best results from this program were intercepts of 2 metres at an average grade of 18.97 grams per tonne gold ("g/tAu") from drill hole TO-08, and 17 metres at 3.93 g/tAu, including 4 metres at 9.01 g/tAu and 2 metres at 11.05 g/tAu from drill hole TO-09 (see Company news release of February 1, 2016, for details).

Cumaru Manganese Royalty

In Q2-2019 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 ("Seven Mineração"), in exchange for BRL 250,000 in cash (equivalent to approximately US$60,975) and a royalty of US$2/ton of ore taken from the property.

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

Vertical Iron Royalty

The Curionópolis Iron Project comprises a 1,348-hectare license area, covering banded-massive iron formations and related colluvium and lateritic material with grades reaching over 60% iron. The property has been optioned to Vertical Mineração Ltda. ("Vertical"), a special purpose company owned by a group of Brazilian pig iron producers, under an agreement whereby Vertical will make cash payments and pay royalties of US$1.50/ton on sales of granular iron ore and US$0.75/ton on sales of fine-grained iron ore produced from the project.

Vertical is in default with its obligations and payments, and the Company filed for arbitration with the FARJ (Forum Arbitral do Rio de Janeiro) in 2016, over its Mineral Rights Transfer Agreement ("the Agreement") with Vertical. Among the terms of the Agreement, signed in May 2009, whereby Lara transferred its rights to the Curionópolis Iron Project to Vertical, were obligations for Vertical to make purchase payments and pay minimum royalties to the Company. Despite several renegotiations extending payment terms and repeated notifications, Vertical has not completed these payments. Lara has requested that the Arbitrators rule on the unpaid amounts, plus interest and fines, as defined by the Agreement. Vertical has contested the qualification of the FARJ, and the process is currently stalled. The Company is seeking a new investor to step in and reactivate the project.

Damolândia Nickel Project

The Damolândia Nickel Project comprises the option to purchase an exploration licence covering a late Proterozoic-aged mafic-ultramafic complex with potential for disseminated and stringer-style sulphide nickel-copper-cobalt mineralization. Subsequent to the end of the period, the Company elected to relinquish its option.

PERU EXPLORATION

Corina Gold Project

Corina is located within a belt of Tertiary-age volcanic rocks that are host to the Pallancata and Immaculada gold and silver mining operations owned by Hochschild. During the period, Hochschild secured permits and completed a first-pass drill program on the project, which reported multiple gold and silver intercepts in low sulphidation epithermal mineralization from two subparallel veins/structures (see Company news release of October 1, 2019, for details).

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

The Corina project is located approximately 15km north (approximately 25km by road) of the mill at Selene, which currently processes ore from the Pallancata mine. [NTD: this is an awkward sentence] Given that Pallancata only has reserves for another 2-3 years, Corina is a potential new source of mineralization within trucking distance of the Selene mills makes Corina a priority target for Hochschild, which is working to approve permits for a more substantial drill program in the second half of 2020. Peru is at the time of writing under strict lockdown, with all mining operations suspended, so Hochschild's ability to secure permits and execute this drill program will depend on the lifting of these restrictions.

Puituco Zinc Project

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

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

Buenos Aires Zinc Project

The Buenos Aires Zinc Project comprises two exploration licenses totalling 1,600 hectares in area, approximately 25km northeast of the Company's Puituco Zinc Project. During the period the Company completed mapping, and surface sampling programs on the Cerro Shacsha Target, with rock chip and channel samples, have returned values up to 44% zinc, with twelve samples of the 151 collected returning values over 3% zinc (see Company news release of October 15, 2019, for details).

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

The anomalous zinc values are related to altered limestones of the Jumasha formation along a 15-30m wide high-angle fault zone. The structure is subparallel to the bedding of the limestone and is folded both laterally and vertically. Alteration comprises dolomitization, clay alteration, and decalcification of the limestones, with accompanying mineralization comprising sphalerite and zinc silicates. Higher grade samples relate to narrow feeder zones, with brecciation, iron oxides, and silicification that are interpreted as representing the distal reflection of a carbonate replacement system. The presence of dykes and anomalous copper and molybdenum values also indicate the possible presence of an intrusive body within the sequence. To date, the structure and related alteration have been mapped and sampled for approximately 4km along strike, but historical sampling indicates the anomaly remains open and appears to extend for a further 3-4km within Lara's licenses.

Lara Copper Project

The Lara Copper Project covers copper and molybdenum mineralization associated with porphyry intrusives within the prolific coastal batholith of southern Peru. In January 2010, Lara optioned the property to Global Battery Metals (previously known as Redzone Resources Ltd.), which invested US$2.5 million and issued 850,000 shares to Lara over three years, to earn a 55% controlling interest in the project. Geophysical surveys, mapping, geochemical sampling and 9,850 metres of drilling have been completed on the 1,800-hectare Lara Copper Project to outline mineralization over an area approximately 2,000 metres by 1,000 metres, indicative of the potential for a substantial mineralized porphyry copper body (see Company news releases of January 31, 2011, and February 28, 2012, for details). The Company has received several expressions of interest and continues to seek a new investor for the project.

Ancash Gold Royalties

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

Picha Copper Royalty

The project was sold to Australian-listed Valor Resources (previously known as Carajás Copper) for shares and a 1% NSR royalty (see Company news release of August 2, 2016, for details). The Picha Copper Project is located in the Moquegua Department of southern Peru, approximately 17km ENE of Compañia de Minas Buenaventura S.A.'s San Gabriel gold deposit. Lara completed geological and alteration mapping, surface sampling and ground geophysics (158-line km of magnetic and 65-line km of induced polarization surveys) on the project reporting positive copper results from sampling, along with the widespread alteration, brecciation, vein stock working and geophysical anomalies, indicative of the potential for a porphyry system at depth.

CHILE EXPLORATION

Bifox Phosphate Project

The Bifox Phosphate Project comprises a block of exploration licenses and the option to purchase mining rights in the Bahia Inglesa basin, near Copiapó in northern Chile. The project is held by Bifox,", in which Lara has a roughly 14% equity interest. Subsequent to year-end, Bifox completed agreements with the Chilean Government (through the Consejo de Defensa del Estado) to settle outstanding environmental infractions and fines incurred by the vendors and lift the embargo on mining and processing (see Company news release of February 18, 2020, for details).

Bifox has also begun the application process with the Servicio Nacional de Geología y Minería ("Sernageomin") to reinstate its operating permits and restart mining. Once the COVID-19 lockdown is lifted Bifox, plans to start processing existing stockpiles of phosphate rock and complete further plant upgrades, then once permits are in place, resume mining and production at an initial rate of 5,000 tonnes per month, ramping up over time to 20,000 tonnes per month at which point it plans to relist on the Australian stock exchange. Lara is owed an expense reimbursement of US$570,000 payable at listing and will receive a 2% royalty once production exceeds 50,000 tonnes per annum.

Qualified Person

Michael Bennell, Lara's Vice President Exploration and a Fellow of the Australasian Institute of Mining and Metallurgy, is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects,* has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

<u>Three Months Ended December 31, 2019</u>

For the three months ended December 31, 2019, the Company had a net income of $200,318 or $0.01 per share compared to a net loss of $596,340 or $0.02 per share in 2018. The net income/loss was favorable in 2019 over 2018 due to: net exploration recoveries; significantly higher other income; a lower equity loss on investment in associated company and joint venture partners; and a favorable change in fair value of FVTPL investments, partially offset by a write off of an investment in associated company.

Exploration expense recoveries totaled $762,000 in the fourth quarter compared to exploration expenses of $397,000. The net recovery of $365,000 was due to the receipt of US$1,000,000 of expense reimbursements and ongoing exploration funding from Capstone. There were no comparable expense recoveries in the prior year.

Other income was significantly higher in 2019 because the Company received a penalty payment of US$100,000 from Tessarema regarding the Celesta Copper Project and also received $43,000 for the sale of two mineral exploration licenses. There were no comparable other income transactions in 2018.

The lower equity loss on investment in associated company and joint venture partners was due to an impairment of an associate's investment in Carbhid Coal in 2018, and there was no comparable loss or write-off in 2019.

The favorable change in fair value of FVTPL investments was the result of an increase in the share price of Valor Resources Limited ("Valor") during 2019, compared to a decline in the Valor share price in 2018.

Year Ended December 31, 2019

For the year ended December 31, 2019, the Company had a net loss of $1,153,690 or $0.03 per share compared to a net loss of $3,079,196 or $0.09 per share for 2018. The lower loss was due to: lower net exploration expenses; lower share-based payments; a fair value gain on FVTPL investments compared to a significant fair value loss on investments in 2018; higher other income, and a lower equity loss in associated company and joint venture partners.

The variances for exploration expenses, the fair value gain on FVTPL investments, other income and the equity loss in associated companies occurred for the same reasons as noted above for the three months ended December 31, 2019.

Share-based payments were lower in 2019 because 200,000 options were granted at $0.50 compared to 350,000 options granted at $0.72 in 2018. The number of options granted and the exercise price are key variables in the Black-Scholes option pricing model, and both the lower exercise price and fewer number of options granted reduced the share-based compensation expense relative to 2018.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had working capital of $1,636,419 as at December 31, 2019, compared to $531,847 as at December 31, 2018. Working capital increased by $1,104,572 in 2019 due to a private placement in March 2019, which raised gross proceeds of $2,000,000 and option payments of US$1,500,000 from Capstone, which significantly reduced net exploration expenditures. These funds were marginally offset by cash used in operating and investing activities. Lara also received the first of ten instalments of US$100,000 in November 2019, from Celesta against the US$1,000,000 penalty it owes on the Celesta Copper Project and received the second instalment of US$100,000 in February 2020. The remaining eight instalments of US$100,000 each, are expected to be received in 2020. Lara is also expecting to start receiving royalty payments from Celesta in the second half of 2020. Lara believes that it will receive a US$350,000 option payment from Compañía Minera Ares S.A.C. in 2020 for the Corina Gold Project in Peru. However, the Company may have to raise additional working capital to sustain operations beyond the next twelve months, depending on its level of exploration activity and whether anticipated cash receipts are received as expected.

SUMMARY OF QUARTERLY RESULTS

	2019	2019	2019	2019
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ (364,846)	$ 567,884	$ (14,297)	$ 227,500
Share-based payments	52,123	7,562	7,397	19,397
Net income (loss) for the period	200,318	(741,575)	(92,231)	(520,202)
Net income (loss) per share (basic and diluted)	0.01	(0.02)	(0.00)	(0.01)

	2018	2018	2018	2018
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditures (net)	$ 110,295	$ 204,132	$ 373,409	$ 356,341
Share-based payments	27,781	17,507	22,438	211,194
Net loss for the period	(596,340)	(606,793)	(866,678)	(1,009,385)
Net loss per share (basic and diluted)	(0.02)	(0.02)	(0.03)	(0.03)

The net loss foreach quarter is primarily based on the amount of exploration expenditures incurred, option payments paid or received, and whether stock options were granted and vested in the quarter.

Exploration Expenditures

The Company has three main types of exploration activity: general reconnaissance, exploration of mineral properties acquired through claim staking, and exploration of mineral properties acquired through option agreements with third parties.

The amount of exploration activity in a quarter depends on whether the company is in the process of conducting general reconnaissance to acquire new relatively unexplored properties, starting to conduct exploration on recently acquired mineral properties and whether Lara is simultaneously receiving funding from a third party to conduct exploration on properties which have been optioned. For properties that have been optioned, Lara generally receives the funding, manages the exploration programs, and records the expenditures in their financial statements, net of the amounts paid by third parties.

Exploration spending is also dependent on a healthy treasury. The Company closely monitors its cash position and reduces exploration expenditures, if there is not sufficient funding to cover all administration expenses and planned exploration expenditures in a given year.

Option Payments Received from Third Parties

The Company enters into option agreements with third parties, whereby those third parties agree to acquire a majority interest in a mineral property through a combination of defined exploration expenditures and cash or share payments. Cash or share payments are first accounted for by recovering any exploration costs incurred by Lara, then any capitalized acquisition costseffect and finally, any excess payments that are received are credited to other income. Option payments can be significant during the later stages of an option agreement. If they are accounted for as exploration expense recoveries or other income, the payments will have a material effect on the Company's net income or loss for a given quarter.

Share-based Compensation

The Company periodically grants stock options to its directors, senior management, and consultants. These grants are usually fully vested on the date of the grant, which can result in a significant share-based payment expense occurring in a given quarter of any year. The last two major option grants, which included all directors, senior management, and consultants, occurred in 2015 and 2017. More recently, Lara has granted options to recognize a specific achievement by senior management, to compensate a new director, or to recognize ongoing contributions from current directors. The greater the number of options granted, and the higher the exercise price, the greater the amount of share-based payment expensethat will be recognized.

Lara also grants bonus shares to senior management approximately every two years. The shares have generally vested, one-third on the grant date, one-third after one year, and one-third after two years. Whenever a new bonus share grant takes place, there can be a significant share-based payment expense in that quarter because the first third of the bonus shares are vested immediately, and the expense is recorded at that time. The remaining bonus shares accrue evenly over the succeeding quarters and do not generally cause a significant variation in net income or loss over those quarters.

SELECTED ANNUAL INFORMATION

Years Ended	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**
Financial Results			
Exploration expenditures	$ 416,241	$ 1,044,477	$ 1,050,188
Net loss for the year	(1,153,690)	(3,079,196)	(1,177,546)
Net income (loss) per common share - basic and diluted	($0.03)	($0.09)	($0.03)
Financial Position			
Working capital	$ 1,636,419	$ 531,847	$ 2,051,695
Long-term Investments	183,595	114,648	1,681,384
Exploration and evaluation assets	93,640	194,672	185,013
Total Assets	2,708,909	1,404,888	4,442,992
Share Capital	26,433,900	24,371,350	24,283,887
Deficit	(33,571,666)	(32,555,431)	(29,689,991)

For the year ended December 31, 2019, the Company had a lower loss due to lower net exploration expenses; lower share-based payments; a fair value gain on FVTPL investments compared to a significant fair value loss in 2018; higher other income and a lower equity loss in associated companies. Please refer to the details above under Results of Operations. Working capital increased compared to 2018 due to a private placement in March of 2019, which raised gross proceeds of $2,000,000, receipt of $1,976,000 of expense reimbursements, and advances from Capstone.. The cash raised from the private placement and received from Capstone were the main reasons for the increase in total assets, year over year. Exploration and evaluation assets declined during 2019 due to the write-offs of Azul Tin, Antamaray, Damolândia, and some other minor properties.

For the year ended December 31, 2018, the Company had a higher loss compared to 2017 due to a gain on the sale of subsidiaries and a fair value gain on FVTPL investments in 2017 and a higher loss in equity investments in 2018. These unfavorable variances were partially offset by lower share-based compensation in 2018.

In 2017 there was a significant gain on the sale of subsidiaries related to the Curionopolis Copper Project, and there was no comparable gain in 2018. In 2018 the Company incurred a loss on the change in fair value of Valor common shares and options, whereas in 2017, there was a substantial gain on Valor options. The loss in equity investments was higher in 2018 due to the write-off of Andean Coal's investment in Carbhid Coal. The reason for the higher share-based compensation in 2017 was that 1,645,000 stock options were granted with a fair value of $0.43 per option compared to only 350,000 stock options being issued in 2018 with a fair value of $0.42.

Total assets and working capital declined in 2018 due mainly to cash used in operations. Investments declined significantly in 2018 due to Lara selling about $500,000 (book value) of investments for cash and due to the significant decline in the market value of Valor options and shares.

OUTSTANDING SHARE DATA

There are 38,717,608 common shares issued and outstanding. In addition, there are 3,055,000 fully vested stock options outstanding with exercise prices ranging from $0.25 to $1.02 per option with terms expiring between July 24, 2020, and March 14, 2023. The Company also has 2,000,000 common share purchase warrants outstanding with an exercise price of $0.70, which expire on March 27, 2021.

INVESTMENTS IN ASSOCIATES

Kiwanda Coal Alliance

The Company owns a 50% interest in Andean Coal (BVI) Ltd. ("Andean Coal"). The Company had a net investment in Andean Coal of $131,243 as at December 31, 2018. During the year ended December 31, 2019, the Company made an additional investment of $1,278, and the Company's share of the net income for the period was $4,934, which increased its net investment in Andean Coal to $137,455. The Company reviewed this investment for impairment at December 31, 2019, and wrote down the carrying value to $Nil.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). As at December 31, 2018, the Company's net investment in Kiwanda was $Nil, and there were accumulated unrecognized losses of $494,404. During the year ended December 31, 2019, the Company made an additional investment of $1,172 and the Company's share of the net loss for the period was $133,038. Lara recognized a loss of $1,172, resulting in an accumulated unrecognized loss of $626,270 and a net investment in Kiwanda of $Nil as at December 31, 2019.

Minas Dixon S.A.

The Company owns a 45% interest in Minas Dixon S.A. ("Minas"). As at December 31, 2018, Lara had an accumulated unrecognized loss of $37,578 in Minas with a net investment of $Nil. During the year ended December 31, 2019, the Company made an additional investment of $81,413. The Company's share of the net loss for the year ended December 31, 2019, was $81,413. As at December 31, 2019, the Company's net investment in Minas was $Nil, and there were $49,273 of unrecognized losses.

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

	Minas	Kiwanda	Andean Coal	Total
Investment in associated company				
Net investment at December 31, 2018	$ -	$ -	$ 131,243	$ 131,243
Additional investment (recovery) for the year ended June 30, 2019	81,413	1,131	1,278	83,863
Share of net income (loss)	(81,413)	(1,131)	4,934	(77,651)
Write-off of investment	-	-	(137,455)	(137,455)
Net investment at December 31, 2019	$ -	$ -	$ -	$ -

RELATED PARTY TRANSACTIONS

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

For the year ended December 31, 2019	Salary or fees	Share-based payments	Total
Chief Executive Officer	$ 120,000	$ 8,384	$ 128,384
VP Corporate Development	48,000	8,384	56,384
VP Exploration	175,966	25,150	201,116
Non-executive directors	-	44,561	44,561
	$ 343,966	$ 86,479	$ 430,445

The above payments for management compensation are payments made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Compensation Committee reviews executive compensation annually. The Board of Directors considers any changes to executive compensation recommended by the Compensation Committee and approves these changes if appropriate. The consulting contracts with senior management are ongoing monthly commitments which can be terminated by either party with sufficient notice. All balances due to related parties are included in accounts payable and accrued liabilities.

The outstanding balances due to or from related parties are as follows:

Related party assets and liabilities	Service or items	December 31, 2019	December 31, 2018
Amounts due to:			
CEO	Fees and Expenses	$ 11,117	$ 80,000
VP Exploration	Fees and expenses	25,578	93,683
VP Corporate Development	Fees and expenses	11,250	33,600

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at December 31, 2019	FVTPL	Amortized Cost	Total
Cash and cash equivalents	$ -	$ 2,070,758	$2,070,758
Restricted cash equivalents	-	57,500	57,500
Receivables	-	56,558	56,558
Long-term investments	183,595	-	183,595
Accounts payable and accrued liabilities	-	(144,732)	(144,732)
Advances from JV partners	-	(409,261)	(409,261)
	$ 183,595	$ 1,630,823	$1,814,418

Fair Value

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CHANGE OF ACCOUNTING POLICY

On January 1, 2019, the Company adopted all the requirements of IFRS 16 – Leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of IFRS 16 did not result in any changes to the Company's financial statements.

RISKS AND UNCERTAINTIES

Financial Risk Management

Lara's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low-risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, Brazil, and Peru and is therefore exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary companies outside of Canada in Canadian or US dollars, and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Canadian dollar relative to the US dollar, the Brazilian real and the Peruvian sol could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate of these foreign currencies to the Canadian dollar would result in an increase or decrease of approximately $146,000 to the net loss or income from operations.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. Lara holds FVTPL investments, which have market risk and have generally declined in value since acquisition because of the weak equity markets for exploration companies. The Company's cash is held mainly in interest-bearing bank accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and are mainly held in bank accounts or GIC's and accordingly, credit risk is minimized. The Company generally does not accrue receivables for scheduled option payments, only recording them when they have been received. That procedure significantly reduces the risk of recording uncollectible receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main responses to operating risks include: ensuring ownership of and access to mineral properties by confirming that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. There can be additional risks involved in some countries where pending applications for claims or licenses can be affected by government changes to application procedures.

Some of the Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee that, despite having the legal right to access a mineral property and carry on exploration activities, that the Company will be able to negotiate a satisfactory agreement with any such existing land-owners or communities for this access. Therefore, the Company or one of its joint venture partners may be unable to carry out exploration activities on a property. In those circumstances where access has been denied by a local community or land-owner, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Lara is currently earning an interest in certain of its properties through option agreements, and the acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making cash payments to the vendor, paying annual land fees, incurring exploration expenditures on the properties, and can include the satisfactory completion of technical studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest, and the Company will have to write-off the previously capitalized costs related to that property.

Joint Venture Funding Risk

Lara's strategy is to seek partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise enough capital to satisfy exploration and other expenditure terms in a joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether Lara can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

Lara is exposed to commodity price risk. Declines in the market prices of gold, base metals and other minerals may adversely affect Lara's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties.

Financing and Share Price Fluctuation Risks

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

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Lara, have experienced wide fluctuations in share price which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on Lara's ability to raise additional funds through equity issues.

Political and Currency Risks
The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in Canadian dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the Brazilian real or Peruvian sol could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks
During exploration, development, and production on mineral properties, the Company is subject to many risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as severe weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to mineral properties, delays, monetary losses, and possible legal liability.

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

Key Personnel Risk
Lara's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards
The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Lara's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition
The Company competes with many other companies and individuals that have substantially greater financial and technical resources for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.

COVID-19
In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.