



**MANAGEMENT'S DISCUSSION AND ANALYSIS
THE THREE MONTHS ENDED MARCH 31, 2020**

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at May 20, 2020 and should be read in conjunction with the condensed consolidated interim financial statements of Lara Exploration Ltd. (the "Company" or "Lara") for the three months ended March 31, 2020 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 and royalty 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 QUARTER ENDED MARCH 31, 2020

- Drilling at the Planalto Project completed in Q4-2019 has outlined extensions to the known copper-gold mineralization of the Homestead Target.
- Bifox completed agreements with the Chilean government to settle outstanding infractions and fines incurred by the vendors and lifted the embargo on mining and processing phosphate rock at the 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 Limited ("Bifox"). Bifox, previously known as Phillips River Mining Ltd., 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 are working with partner Capstone Mining Corp. ("Capstone"), to define and test extensions of the known mineralization and new targets on the property. Celesta is in the final 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. Brazil has declared mining as an essential service and allowed the work at Celesta to continue, but restrictions on the movement and goods represent a significant risk to the operation.

In Peru, we made a new precious metals discovery at Corina with London-listed Peruvian miner Hochschild Mining PLC ("Hochschild") in 2019. The Corina project lies close to Hochschild's Pallancata mine and mill at Selene, so they are prioritizing work on the project. We expect them to embark on a more substantial drill program once permits are in place, and the Covid-19 restrictions are loosened. Our generative work in Peru is currently on hold due to the strict lockdown and travel restrictions in place to limit the spread of the Covid-19 virus.

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 once lockdown and travel restrictions are lifted in Chile and Australia.

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 team 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 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 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 recognized 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 the 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 were released subsequent to quarter-end (see Company news release of April 20, 2020, for details), with extensions of the copper-gold mineralization intersected to the west and northwest of the mineralized zone. Another hole drilled to the east of the previously known mineralization intersected a new zone of blind copper-gold mineralization at a depth of approximately 200m below the surface. Two further holes in the Silica Cap target, at the southern end of Homestead, both intersected anomalous copper mineralization close to the granite-mafic volcanic contact similar to that seen in the previous drilling.

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 only 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).

On July 30, 2019, 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, 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 recognized 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, only two of which have so far been paid. 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. Given this delay in the start-up of operations, Celesta has also delayed the penalty payments to Lara and been obliged to renegotiate the offtake and increase the loan with Ocean Partners. Assuming there are no further problems, the ramp-up of mining and processing operations are expected to start in Q2-2020.

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. During 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 lies approximately 15km north of Hochschild's Pallancata mine (Selene Mill), which only has reserves for another 2-3 years. Hochschild is working to approve permits for a more substantial drill program initially planned for H2-2020, but with Peru under strict lockdown and all mining operations suspended because of Covid-19, this program is now likely to be pushed back into 2021.

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. Bifox has 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

Three Months Ended March 31, 2020

For the three months ended March 31, 2020, the Company had a net loss of \$198,784 or \$0.01 per share compared to a net loss of \$520,203 or \$0.01 per share in 2019. The net loss was favourable in 2020 over 2019 due to: lower net exploration expenses, significantly higher other income, and a significant foreign exchange gain compared to a foreign exchange loss, which was partially offset by an unfavourable change in fair value of FVTPL investments.

In 2020, the vast majority of exploration expenditures were on the Planalto property, and these were all recovered from Capstone. There were only minor expenditures on general exploration. In 2019, there were expenditures on several different properties and no expense recoveries, resulting in the lower net expenditure in 2020.

Other income was significantly higher in 2020 because the Company received a penalty payment from Tessarema regarding the Celesta Copper Project, and there was no comparable income in 2019.

There was a significant foreign exchange gain in 2020 as a result of the Company holding a large amount of US dollars combined with the US exchange rate moving from approximately C\$1.30 at December 31, 2019, to approximately C\$1.41 at March 31, 2020. In 2019 the US exchange rate did not change significantly during the first quarter, and accordingly, there wasn't a comparable exchange gain.

The fair value of FVTPL investments declined by \$148,000 in the first quarter of 2020, compared to a decline of \$39,000 in 2019. The decline in fair value is due to the significant drop in the Valor Resources Limited share price in the first quarter of 2020 compared to 2019.

SUMMARY OF QUARTERLY RESULTS

	2020	2019	2019	2019
Quarter Ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Net exploration expenditures	\$ 86,018	\$ 364,846	\$ 567,884	\$ 14,297
Share-based payments	5,918	52,123	7,562	7,397
Net income (loss) for the period	(198,784)	200,318	(741,575)	(92,231)
Net income (loss) per share (basic and diluted)	(0.01)	0.01	(0.02)	(0.00)

	2019	2018	2018	2018
Quarter Ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Net exploration expenditures	\$ 227,500	\$ 110,295	\$ 204,132	\$ 373,409
Share-based payments	19,397	27,781	17,507	22,438
Net loss for the period	(520,202)	(596,340)	(606,793)	(866,678)
Net loss per share (basic and diluted)	(0.01)	(0.02)	(0.02)	(0.03)

The net loss for each 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 costs effect 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 expense that 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.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had working capital of \$1,595,435 at March 31, 2020, compared to \$1,636,419 as at December 31, 2019. Working capital decreased by \$40,984 in 2020 due to working capital consumed in operations partially offset by an exchange gain by holding US dollars. Lara received the second of ten instalments of US\$100,000 from Celesta in the first quarter of 2020 and is expecting to receive the remaining eight instalments during the year.

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.

OUTSTANDING SHARE DATA

There are 38,717,608 common shares issued and outstanding. In addition, there are 3,255,000 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 November 13, 2024. 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 ASSOCIATED COMPANY AND JOINT VENTURES

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. The Company reviewed this investment for impairment at December 31, 2019, and wrote down the carrying value to \$Nil. There was no change in the value of this investment at March 31, 2020, and the Company did not recognize any losses during the quarter on its investment.

Kiwanda Phosphate Alliance

The Company owns a 50% interest in Kiwanda Alliance (BVI) Inc. ("Kiwanda BVI"). As at December 31, 2019, the Company's net investment in Kiwanda BVI was \$Nil. There was no change in the value of this investment at March 31, 2020, and the Company did not recognize any losses during the quarter on its investment.

Minas Dixon S.A.

The Company owns a 45% interest in Minas Dixon S.A. ("Minas"). As at December 31, 2019, Lara had a net investment of \$Nil in Minas. There was no change in the value of this investment at March 31, 2020, and the Company did not recognize any losses during the quarter on its investment.

RELATED PARTY TRANSACTIONS

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

For the three months ended March 31, 2020	Salary or fees	Share-based payments	Total
Chief Executive Officer	\$ 30,000	\$ 1,184	\$ 31,184
VP Corporate Development	12,000	1,184	13,184
VP Exploration	27,850	3,550	31,400
	\$ 69,850	\$ 5,918	\$ 75,768

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 that 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	March 31, 2020	December 31, 2019
Amounts due to:			
CEO	Fees and Expenses	\$ -	\$ 11,117
VP Exploration	Fees and expenses	12,747	25,578
VP Corporate Development	Fees and expenses	-	11,250

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at March 31, 2020	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,900,366	\$1,900,366
Restricted cash equivalents	-	57,500	57,500
Receivables	-	7,325	7,325
Long-term investments	35,841	-	35,841
Accounts payable and accrued liabilities	-	(87,153)	(87,153)
Advances from JV partners	-	(313,257)	(313,257)
	\$ 35,841	\$ 1,564,781	\$1,600,622

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.

RISKS AND UNCERTAINTIES

Financial Risk Management

Lara's strategy for 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 \$180,000 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 primarily 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 landowners 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 landowner, 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, labour 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 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.