



LARA EXPLORATION LTD.

(An Exploration Stage Company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Canadian dollars)**

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 24, 2023, and should be read in conjunction with the consolidated financial statements of Lara Exploration Ltd. (the “Company”, “Lara”, or “we”) for the year ended December 31, 2022, 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.

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 value enhancement of a major discovery. Lara’s experienced management team has already made multiple discoveries and is well established in South America, with projects in Brazil, Peru and Chile.

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2022

- Planalto Copper Project (Brazil) – long copper intercepts at good grades received from the new Cupuzeiro discovery to the north of the original Homestead discovery. Capstone completed Phase-1 exploration investment of US\$5 million and paid Lara US\$400,000 in cash, earning a 51% interest in the project.
- Liberdade Copper Project (Brazil) – favourable court ruling in the lawsuit defending our exploration license.
- Mantaro Phosphate Project (Peru) – agreement signed to raise Lara’s interest from 33% to 70% by funding US\$500,000 in project investments.
- The Company completed a \$4 million private placement.
- Corina Gold-Silver Project (Peru) - Hochschild relinquished its option to purchase Lara’s Corina silver-gold discovery in Peru.
- Mining and processing operations at the Celesta Copper Mine were suspended due to a lack of working capital, and the partners are seeking debt and equity finance to move forward.
- Vertical Iron Project (Brazil) – a lawsuit was filed to recover the property and unpaid advance royalties.

EXPLORATION REVIEW

Lara currently holds or participates in exploration and royalty projects hosting copper, gold, silver, iron, phosphate, vanadium, tin, lead, and zinc mineralization, with exploration drilling mostly funded through joint venture partnerships. The Company holds nine active projects in Brazil, two of which are partner-funded joint ventures and five royalty interests, including the production-ready Celesta copper mine. The Peru portfolio comprises seven exploration projects, four of which have been or are being converted to royalty interests. The Company also has an equity and royalty interest in Bifox Limited (“Bifox”), which has a producing phosphate mine in northern Chile.

OUTLOOK

In Brazil, Lara has generated and participates in three copper-gold discoveries in the Carajás Mineral Province of northern Brazil, at Liberdade, Planalto, and Celesta. The Liberdade discovery remains in a legal dispute between our partner, the National Copper Corporation of Chile (“Codelco”), and Brazilian miner Vale S.A. (“Vale”), but we received a favourable ruling from the lower courts in 2022 and now view our prospects with more optimism. Planalto is being more actively developed with partner Capstone Copper Corp. (“Capstone”) to define and test extensions of the Homestead and Cupuzeiro discoveries. The program for 2023 is to drill another 10,000 metres testing the gap between Homestead and Cupuzeiro and lateral extensions to define the limits of the mineralization. Celesta was producing until Q3 and paid royalties until Q2 but has struggled with a lack of working capital, and operations have currently been suspended pending the raising of new finance. We also plan to accelerate our generative efforts in 2023 to acquire additional exploration properties through option agreements and the new government license auction system.

In Peru, we were making good progress with our Corina low sulphidation epithermal gold-silver discovery with London-listed Hochschild Mining plc. (“Hochschild”) but drilling had to be suspended due to opposition from local communities, and in the end, Hochschild relinquished its purchase option and returned the property to Lara. Our plan for 2023 is to review Hochschild’s work, prepare a 43-101 resource estimate on the area already drilled, and find a partner to continue the project’s development. We reported encouraging zinc-lead-silver results from surface channels at our 100%-owned Puituco zinc project in 2018, but the potential was limited by the small size of Lara’s 400-hectare property, so we were pleased to be able to acquire surrounding ground from BHP in 2021 and now hold an additional 2,200 hectares, which we start evaluating in 2022 and plan to continue working in through 2023, mapping and sampling both mineralized breccia structures and related mantos. We were also pleased to see Valor

Resources continue to report good copper results from ongoing exploration work at the Picha Copper Project, where we retain a 2% Net Smelter Return Royalty (“NSR”) royalty. During the period, we agreed to raise our interest in the Mantaro Phosphate Project from 33% to 70% by funding the next US\$500,000 of project expenses; we resumed work on the project in Q4 and plan to continue technical studies and community engagement through 2023. The Company plans limited generative fieldwork for new projects in 2023 but will continue to look for property acquisition opportunities.

In Chile, Lara holds a minority interest and a royalty Bifox Ltd., which has resumed production of direct application phosphate at Bahia Inglesa in northern Chile and continues to seek pre-IPO financing to build up phosphate production and complete an ASX listing. During the period, we were actively looking at generative ideas and new properties in Chile and plan to continue that work in 2023.

BRAZIL EXPLORATION

Planalto Copper Project

The Planalto Project comprises three licenses, covering an IOCG copper discovery located between Vale’s Sossego copper mine and Cristalino deposit and Oz Minerals’ Antas and Pedra Branca copper mines in the Carajás Mineral Province of northern Brazil. The project is being explored through an option agreement with Canadian-listed copper miner Capstone (please refer to the Company’s news release on February 4, 2019, for details of the original deal) that is funding all costs to production in exchange for a 70% interest in the project. The partnership has discovered two mineralized targets, Homestead and Cupuzeiro, with a further 7,682 metres of drilling completed in 2022 and Q1-2023, primarily focused on the new Cupuzeiro discovery. The 2023 program, expected to start in Q2 will comprise a minimum of 10,000 metres of drilling to test the gap between them and other potential lateral extensions to the known mineralization.

Capstone completed its initial earn-in of US\$5 million for 49% in Q4-2022. On February 10, 2023, it elected to raise its interest to 51% and become the project operator in exchange for funding further exploration work and feasibility studies and by paying US\$400,000 in cash to Lara. Capstone can raise its interest from 51% to 61% by delivering a feasibility study. Lara and Capstone further amended the Planalto Option Agreement, extending the timeframe to start the feasibility study, given that further drilling is needed in 2023-2024 to find the limits of the mineralization and infill drilling for resource estimates. Under the terms of this amendment, Capstone will deliver a Preliminary Economic Assessment and pay a total of US\$750,000 cash to Lara on or before March 31, 2024, complete a total of 32,000 meters of exploration and infill drilling on the Property by December 31, 2024, with a minimum of 10,000 metres of exploration drilling to be completed by December 31, 2023, then make a final payment of US\$1,000,000 in cash to Lara by June 30, 2025, and then deliver a Feasibility Study by December 31, 2026.

Celesta Copper Project

The Celesta Copper Project comprises multiple high-grade iron oxide copper gold (IOCG) breccias. Drilling on one of these, Osmar-1, has defined an inferred resource of 2.14 million tonnes grading 4.2% copper and 0.66 parts per million (“ppm”) gold (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). Lara owns a 5% preferred interest in Celesta without the obligation to contribute to costs and a 2% royalty on any production.

Mine development on Osmar-1 (now the Celesta Pit-1) and plant construction was completed in 2020, and Celesta produced its first concentrates in July 2020. Drilling at a second breccia target outlined sulphide mineralization close to the surface (please see the Company’s news release on February 2, 2021, for details), and the Celesta Pit-2 was developed and put into operation in 2021. However, the plant was unable to achieve the projected 500 tonnes per day throughput and has been operating at a loss as the majority of the partners funded operations and construction of a second milling and flotation circuit to raise throughput to 800 tonnes per day. The mill expansion was completed during the year, but the plant was put on care and maintenance in Q3 due to a lack of working capital. The partners

are currently working on new debt and equity finance package to restructure ownership and resume operations, and as part of that process, Lara is seeking a buyer for its 5% carried interest.

Liberdade Copper Project

The Liberdade Copper Project comprises an exploration license of 8,491 hectares, located in the Municipality of São Felix do Xingú, Pará State, at the western end of the prolific Carajás Mineral Province. Codelco do Brasil Mineração Ltda., a subsidiary of Chilean State-owned copper miner Codelco, earned an initial 51% interest in the property by incurring US\$3,300,000 in exploration expenses and can elect to 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 originally published on October 19, 2010, and is valid for three years. It was transferred to Codelco on March 21, 2011, under the terms of the option agreement between Lara and Codelco, with Codelco having the right to renew the license for up to a further three years. Codelco completed several exploration and drill programs (please see the Company’s 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 Brazilian Mining Agency (“ANM”) delayed analysis of the renewal, as Vale claimed to have a license dating back to 1986 that is still valid, so Codelco filed a lawsuit with the Federal Courts in Brasilia to safeguard its rights under the Liberdade exploration license. During the period, the court ruled in favour of Codelco, and we now await as the parties exhaust the appeals process.

Itaituba Vanadium Project

This Itaituba Project covers gabbroic intrusives with massive and disseminated magnetite mineralization with significant titanium and vanadium content, located close to paved roads, 55 kilometres from the Miritituba Port on the Tapajós River, from where material could be barged to shipping terminals on the Amazon River. The Company has completed a reappraisal of the diamond drilling and ground magnetometer survey results, initially focused on vanadium-bearing magnetite bodies, which has shown that the host gabbros also contain disseminated vanadium-bearing magnetite that can be concentrated to enrich the vanadium grade. Surface mapping and the magnetic survey show these gabbros to be extensive within the property. The exploration license was renewed in late 2022, and the Company plans to undertake further evaluation and exploration work in 2023.

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, located adjacent to the Celesta Copper Mine. The property was optioned in 2009 to Vertical Mineração Ltda. (“Vertical”), under an agreement whereby Vertical would make cash payments and pay royalties to Lara 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 has long been in default with these obligations and payments and the Company filed for arbitration without success in 2016. Given the delays and the inability to pursue arbitration, Lara filed a lawsuit against Vertical in 2022, aiming to recover the property and the unpaid advance royalties.

PERU EXPLORATION

Mantaro Phosphate Project

The Mantaro Phosphate Project covers part of a substantial sedimentary phosphate belt near the town of Huancayo in the Junín District of central Peru. The property is located near a major rail line connecting Huancayo with Lima and the port of Callao, with high-tension transmission lines crossing the property on its western side, and accessible from the national highway connecting Huancayo to Lima. Lara has held a royalty interest in the project since 2008, but in 2021 the mineral rights were returned by Itafos Inc., which did not wish to develop the project. Lara initially

held only a one-third interest, but in March 2022, agreed to raise its interest to 70% by sole-funding US\$500,000 of project investments by the end of 2025. In Q4, Lara also signed agreements with Itafos Inc. to acquire all the Stonegate drill core.

Previous exploration, including trenching, drilling and technical studies, identified an extensive zone of phosphate mineralization that is amenable to beneficiation and production of phosphate rock concentrate. Stonegate Agricom Ltd. (subsequently acquired by Itafos Inc.) filed a NI 43-101 Technical Report on SEDAR on March 16, 2010 (“Technical Report on the Mantaro Phosphate Deposit Junín District Peru” authored by Donald H. Hains and Michelle Stone, of Hains Technology Associates).

In 2022 the Company began work on the project to review surface outcrops of the mineralization and the historic drill core. The 2023 program is primarily aimed at re-engaging with the local communities and seeking support so that we can apply for permits for additional exploration and development work.

Corina Silver-Gold Project

Lara, with partner Hochschild, made a significant discovery at Corina in 2019, with multiple gold and silver drill intercepts in low sulphidation epithermal mineralization from two subparallel veins/structures (please see the Company’s news release of October 1, 2019, for details). Hochschild completed a further 2,318 metres of resource drilling in Q4-2020 on the Corina structure with excellent results (please see the Company’s news release of February 2, 2021, for details). Drilling continued into 2021, with resource and exploration drilling in the Corina and associated structures to the northeast of the system. Unfortunately, in the second half of the year, drilling had to be suspended due to local communities blocking road access to the project, and Hochschild declared Force Majeure, which was only resolved in mid-2022.

Hochschild had optioned the Corina project from Lara for its potential to maintain the Pallancata-Selene operation that was running low on reserves, but given the delays, first with the COVID-19 pandemic and then the local communities, the development timeframe for Corina is no longer quick enough to replace the mill feed from Pallancata and Hochschild elected to drop its option on the property. Lara has received the drill core, samples, and database, which are being reviewed. Lara plans to complete a resource estimate, and technical report on the area already drilled and look for a new partner to continue exploration and develop the project.

Lara Copper Project

The Lara Copper Project covers copper and molybdenum mineralization associated with porphyry intrusives within the prolific coastal batholith of southern Peru, where Lara currently has a 45% ownership. Geophysical surveys, mapping, geochemical sampling and 9,850 metres of drilling have been completed to date, outlining mineralization over an area of approximately 2,000 metres by 1,000 metres, indicative of the potential for a substantial mineralized porphyry copper body.

In 2020 the Company and partner Global Battery Metals Ltd. (“GBM”) signed an Option and Royalty Agreement to sell the project for US\$5.759 million and a 1.5% NSR royalty to Minsur S.A. (“Minsur”). Minsur is a Peruvian tin, copper, and gold miner that operates the Mina Justa open-pit copper mine near Marcona, in the same district as the Lara project. Under the terms of the agreement, Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the project by making staged cash payments of US\$5.759 million based on permitting milestones (please see the Company’s news release of July 28, 2020, for details). Minsur has also granted a 1.5% NSR to Lara (0.75%) and GBM (0.75%), payable on any production from the property. Minsur retains the right to purchase a 0.25% NSR from each of Lara and GBM (collectively one-third) of the NSR for US\$5 million at any time before the commencement of commercial production. Minsur has compiled and reinterpreted the historical data but further drilling is contingent on securing community support and permits.

Kenita Polymetallic Project

The Kenita Project is located in the Huancavelica Department of Central Peru to the north of the Riqueza project held by Inca Minerals Ltd. (IGC:ASX). Minera IRL Ltd.'s (MIRL: CSE) Corihuarmi high sulphidation epithermal gold mine and the Bethania polymetallic mine, being redeveloped by Kuya Silver Corp. (KUYA: CSE), also lie on the same trend to the northwest. The project comprises the original 400 hectare Puituco licenses acquired by Lara at auction and the 2,200 hectares of Kenita licenses acquired from BHP World Exploration Inc. Sucursal del Peru ("BHP") for a 1% NSR in 2021. For clarity, the Company has elected to call the project Kenita.

The Company originally completed a mapping and surface chip channel sampling program to evaluate polymetallic brecciated feeder structures and related mantos in 2018 (please see the Company's release of June 12, 2018, for details) and in 2022 began work on extending this into the newly acquired licenses. Mineralization comprises hydrothermal breccias filling NE-SW oriented tension structures (related to a major regional structure, the NW-SE oriented Chonta Fault) and related mantos, where fluids have been driven laterally into the limestone beds and recrystallized and brecciated them. The Company released the results of the 2022 program on April 4, 2023 and continues work to define the extent of the mineralized structures.

Picha Copper Royalty

The Company sold the Picha Project to Australian-listed Valor Resources and retains an NSR on any future production of 2% for precious metals and 1% for base metals. The project is in the Moquegua Department of southern Peru, approximately 17km ENE of Compañía de Minas Buenaventura S.A.'s San Gabriel gold development project. 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. This work reported positive copper results from sampling and the widespread alteration, brecciation, vein stock working and geophysical anomalies, indicating the potential to discover a porphyry system at depth. In 2021 Valor resumed work at the project and has continued to report widespread significant copper and silver mineralisation from its program of surface mapping and sampling (please see the Company's news release of October 18, 2021, for details) through 2022 and into 2023.

CHILE EXPLORATION

Bifox Phosphate Project

The Bifox Phosphate Project comprises a block of exploration licenses and the option to purchase mining rights in the Bahía Inglesa basin, near Copiapó in northern Chile. Bifox Limited ("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). Since settling environmental infractions and fines, Bifox has been working to reinstate its permits and resume operations and continues to seek pre-IPO financing to ramp up production and work towards listing on the Australian Stock Exchange as steady-state phosphate production and sales revenue emerge. Upon Bifox listing its shares, Lara is due an expense reimbursement of US\$570,000. Lara currently owns roughly 12% of the shares of Bifox and will receive a 2% royalty once production exceeds 50,000 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.

SELECTED ANNUAL INFORMATION

Years Ended	December 31, 2022	December 31, 2021	December 31, 2020
Financial Results			
Exploration expenditures	\$ 457,127	\$ 535,555	\$ 307,030
Income (loss) for the year	(344,582)	2,409,512	(980,541)
Loss per common share - basic and diluted	(\$0.01)	\$0.06	(\$0.02)
Financial Position			
Working capital	\$ 4,287,393	\$ 701,423	\$ 1,375,394
Long-term Investments	3,394,189	3,385,514	375,068
Exploration and evaluation assets	76,118	73,811	84,289
Total Assets	8,557,555	5,813,069	2,229,600
Share Capital	30,776,763	26,806,296	26,806,296
Deficit	(32,624,732)	(32,280,150)	(34,689,662)

For the year ended December 31, 2022, the Company had a loss of \$344,582 or \$0.01 per share compared to an income of \$2,409,512 or \$0.06 per share in 2021. The variance was primarily due to an unrealized gain of \$3,206,846 in the fair value of long-term investments in Bifox during 2021. This effect was partially offset by the US\$400,000 option payment received from Capstone and recognized as income during 2022. The Company's exploration expenditures and general and administrative expenses for the year ended December 31, 2022, remained relatively consistent with the prior year. Shareholder communications and investor relations activity increased significantly compared to 2021 due to the decline of COVID-19 risks, which allowed management to attend investor conferences in 2022 compared to minor activity in 2021. Other income was higher in 2022 mainly due to option payment received from Capstone on the Planalto Project.

For the year ended December 31, 2021, the Company had income of \$2,409,512 or \$0.06 per share, compared to a loss of \$980,541 or \$0.02 per share in 2020. The favourable variance was due to a significant gain in the fair value of long-term investments, equity income in an associated company, a lower foreign exchange loss and lower share-based payments, partially offset by higher exploration expenses and lower revenue from other items. The significant gain in fair value of investments was due to the higher value of the Company's investment in Bifox. Lara recorded equity income of an associated company because that company received a substantial option payment during the year, whereas in the prior year, Lara reported a loss from its equity in the associated company. Share-based payments were lower in 2021 because only 50,000 stock options were granted compared to 1,565,000 in 2020. Exploration expense was higher in 2021 due to increased exploration activity in Brazil and the start up of exploration in Chile. Revenue from other items was lower in 2021 due to lower other income because no option payment was received on the Corina property and no penalty payments from Celesta.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2022

For the three months ended December 31, 2022, the Company had an income of \$358,028 or \$0.01 per share compared to \$3,015,671 or \$0.08 per share during the comparative period. The variance was primarily due to an unrealized gain of \$3,206,846 in the fair value of long-term investments during the comparative period in 2021. This effect was partially offset by the US\$400,000 option payment received from Capstone and recognized as income during the three months ended December 31, 2022.

As noted above, the significant unrealized gain during the comparative period in 2021 was due to a change in the higher fair value for the Company's investment in Bifox. Other income was higher during the three months ended December 31, 2022, mainly due to option payment received from Capstone on the Planalto Project.

Year Ended December 31, 2022

For the year ended December 31, 2022, the Company had a loss of \$344,582 or \$0.01 per share compared to an income of \$2,401,512 or \$0.06 per share in 2021. The variance was primarily due to an unrealized gain of \$3,206,846 in the fair value of long-term investments during 2021. This effect was partially offset by the US\$400,000 option payment received from Capstone and recognized as income during 2022. The Company's exploration expenditures and general and administrative expenses for the year ended December 31, 2022, remained relatively consistent with the prior year.

As noted above, the significant unrealized gain during 2021 was due to a change in the higher fair value for the Company's investment in Bifox. Shareholder communications and investor relations activity increased significantly compared to 2021 due to the decline of COVID risks, which allowed management to attend investor conferences in 2022 compared to minor activity in 2021. Other income was higher in 2022 mainly due to option payment received from Capstone on the Planalto Project.

SUMMARY OF QUARTERLY RESULTS

	2022	2022	2022	2022
Quarter Ended	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Net exploration expenditures	\$ 140,166	\$ 14,380	\$ 193,330	\$ 109,251
Share-based payments	-	-	-	-
Net income (loss) for the period	358,028	(116,741)	(477,088)	(108,781)
Net income (loss) per share (basic and diluted)	0.01	(0.00)	(0.01)	(0.00)

	2021	2021	2021	2021
Quarter Ended	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Net exploration expenditures	\$ 147,498	\$ 163,863	\$ 155,346	\$ 68,848
Share-based payments	-	-	16,636	-
Net loss for the period	3,015,671	(160,706)	(329,386)	(116,067)
Net loss per share (basic and diluted)	0.08	(0.00)	(0.01)	(0.00)

The net income or 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 insufficient funding to cover all administration expenses and planned exploration expenditures.

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 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 2020 and 2017. More recently, Lara has granted options to recognize a specific achievement by senior management, compensate a new director, or 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 successive quarters and do not generally cause a significant variation in net income or loss.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had working capital of \$4,287,393 as at December 31, 2022, compared to \$701,423 as at December 31, 2021. Working capital increased by \$3,585,994 in the year ended December 31, 2022, due to a non-brokered private placement financing, partially offset by cash consumed to cover exploration and administration expenses, plus minor expenditures on fixed assets and mineral property acquisitions. The Company has reported a significant value in its investment in Bifox. However, those shares cannot be easily liquidated, and therefore the Company does not expect that they will be a source of cash to fund operations in 2023. The Company has sufficient capital resources to maintain its operations for twelve months.

OUTSTANDING SHARE DATA

There are 45,801,014 common shares issued and outstanding. In addition, there are 4,135,000 fully vested stock options outstanding with exercise prices ranging from \$0.50 to \$0.79 per option with terms expiring between November 13, 2024 and April 19, 2028. Lara has 3,086,703 share purchase warrants outstanding with a strike price of \$1.00, which expire on June 17, 2025.

INVESTMENTS IN ASSOCIATED COMPANY

Minas Dixon S.A.

The Company has a 45% interest in Minas Dixon S.A. (“Minas”). The balance of investment in the associated company was \$97,994 as at December 31, 2021. The Company recognized its share of Minas’ loss for the year ended December 31, 2022, of \$10,227 (2021 - income of \$233,070). As a result, the Company’s investment in Minas declined to \$87,767 as at December 31, 2022.

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, 2022	Salary or fees
Chief Executive Officer	\$ 140,862
VP Corporate Development	72,000
VP Exploration	175,025
Seabord Management Corp.	213,600
	\$ 601,487

The above payments for management compensation are 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	December 31 2022	December 31 2021
Amounts due from (to):			
CEO	Fees and Expenses	\$ (1,127)	\$ (31,370)
VP Exploration	Fees and expenses	(15,974)	(14,043)
VP Corporate Development	Fees and expenses	(4,843)	(12,600)
Seabord Management Corp.	Deposit	10,000	10,000

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at December 31, 2022	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 3,275,810	\$ 3,275,810
Restricted cash equivalents	-	1,597,391	1,597,391
Receivables	-	56,816	56,816
Long-term investments	3,394,189	-	3,394,189
Accounts payable and accrued liabilities	-	(175,352)	(175,352)
Advances from JV Partners	-	(418,950)	(418,950)
	\$ 3,394,189	\$ 4,335,715	\$ 7,729,904

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.

EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2022:

- Capstone has elected to raise its interest in the Planalto Copper Project from 49% to 51% and become the operator, by agreeing to fund exploration work and feasibility studies and paying US\$400,000 in cash to Lara. Capstone can further raise its interest from 51% to 61% by delivering a feasibility study by December 31, 2026. The Company and Capstone have amended the Planalto option agreement, extending the timeframe to start the feasibility study. Under the terms of this amendment:
 - Capstone will deliver a Preliminary Economic Assessment and pay US\$750,000 cash to the Company on or before March 31, 2024;
 - Capstone will complete a total of 32,000 metres of exploration and infill drilling on the property by December 31, 2024 (with a minimum of 10,000 metres of exploration drilling to be completed by December 31, 2023); and
 - Capstone will make a final payment of US\$1,000,000 in cash to Lara by June 30, 2025, and deliver a Feasibility Study by December 31, 2026;
- the Company granted 2,420,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.79 per option with an expiry date of April 19, 2028.

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 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, including 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 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 increase or decrease approximately \$108,800 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 the 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 received. That procedure significantly reduces the risk of recording uncollectible receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not 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 there are sufficient committed financial resources to meet its business requirements for the next twelve months. The Company is exposed to liquidity risk.

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, 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 a local community or landowner has denied access, 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. 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, and 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 raise enough capital to satisfy exploration and other expenditure terms in a joint venture agreement. As a result, the 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, no reliable source of operating cash flow and assurance that additional funding will be available for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may depend 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 depends on 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 the 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 to require stricter standards and enforcement and involves 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 that are unknown to the Company at present.

Competition

The Company competes with many other companies and individuals with substantially greater financial and technical resources for the acquisition and development of projects and 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.