



LARA EXPLORATION LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Nine Months Ended September 30, 2022, and 2021
(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the nine months ended September 30, 2022, and 2021 (“Interim Financial Statements”) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company’s external auditors have not reviewed these Interim Financial Statements.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 3,594,409	\$ 1,936,185
Receivables	31,271	81,050
Prepays and deposits	52,770	159,889
Short-term investment (Note 3)	1,500,000	-
Total current assets	5,178,450	2,177,124
Non-current assets		
Restricted cash equivalents	57,500	57,500
Equipment	19,064	21,126
Exploration and evaluation assets (Note 4)	87,636	73,811
Investment in associated company (Note 6)	93,749	97,994
Long-term investments (Note 7)	3,270,235	3,385,514
Total non-current assets	3,528,184	3,635,945
TOTAL ASSETS	\$ 8,706,634	\$ 5,813,069
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 174,328	\$ 251,976
Advances from joint venture partners	927,081	1,223,725
TOTAL LIABILITIES	1,101,409	1,475,701
EQUITY		
Share capital (Note 8)	30,776,763	26,806,296
Share-based payments reserve	9,811,222	9,811,222
Deficit	(32,982,760)	(32,280,150)
TOTAL EQUITY	7,605,225	4,337,368
TOTAL LIABILITIES AND EQUITY	\$ 8,706,634	\$ 5,813,069

Nature of operations and ability to continue as a going concern (Note 1)

These Interim Financial Statements were authorized for issuance by the Board of Directors on November 22, 2022.

Approved by the Board of Directors"Miles Thompson" , Director"Christopher Jones" , Director

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
EXPLORATION EXPENDITURES (Note 5)	\$ 14,380	\$ 163,863	\$ 316,961	\$ 388,057
GENERAL AND ADMINISTRATIVE EXPENSES				
Office, rent and administrative services	91,097	83,045	270,366	250,804
Depreciation	1,163	509	2,731	1,297
Management fees	33,700	31,260	93,177	93,100
Professional fees	11,716	18,566	70,865	81,937
Shareholder communication and investor relations	48,135	323	112,885	14,115
Share-based payments	-	-	-	16,636
Transfer agent and regulatory fees	3,656	6,253	42,999	43,770
Travel	-	185	1,554	185
Total general and administrative expenses	189,467	140,141	594,577	501,844
	(203,847)	(304,004)	(911,538)	(889,901)
Equity income (loss) on investment in associated companies and joint ventures (Note 5)	2,754	91,125	(4,245)	91,125
Foreign exchange gain (loss)	28,055	14,976	108,346	2,312
Other income (Note 3)	59,641	37,197	220,106	169,480
Gain on sale of investments	-	-	-	72,539
Write-off of exploration and evaluation assets	-	-	-	(51,714)
Change in fair value of FVTPL investments	(3,344)	-	(115,279)	-
	87,106	143,298	208,928	283,742
Loss and comprehensive loss for the period	(116,741)	(160,706)	(702,610)	(606,159)
Loss per common share				
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	45,801,014	39,627,608	42,001,995	39,627,608

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months Ended September 30,	
	2022	2021
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	\$ (702,610)	\$ (606,159)
Items not affecting cash:		
Depreciation	2,731	1,297
Depreciation included in exploration expenditures	11,630	11,084
Equity in (income) loss of associated company	4,245	(91,125)
Gain on sale of investments	-	(72,539)
Change in fair value of long-term investments	115,279	-
Unrealized foreign exchange gain	(85,218)	(12,209)
Share-based payments	-	16,636
Write-off of exploration and evaluation assets	-	51,714
Changes in non-cash working capital items:		
Receivables	49,779	(9,143)
Prepays and deposits	107,119	22,737
Accounts payable and accrued liabilities	(77,648)	(7,041)
Advance from JV partners	(296,644)	(89,201)
	(871,337)	(783,949)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(13,825)	(20,041)
Cash received on sale of investments	-	268,939
Purchase of equipment	(12,299)	(6,594)
Purchase of short-term investment (Note 3)	(1,500,000)	-
	(1,526,124)	242,304
FINANCING ACTIVITIES		
Shares issued in private placement	3,970,467	-
	3,970,467	-
Effect of exchange rate changes on cash and cash equivalents	85,218	12,209
Change in cash	1,658,224	(529,436)
Cash, beginning of period	1,936,185	1,606,871
Cash, end of period	\$ 3,594,409	\$ 1,077,435
Supplementary cash flow information		
Interest received	\$ 5,550	\$ 31

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of shares	Share capital	Commitment to issue shares	Share-based payments reserve	Deficit	Total
Balance as at December 31, 2021	39,627,608	\$ 26,806,296	\$ -	\$ 9,811,222	\$ (32,280,150)	\$ 4,337,368
Shares issued for private placement	6,173,406	3,970,467	-	-	-	3,970,467
Loss for the period	-	-	-	-	(702,610)	(702,610)
Balance as at September 30, 2022	45,801,014	\$ 30,776,763	\$ -	\$ 9,811,222	\$ (32,982,760)	\$ 7,605,225
Balance as at December 31, 2020	39,627,608	\$ 26,806,296	\$ -	\$ 9,794,586	\$ (34,689,662)	\$ 1,911,220
Accruals for share-based payments	-	-	-	16,636	-	16,636
Loss for the period	-	-	-	-	(606,159)	(606,159)
Balance as at September 30, 2021	39,327,608	\$ 26,806,296	\$ -	\$ 9,811,222	\$ (35,295,821)	\$ 1,321,697

The accompanying notes are an integral part of these Interim Financial Statements .

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

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

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

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

Statement of Compliance

These Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

2. BASIS OF PRESENTATION

Basis of Presentation

These Interim Financial Statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited consolidated financial statements for the year ended December 31, 2021, except that they do not include all the information required for the annual consolidated financial statements. These Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021.

Basis of Consolidation

These Interim Financial Statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

3. SHORT-TERM INVESTMENT

During the nine months ended September 30, 2022, the Company purchased a \$1,500,000 guaranteed investment certificate for a fixed one year term at an interest rate of 4.8%.

4. EXPLORATION AND EVALUATION ASSETS

	December 31, 2021		Additions	Recoveries	Write down	September 30, 2022	
Brazil							
Planalto Copper	\$	-	\$ 218,836	\$ (218,836)	\$	-	\$ -
Chile							
Mejillones		-	11,517	-	-		11,517
Peru							
Kenita / Puituco		39,743	-	-	-		39,743
Mantaro		34,068	-	-	-		34,068
Qumir		-	2,308	-	-		2,308
Total	\$	73,811	\$ 232,661	\$ (218,836)	\$	-	\$ 87,636

Brazil

Planalto Copper Project

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

On October 30, 2018, Capstone Mining Corp. ("Capstone") signed a letter of intent with Lara to option the Planalto Copper Project and made a payment of US\$150,000 (\$197,854) to the Company. The option payment was first applied against the capitalized value of the Planalto Copper Project in the amount of \$127,486, with the balance of \$70,368 recorded as a recovery of exploration expenses.

On February 4, 2019, the Company announced that it had signed a definitive agreement ("the Agreement") (amended on June 20, 2019, and February 21, 2021) granting Capstone an exclusive option to earn up to a 70% interest in the Company's Planalto Copper Project. Capstone paid Lara a further US\$200,000 following receipt of a drill permit for the Project and assumed the costs of the underlying agreement. Capstone can earn an initial 49% interest by paying the Company US\$5,000,000 by the third anniversary of the Agreement and can then elect to purchase an additional 2% interest in the Planalto Copper Project by paying Lara US\$400,000 and committing to fund a Feasibility Study by the fifth anniversary, to reach a 61% interest. The third and final phase will comprise Capstone electing to finance, build and operate a commercial mining operation for the benefit of Lara 30% and Capstone 70%, with Lara repaying its pro-rata share of the financing out of production cash flow.

Lara will hold certain buy back rights to reacquire a majority interest in the Project should Capstone decide to discontinue investing.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Lara elected to accelerate the drill program at the Planalto Copper Project and, on May 28, 2019, filed a “Final Exploration Report” (“RFP”) with the National Agency of Mining (“ANM”) in Brazil. On June 20, 2019, Lara and Capstone amended their Agreement such that the initial three-year earn-in period for Capstone to acquire a 49% interest in the Planalto Copper Project started from the date of approval of the RFP and the 2019 drill program as fulfilling Capstone’s first-year work commitment. Capstone transferred US\$500,000 to Lara upon

the signing of the amendment to cover the payment to Lara due upon receipt of the permit to drill, the payment due to the underlying vendor and a partial reimbursement of Lara’s costs. The RFP was approved on October 31, 2019, and Capstone reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged, and exploration work resumed in November 2019. Capstone advanced a further US\$400,000 to Lara in November 2019 to fund ongoing project expenditures. For the year ended December 31, 2021, Capstone advanced US\$1,790,000 (2020 - US\$800,000) for work on the Planalto property.

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

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

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

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

US\$50,000 payment has been made. The Tariana license and the Zaspir license form part of the Company's staged earn-in agreement with Capstone Mining Corp.

Cumaru Manganese Royalty

On May 20, 2019, the Company signed a definitive agreement transferring all its rights and obligations for the Cumaru Manganese Project in northern Brazil, to local mining company Seven Mineração Limitada, in exchange for BRL 250,000 in cash (equivalent to approximately US\$60,975) and a royalty of US\$2/ton of ore taken from the property. The Company has received the first BRL 125,000 payment. The second payment was due on July 19, 2020, but is still outstanding, and accordingly, no amount receivable has been recorded.

Liberdade Copper Project

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

Peru

Kenita (Puituco) Property

As at December 31, 2019, the Company had incurred filing and land fees to acquire exploration licenses for Puituco (\$26,240). During the year ended December 31, 2021, the Company signed a mining rights transfer agreement with BHP World Exploration Inc. Sucursal del Peru to acquire the Kenita property in exchange for a commitment to pay a 1% net smelter returns royalty on any future production. The Kenita property consists of five exploration licenses which are adjacent to and surround the Puituco licenses.

Mantaro Project

During the year ended December 31, 2021, the Company incurred \$34,068 of acquisition costs on the Mantaro licenses in Peru.

Corina Gold Project

In July 2022, Hochschild relinquished its option to purchase the Corina gold-silver discovery. Lara and Hochschild completed the handover during the quarter ended September 30, 2022, with Hochschild remaining responsible for the environmental restitution from its 2020-21 drilling program.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)***Lara Copper Project***

In July 2020, the Company, with its partner, Global Battery Metals Ltd. (“GBM”), signed an option and royalty agreement for the sale of the Lara Copper Project for US\$5,759,000 and a 1.5% NSR royalty, to Minsur S.A. (“Minsur”). The Lara Copper Project is owned 45% by Lara and 55% by GBM. Minsur retains the right to purchase a 0.25% NSR royalty for US\$2.5 million from each of Lara and GBM at any time before the commencement of commercial production. Under the terms of the agreement, Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the Lara Copper Project by making staged cash payments based on permitting milestones, as summarized in the table below:

Milestone / Date	Option Payments (US\$)
Upon registration of the agreement before a Public Notary	(received) 59,000
One year from registration of the agreement	(received) 200,000
Approval of environment study and start of work (“DIA-IA”)	200,000
One year from approval from the DIA-IA	300,000
Approval of semi-detailed environmental study (“EIA-SD”)	500,000
One year from the approval of EIA-SD	1,500,000
Upon transfer of title	3,000,000
Total	5,759,000

Other Income and Expense

The Company reported the following items as other income and expense for the six months ended September 30, 2022, and 2021:

	September 30, 2022	September 30, 2021
Celesta royalty	\$ 22,700	\$ 123,047
Planalto Operator’s fee	185,925	56,364
Other income/expense	11,481	(9,931)
	\$ 220,106	\$ 169,480

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

5. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2022, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	General and other Chile	Total
Administrative	\$ 86,967	\$ 113,991	\$ 28,521	\$ 2,835	\$ 232,314
Assays	130,091	9,130	1,310	2,147	142,678
Drilling	1,115,069	-	-	-	1,115,069
Field costs	233,937	5,651	8,885	-	248,473
Property maintenance	23,064	21,960	22,946	-	67,970
Salaries and consultants	236,080	13,815	57,453	11,194	318,542
Telecommunications	1,515	-	168	-	1,683
Travel and related costs	40,454	7,766	7,698	1,491	57,409
Total expenditures	1,867,177	172,313	126,981	17,667	2,184,138
Recoveries	(1,867,177)	-	-	-	(1,867,177)
Net expenditures	\$ -	\$ 172,313	\$ 126,981	\$ 17,667	\$ 316,961

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

5. EXPLORATION EXPENDITURES (continued)

During the six months ended September 30, 2021, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Planalto Brazil	General and other Brazil	General and other Peru	Total
Administrative	\$ 98,389	\$ 68,414	\$ 43,935	\$ 210,738
Assays	17,133	4,230	3,685	25,048
Field costs	71,907	25,406	4,574	101,887
Property maintenance	3,279	13,727	30,719	47,725
Salaries and consultants	242,980	81,250	105,049	429,279
Geophysics	68,259	-	-	68,259
Telecommunications	879	150	85	1,114
Travel and related costs	49,483	1,164	5,669	56,316
Total expenditures	552,309	194,341	193,716	940,366
Recoveries	(552,309)	-	-	(552,309)
Net expenditures	\$ -	\$ 194,341	\$ 193,716	\$ 388,057

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

6. INVESTMENT IN ASSOCIATED COMPANY

The Company has a 45% interest in Minas Dixon S.A. (“Minas”). The balance of investment in associated company was \$97,994 at December 31, 2021. The Company recognized its share of Minas’ loss for the nine months ended September 30, 2022, of \$4,245 (2021 – income of \$217,806). As a result, the Company’s investment in Minas declined to \$93,749 at September 30, 2022.

7. LONG-TERM INVESTMENTS

The Company holds 5% of the shares of Estrella Gold SAC, valued at \$1,041. Estrella is a private exploration company. The common shares of this company have been classified as FVTPL financial assets and are valued at cost, which is the best estimate of fair value as at September 30, 2022.

As at September 30, 2022, Lara owned 13,935,236 shares or approximately 11.9% of Bifox Limited (“Bifox”). The Company valued its investment in Bifox at \$0.25 Australian dollars per share based on recent financings by Bifox. Upon relisting the shares, Bifox will be obligated to reimburse Lara for US\$570,000 of project expenses. Bifox operates the Baha Inglesa phosphate mine and processing facilities in northern Chile. Lara holds a 2% production royalty triggered once the production rate exceeds 20,000 tonnes per annum.

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

In the year ended December 31, 2020, the Company purchased a right from Sereno Minerals (BVI) Ltd., a private mineral exploration company, to 5% of the proceeds of two lawsuits in Brazil. Lara paid \$177,627 (US\$140,000) for the right. The investment has been valued at cost, which is the best estimate of fair value.

	Fair value December 31, 2021	Change in fair value	Disposals	Fair value September 30, 2022
<u>FVTPL investments</u>				
Estrella Gold SAC	\$ 1,041	\$ -	\$ -	\$ 1,041
Bifox Limited	3,206,846	(115,279)	-	3,091,567
Sereno Minerals (BVI) Ltd.	177,627	-	-	177,627
Total	\$ 3,385,514	\$ (115,279)	\$ -	\$ 3,270,235

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(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

8. EQUITY

Authorized

As at September 30, 2022, the authorized share capital of the Company was an unlimited number of common shares without par value.

Share Issuances

The Company completed a non-brokered private placement financing raising \$3,970,467 net of share issue costs, by issuing 6,153,886 units at \$0.65 per unit during the nine months ended September 30, 2022. Each unit consisted of one common share and one-half of a non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at \$1.00 until June 17, 2025. If, after October 17, 2022, the closing price of the Company's shares on the TSX Venture Exchange is \$1.20 or higher for any period of 10 consecutive trading days, the Company may, by a news release issued within five trading days thereof, accelerate the expiry of the warrants to the 21st trading day after such news release. The Company paid finder's fees of 4% in units to two brokerage firms (1,520 units and 18,000 units) in respect of subscriptions from investors introduced by them as finders. The shares issued, and any shares issued on the exercise of the warrants, are subject to a restricted resale period under Canadian securities law until October 18, 2022.

Stock Options

The changes to the number of stock options outstanding for the nine months ended September 30, 2022, were as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2021	3,650,000	\$ 0.75
Expired	(120,000)	\$ (0.76)
Balance as at September 30, 2022	3,530,000	\$ 0.74

The following table summarizes the stock options outstanding and exercisable at September 30, 2022:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
November 21, 2017	November 21, 2022	\$0.76	1,435,000	1,435,000
March 14, 2018	March 14, 2023	\$0.72	350,000	350,000
November 13, 2019	November 13, 2024	\$0.50	200,000	200,000
September 1, 2020	September 1, 2025	\$0.76	1,495,000	1,495,000
June 28, 2021	June 28, 2026	\$0.70	50,000	50,000
Total			3,530,000	3,530,000

At September 30, 2022, the weighted average remaining life of the outstanding stock options was 1.48 years. On November 21, 2022, 1,435,000 options with an exercise price of \$0.76, expired unexercised.

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

9. SEGMENTED INFORMATION

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

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Nine months ended	
	September 30, 2022	September 30, 2021
Management fees - CEO	\$ 93,177	\$ 93,100
Exploration expenses – VP Exploration	127,133	126,774
Office, rent and administrative services		
Seabord Management Corp.	160,200	160,200
VP Corporate Development	42,000	36,000
	\$ 422,510	\$ 416,074

Seabord Management Corp. is related to Lara because it provides key management personnel services to Lara.

Amounts due to and from related parties as at September 30, 2022, and December 31, 2021, are as follows:

Related party assets and liabilities	Service or items	September 30 2022	December 31 2021
Amounts due from (to):			
Chief Executive Officer	Fees and expenses	\$ (15,742)	\$ (31,370)
Vice President, Corporate Development	Fees and expenses	(1,463)	(12,600)
Vice President, Exploration	Fees and expenses	(16,080)	(14,043)
Seabord Management Corp.	Deposit	10,000	10,000

LARA EXPLORATION LTD.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

September 30, 2022	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 3,594,409	\$ 3,594,409
Restricted cash equivalents	-	57,500	57,500
Receivables	-	31,271	31,271
Short-term investments	-	1,500,000	1,500,000
Long-term investments	3,270,235	-	3,270,235
Accounts payable and accrued liabilities	-	(174,328)	(174,328)
Advances from JV Partners	-	(927,081)	(927,081)
	\$ 3,270,235	\$ 4,081,771	\$ 7,352,006

December 31, 2021	FVTPL	Amortized Cost	Total
Cash and cash equivalents	\$ -	\$ 1,936,185	\$ 1,936,185
Restricted cash equivalents	-	57,500	57,500
Receivables	-	81,050	81,050
Long-term investments	3,385,514	-	3,385,514
Accounts payable and accrued liabilities	-	(251,976)	(251,976)
Advances from joint venture partners	-	(1,223,725)	(1,223,725)
	\$ 3,385,514	\$ 599,034	\$ 3,984,548

Fair Value

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

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

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments. The Company's level 3 investments include a right to a 5% interest in two lawsuits, a 5% interest in Celesta, and an 11.9% interest in Bifox (Note 6). Cost is the best measure of fair value. Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
September 30, 2022				
Long-term investments	\$ -	\$ -	\$ 3,270,235	\$ 3,270,235
December 31, 2021				
Long-term investments	\$ -	\$ -	\$ 3,385,514	\$ 3,385,514