



LARA EXPLORATION LTD.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lara Exploration Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lara Exploration Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



Chartered Professional Accountants

Vancouver, BC, Canada
April 28, 2026

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

	December 31 2025	December 31 2024
ASSETS		
Current assets		
Cash	\$ 2,725,873	\$ 5,144,036
Receivables	31,976	26,640
Prepaid expenses and deposits	102,164	92,217
Total current assets	2,860,013	5,262,893
Non-current assets		
Restricted cash equivalent (Note 3)	57,976	57,976
Equipment	-	1,783
Exploration and evaluation assets (Note 4)	578,340	141,681
Investments in associated companies (Note 6)	-	26,137
Long-term investments (Note 7)	3,314,390	3,106,857
Total non-current assets	3,950,706	3,334,434
TOTAL ASSETS	\$ 6,810,719	\$ 8,597,327
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 497,350	\$ 109,093
TOTAL LIABILITIES	497,350	109,093
EQUITY		
Share capital (Note 8)	35,869,097	34,423,016
Reserve	10,305,046	10,863,668
Deficit	(39,860,774)	(36,798,450)
TOTAL EQUITY	6,313,369	8,488,234
TOTAL LIABILITIES AND EQUITY	\$ 6,810,719	\$ 8,597,327

Nature and continuance of operations (Note 1)

Event after reporting date (Note 15)

These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2026.

Approved by the Board of Directors

"Miles Thompson" Director

"Steve Yuzpe" Director

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

LARA EXPLORATION LTD.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

	Year ended December 31 2025	Year ended December 31 2024
Exploration expenditures, net (Note 5)	\$ 2,287,617	\$ 1,862,437
General and administrative expenses		
Depreciation	1,783	5,554
Management fees	545,283	420,096
Office, rent, and administrative services	437,341	411,891
Professional fees	51,646	53,686
Share-based payments (Note 8)	-	221,721
Shareholder communication and investor relations	157,154	31,453
Transfer agent and regulatory fees	124,573	51,852
Travel and related	-	10,159
	1,317,780	1,206,412
Loss from operations	(3,605,397)	(3,068,849)
Change in fair value of long-term investments (Note 7)	207,533	(207,587)
Equity loss of associated company (Note 6)	(26,137)	(41,172)
Gain on sale of the Curionópolis Iron Project (Note 4)	-	2,603,100
Impairment of exploration and evaluation assets	-	(2,307)
Other income (expense) (Note 7)	293,885	(262,171)
Foreign exchange and other gain (loss)	67,792	(176,673)
LOSS AND COMPREHENSIVE LOSS	\$ (3,062,324)	\$ (1,155,659)
Basic and diluted loss per share	\$ (0.06)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted	49,917,969	46,342,035

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

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

	Year ended December 31 2025	Year ended December 31 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,062,324)	\$ (1,155,659)
Items not affecting cash:		
Depreciation	1,783	5,554
Share-based payments	-	221,721
Change in fair value of long-term investments	(207,533)	207,587
Gain on sale of the Curionópolis Iron Project	-	(2,603,100)
Impairment of exploration and evaluation assets	-	2,307
Equity loss of associated company	26,137	41,172
Unrealized foreign exchange loss (gain)	(19,182)	10,870
Changes in non-cash working capital items:		
Receivables	(5,336)	32,465
Prepaid expenses and deposits	(9,947)	(10,665)
Restricted cash equivalent	-	1,500,000
Accounts payable and accrued liabilities	388,257	(99,158)
Net cash used in operating activities	(2,888,145)	(1,846,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(67,870)
Sale of the Curionópolis Iron Project	-	2,603,100
Net cash provided by investing activities	-	2,535,230
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of share purchase warrants	-	3,085,943
Exercise of stock options	450,800	348,925
Net cash provided by financing activities	450,800	3,434,868
Effect of exchange rate changes	19,182	(9,196)
Change during the year	(2,418,163)	4,113,996
Cash, beginning of year	5,144,036	1,030,040
Cash, end of year	\$ 2,725,873	\$ 5,144,036

Supplemental disclosure with respect to cash flows (Note 11)

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

LARA EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2023	45,801,014	\$ 30,776,763	\$ 10,853,332	\$ (35,642,791)	\$ 5,987,304
Exercise of share purchase warrants	3,085,943	3,085,943	-	-	3,085,943
Exercise of stock options	547,815	560,310	(211,385)	-	348,925
Share-based payments	-	-	221,721	-	221,721
Loss for the year	-	-	-	(1,155,659)	(1,155,659)
Balance, December 31, 2024	49,434,772	34,423,016	10,863,668	(36,798,450)	8,488,234
Shares issued for acquisition (Note 4)	164,777	436,659	-	-	436,659
Exercise of stock options	1,106,550	1,009,422	(558,622)	-	450,800
Loss for the year	-	-	-	(3,062,324)	(3,062,324)
Balance, December 31, 2025	50,706,099	\$ 35,869,097	\$ 10,305,046	\$ (39,860,774)	\$ 6,313,369

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

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

Basis of presentation

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

Basis of consolidation

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

Subsidiaries

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

LARA EXPLORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

The Company's principal operating subsidiaries and associated companies are as follows:

Name	Principal	Place of incorporation	Ownership
Maxy Gold Corp.	Exploration company	British Columbia, Canada	100%
Maxy Gold Peru SAC	Exploration company	Peru	100%
Fosfatos Alli Allpa SAC	Exploration company	Peru	70%
Lara do Brasil Mineracao Ltda.	Exploration company	Brazil	100%
Planalto Mineracao Ltda.	Exploration company	Brazil	100%
Minas Dixon SA	Exploration company	Peru	45%

Foreign currencies

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

Financial instruments

Financial assets

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

Financial liabilities

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

Impairment of financial assets

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

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

Cash

Cash is comprised of cash on hand and at banks.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Equipment

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

Exploration and evaluation assets and expenditures

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

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being transferred to property under development. Thereafter, all costs will be capitalized to the property. Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

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

Investments in joint arrangements

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

Equity investment

The Company accounts for its long-term investments in affiliated companies over which it has significant influence and investments in joint ventures using the equity method of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment, and that the event or events have an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment

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

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

Valuation of units issued in private placements

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

Share-based payment

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income taxes

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

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

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

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

Earnings (loss) per share

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

Restoration, rehabilitation, and environmental obligations

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

Segment reporting

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates

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

Critical Accounting Estimates

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

Share-based payments

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

Recovery of deferred tax assets

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

Critical Accounting Judgments

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

Functional currency

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

Investment in associated company

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

Long-term investments

The Company has long-term investments in Sereno Minerals (BVI) Ltd., Estrella Gold SAC (“Estrella”), and Celesta Mineracao (“Celesta”). There is no observable market data for these investments. The Company has applied judgment to determine that cost is the best estimate of fair value. The Company holds an investment in Bifox Limited (“Bifox”) that has been valued based on recent financings completed by Bifox. In addition, the Company holds shares in Daura Gold Corp., a publicly traded company. The fair value of this investment is determined with the quoted market prices at the reporting date.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Exploration and evaluation assets

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

Adoption of amendments to the IFRS Accounting Standard

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify the accounting for transactions in currencies that lack exchangeability. These amendments provide guidance on determining when a currency is considered exchangeable and how to estimate the spot exchange rate in cases where exchangeability is lacking. The amendments also require additional disclosures when an entity applies the new requirements to estimate a spot exchange rate due to a lack of exchangeability. The Company adopted these amendments effective January 1, 2025. The adoption of the amendments did not have a material impact on the Company's financial statements. The Company has assessed the currencies in the jurisdictions in which it operates and determined that, for the year ended December 31, 2025, no material lack of exchangeability existed that would require the use of an estimated spot rate under the new guidance.

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for the year ended December 31, 2025, and have not been early adopted by the Company. New and amended accounting standards that are not applicable to the Company have been excluded from this note. The Company is currently assessing the impact of the following new and amended standards:

- IFRS 18 Presentation and Disclosures in Financial Statements
- Amendments to IFRS 9 Financial Instruments
- Amendments to IFRS 7 Financial Instruments: Disclosures

3. RESTRICTED CASH EQUIVALENT

As at December 31, 2025 and 2024, the Company held an interest-bearing GIC of \$57,976 as collateral for corporate credit cards.

4. EXPLORATION AND EVALUATION ASSETS

	December 31 2024	Additions	Reductions	December 31 2025
<u>Brazil</u>				
Planalto	\$ 67,870	\$ 436,659	-	\$ 504,529
<u>Peru</u>				
Kenita/Puituco	39,743	-	-	39,743
Alli Allpa (Mantaro)	34,068	-	-	34,068
	\$ 141,681	\$ 436,659	\$ -	\$ 578,340

Planalto Copper Project, Brazil

In February 2013 (amended in June 2016 and June 2019), the Company completed its option to acquire a 100% interest in the Planalto Copper Project from Brazil Americas Investments & Participation Mineracao LLC ("Brazil Americas") by paying US\$500,000 in cash (paid) and a 2% net smelter return ("NSR") royalty. Lara has the right to acquire 50% of the NSR royalty for US\$2,000,000.

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4. EXPLORATION AND EVALUATION ASSETS (continued)**Planalto Copper Project, Brazil (continued)**

In October 2018, Capstone Mining Corp. (“Capstone”) signed a letter of intent with Lara to option the Planalto Copper Project and made a payment of US\$150,000 (\$197,854) to the Company. The option payment was first applied against the capitalized value of the Planalto Copper Project.

In February 2019, the Company announced that it had signed a definitive agreement (“the Agreement”) (amended in June 2019, February 2021, and February 2023) granting Capstone an exclusive option to earn up to a 70% interest in the Company’s Planalto Copper Project. Capstone paid the Company US\$200,000 following receipt of a drill permit for the project and assumed the costs of the underlying agreement. Capstone could earn an initial 49% interest by funding exploration expenses of US\$5,000,000 by the third anniversary of the agreement and could then elect to purchase an additional 2% interest in the Planalto Copper Project by paying Lara US\$400,000 and committing to fund a Feasibility Study by the fifth anniversary, to reach a 61% interest. The third and final phase would comprise Capstone electing to finance, build and operate a commercial mining operation for the benefit of Lara (30%) and Capstone (70%), with Lara repaying its pro-rata share of the financing out of production cash flow. Lara held certain buy-back rights to reacquire a majority interest in the project should Capstone discontinue its investment.

Lara elected to accelerate the drill program at the Planalto Copper Project and, on May 28, 2019, filed a “Final Exploration Report” (“RFP”) with the National Agency of Mining (“ANM”) in Brazil. In June 2019, Lara and Capstone amended their agreement such that the initial three-year earn-in period for Capstone to acquire a 49% interest in the Planalto Copper Project started from the date of approval of the RFP and the 2019 drill program which fulfilled Capstone’s first-year work commitment. Capstone transferred US\$500,000 to Lara upon signing the amendment to cover the payment due upon receipt of the permit to drill, the payment due to the underlying vendor and partial reimbursement of Lara’s costs. The RFP was approved on October 31, 2019, and Capstone reimbursed Lara the additional costs of US\$600,000. The remaining conditions of the agreement are unchanged, and exploration work resumed in November 2019.

In October 2022, Capstone notified that it had completed the first phase of the option agreement for the Planalto Copper Project in Brazil by investing more than US\$5 million in exploration expenditures to earn a 49% interest. In February 2023, Capstone elected to raise its interest to 51% to become the project operator, paying Lara US\$400,000 (paid) and agreeing to fund the phase 2 expenditures to earn a further 10% interest (to 61%) in the project by delivering a feasibility study (Note 6). In addition, the agreement was amended, and certain timeframes were extended. In November 2023, Capstone terminated its earn-in option, with the project reverting to the Company (Note 6).

In August 2020, Lara entered into an option agreement (amended in February 2022) to acquire mining rights adjacent to the original Planalto Project from Mineracao Zaspir Ltda. (“Zaspir”). Lara agreed to acquire a 100% interest in these mining rights for staged payments totalling US\$250,000 (paid) and granting Zaspir a 2% NSR royalty on any production. The Company retains the right to buy back half of the royalty (being 1%) for US\$250,000.

In December 2020, the Company signed an option agreement (amended in July 2021) with Mineração Tariana Ltda. (“Tariana”), a subsidiary of Anglo American do Brasil Ltda., to acquire an exploration license adjacent to the Company’s Planalto Project. Under the terms of the agreement, the Company will make a payment of US\$50,000 (paid) upon the date of publication of the transfer of title by the ANM in Brazil (completed in March 2022) and payments of US\$50,000 on the first and second anniversaries of that date (paid). The Company committed to complete a minimum of 2,000 metres of diamond drilling (completed) together with resource and reserve studies by May 2023. The Company then has until the date of filing the Final Exploration Report with the ANM to notify Tariana of its intention to exercise the option and put the project into production. The Company will pay a 1.25% NSR royalty to Tariana on production. If the project is not operating by 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.

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4. EXPLORATION AND EVALUATION ASSETS (continued)**Planalto Copper Project, Brazil (continued)**

In October 2025, the Company entered into an agreement with Atlantica do Brasil Mineração Ltda. (“Atlantica”) to acquire an exploration license adjacent to the Company’s own Planalto Copper Project in Brazil. The Company has agreed to:

- Issue 164,777 common shares to Atlantica on acceptance of the agreement by the TSX-V (issued);
- drill a minimum of 2,000 metres by the end of the year 2027;
- prepare a NI 43-101-compliant Technical Report by the end of the year 2027;
- pay a Success Fee equivalent to US\$0.06/lb of copper contained in Measured and Indicated Resources in the Technical Report by December 2027;
- pay an additional Success Fee equivalent to US\$0.06/lb of copper contained in any additional Measured and Indicated Resources included in an updated Technical Report by December 2028; and
- pay an additional Success Fee equivalent to US\$0.08/lb of copper contained in any additional Measured and Indicated Resources estimated in any subsequent Technical Report after the end of 2028.

The Success Fee can be paid in installments annually, in either cash or common shares at the Company’s discretion, with a maximum of US\$1,250,000 due in any one year. There is a minimum payment of US\$500,000 regardless of the resource size discovered, due at the end of 2027. Atlantica and an underlying vendor will each be entitled to a 1% NSR royalty on any production derived from the license.

Itaituba Vanadium Project, Brazil

In August 2025, the Company entered into a binding letter of intent (the “LOI”) with a private company (the “Optionee”) for the Optionee to acquire the Company’s Itaituba project, located in the Tapajos Mineral Province of northern Brazil. The Optionee advised its plan to seek a stock exchange listing (the “Public Transaction”) for the Itaituba project (either on a standalone basis or as part of a basket of vanadium projects). In connection with the Public Transaction, the Optionee assigned its rights and obligations under the LOI to Golcap Resources Corp (“Golcap”) in December 2025.

Under the terms of the LOI, for the initial 90% interest of the project, the Company (as the project operator) will receive staged payments from Golcap totalling US\$2,000,000 to fund exploration and development of the Itaituba project: US\$500,000 in 2025 (US\$350,000 received), US\$600,000 in 2026, and US\$900,000 in 2027.

Upon the filing and approval of a “Final Exploration Report” with the ANM in Brazil, the Company is entitled to receive common shares of the Golcap equal to the higher of (a) \$1,000,000 in valuation and (b) 9.9% ownership on a fully diluted basis. Golcap issued 4,000,000 common shares to the Company, which is currently subject to escrow until filing and approval of a “Final Exploration Report” with the ANM in Brazil. No value has been recognized as management has assessed that the fair value of these shares at the date of receipt was not reliably measurable and is effectively \$Nil, due to uncertainty surrounding the final escrow release condition. Golcap will have the option to acquire an additional 10% interest in the project for \$250,000 and an additional 1,000,000 common shares, with the Company having the right to force exercise on the third anniversary of the Public Transaction. The Company is entitled to receive a payment of US\$1,000,000 within 90 days of publication of the first Feasibility Study and will also receive a 2% NSR royalty on any production from the project and any other properties acquired within a 5km area of interest. As at December 31, 2025, Golcap is in default of certain required payments under the LOI. The Company and Golcap are currently in discussions to renegotiate the terms of the agreement.

Curionópolis Iron Project, Brazil

In May 2024, the Company entered into an agreement with Ferrous Technology Mineração Limitada (“Fertec”) to sell its Curionópolis Iron Project for staged payments totalling R\$10,000,000 (equivalent to approximately US\$2,000,000) and a 3% gross sales royalty (“GSR”) on any production, with minimum advance royalties of US\$150,000 payable from year three. In addition to the R\$150,000 advanced previously, the Company received R\$6,850,000 in payment at closing, of which R\$1,500,000 represents advanced royalties on the GSR. In September 2024, the remaining R\$3,000,000 was paid upon publication of the transfer of the license into the name of Fertec.

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4. EXPLORATION AND EVALUATION ASSETS (continued)**Liberdade Copper Project, Brazil**

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

Cumaru Manganese Royalty, Brazil

In May 2019, the Company signed a definitive agreement transferring all its rights and obligations for the Cumaru Manganese Project in northern Brazil to local mining company Seven Mineração Limitada in exchange for R\$250,000 in cash (equivalent to approximately US\$60,975) and a royalty of US\$2 per ton of ore taken from the property. The Company has received the first R\$125,000 payment. The second payment was due on July 19, 2020. Subsequently, Seven Mineração Limitada allowed the underlying license to lapse in June 2025.

Kenita (Puituco) Property, Peru

During the year ended December 31, 2021, the Company signed a mining rights transfer agreement with BHP World Exploration Inc., Sucursal del Peru, to acquire the Kenita property in exchange for a commitment to pay a 1% net smelter returns royalty on any future production. The Kenita property consists of five exploration licenses adjacent to and surrounding Lara’s Puituco licenses, which were acquired at a government auction.

Alli Allpa (Mantaro) Project, Peru

In March 2022, the Company entered into an agreement with other existing owners to increase its interest from 33% to 70% by funding US\$500,000 of exploration expenditures by December 31, 2025; this funding commitment was completed in 2024.

Lara Copper Project, Peru

In July 2020, the Company, with its partner, Global Battery Metals Ltd. (“GBM”), signed an option and royalty agreement for the sale of the Lara Copper Project for US\$5,759,000 and a 1.5% NSR royalty to Minsur S.A. (“Minsur”). The Lara Copper Project is owned 45% by Lara and 55% by GBM. Minsur retains the right to purchase a 0.25% NSR royalty for US\$2,500,000 from each of Lara and GBM at any time before the commencement of commercial production. Under the terms of the agreement, Lara and GBM have granted Minsur an exclusive option to acquire a 100% interest in the Lara Copper Project by making staged cash payments based on permitting milestones, as summarized in the table below:

Milestones and/or dates	Option payments in USD
Upon registration of the agreement before a public notary	<i>Received</i> \$ 59,000
One-year anniversary of registration	<i>Received</i> 200,000
Approval of the environmental study and start of work (“DIA-IA”)	200,000
One-year anniversary of approval of DIA-IA	300,000
Approval of semi-detailed environmental study (“EIA-SD”)	500,000
One-year anniversary of approval of EIA-SD	1,500,000
Upon transfer of title	3,000,000
	\$ 5,759,000

In November 2025, the Company was notified by Minsur of its termination of the option to acquire the Lara Copper Project.

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5. EXPLORATION EXPENDITURES

For the year ended December 31, 2025	Planalto Brazil	Itaituba Brazil	Other Brazil	Other Peru	Total
Administrative	\$ 217,502	\$ 3,875	\$ 131,585	\$ 94,968	\$ 447,930
Assays	9,634	13,619	4,622	1,750	29,625
Community relations	-	-	-	22,182	22,182
Drilling	29,840	163,612	-	-	193,452
Field costs	143,245	206,298	4,741	34,525	388,809
Property maintenance	47,596	10,601	13,143	42,615	113,955
Salaries and consultants	1,184,718	102,853	34,151	119,515	1,441,237
Travel and related costs	63,550	46,876	16,751	10,022	137,199
Gross expenditures	1,696,085	547,734	204,993	325,577	2,774,389
Recoveries	-	(486,772)	-	-	(486,772)
Total expenditures	\$ 1,696,085	\$ 60,962	\$ 204,993	\$ 325,577	\$ 2,287,617

For the year ended December 31, 2024	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
Administrative	\$ 116,518	\$ 234,753	\$ 147,997	\$ -	\$ 499,268
Assays	103,486	2,907	10,328	-	116,721
Community relations	-	-	56,082	-	56,082
Field costs	84,249	77,193	30,602	-	192,044
Property maintenance	696	40,946	170,976	-	212,618
Salaries and consultants	529,851	56,523	62,027	6,092	654,493
Travel and related costs	91,937	17,825	21,449	-	131,211
Total expenditures	\$ 926,737	\$ 430,147	\$ 499,461	\$ 6,092	\$ 1,862,437

6. INVESTMENTS IN ASSOCIATED COMPANY

	December 31 2025	December 31 2024
Opening balance	\$ 26,137	\$ 67,309
Share of Minas Dixon's loss	(26,137)	(41,172)
Ending balance	\$ -	\$ 26,137

As at December 31, 2025 and 2024, the Company has a 45% interest in Minas Dixon. The aggregate assets, liabilities, and loss of Minas Dixon are as follows:

For the year ended	December 31 2025	December 31 2024
Current assets	\$ 31,168	\$ 129,490
Non-current assets	-	-
Current liabilities	1,148	36,946
Loss for the year	(62,524)	(91,493)
Company's ownership percentage	45%	45%
Company's share of loss for the year	\$ (26,137)	\$ (41,172)

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7. LONG-TERM INVESTMENTS

	December 31 2024		Changes	Fair value adjustments	December 31 2025
Shares of Daura	\$	1,041	\$ -	\$ 126,709	\$ 127,750
Shares of Bifox		3,105,816	-	80,824	3,186,640
	\$	3,106,857	\$ -	\$ 207,533	\$ 3,314,390

The Company held 5% of the shares of Estrella Gold SAC (“Estrella”), a private exploration company, which were valued at cost. In January 2025, Daura Gold Corp. (“Daura”) acquired all issued and outstanding shares of Estrella in exchange for its common shares, where the Company received 350,000 common shares of Daura. The common shares of Daura have been classified as FVTPL financial assets.

The Company holds 13,935,236 shares, or approximately 5.3% (2024 - 6.7%), of Bifox Limited. The Company valued its investment in Bifox at \$0.25 Australian dollars per share based on recent financings by Bifox. Upon relisting the shares, Bifox will be obligated to reimburse Lara for US\$570,000 of project expenses. Bifox operates the Baha Inglesa phosphate mine and processing facilities in northern Chile. The Company also holds a 2% production royalty triggered once the production rate exceeds 50,000 tonnes per annum.

The Company holds a 5% preferred interest in Celesta Mineração (“Celesta”) and a 2% NSR royalty. A \$Nil value has been attributed to the 5% interest. Celesta entered into a payment plan arrangement for past royalties and/or fees payable to the Company and other royalty holders. During the year ended December 31, 2025, the Company received \$247,981, which was recorded in other income (expense).

The Company purchased a right from Sereno Minerals (BVI) Ltd., a private mineral exploration company, for 5% of the proceeds of two lawsuits in Brazil. The Company paid \$177,627 (US\$140,000) for the right. The investment had been valued at cost, which has been the best estimate of fair value. In December 2024, the Company adjusted its fair value to \$Nil.

8. SHARE CAPITAL**Authorized**

As at December 31, 2025 and 2024, the authorized share capital of the Company was an unlimited number of common shares without par value.

During the year ended December 31, 2025, the Company issued 1,106,550 and 164,777 common shares in connection with the exercise of stock options and exploration and evaluation assets, respectively.

During the year ended December 31, 2024, the Company issued 547,815 and 3,085,943 common shares in connection with the exercise of stock options and share purchase warrants, respectively.

Stock options

The changes in stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2023	4,055,000	\$ 0.76
Granted	600,000	0.67
Exercised ⁽¹⁾	(595,000)	0.68
Balance, December 31, 2024	4,060,000	0.78
Exercised ⁽¹⁾	(1,360,000)	0.76
Balance, December 31, 2025	2,700,000	\$ 0.61

⁽¹⁾ Includes cashless exercise of stock options

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8. SHARE CAPITAL (continued)

Stock options (continued)

The following table summarizes the stock options outstanding and exercisable as at December 31, 2025:

Expiry date	Exercise price	Outstanding	Exercisable
June 28, 2026	\$ 0.70	50,000	50,000
April 19, 2028	\$ 0.79	2,050,000	2,050,000
January 8, 2029	\$ 0.54	400,000	400,000
January 24, 2029	\$ 0.64	100,000	100,000
October 11, 2029	\$ 1.20	100,000	100,000
		2,700,000	2,700,000

As at December 31, 2025, the weighted-average remaining life of the outstanding stock options was 2.46 (2024 - 2.58) years.

Share purchase warrants

The changes in share purchase warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2023	3,086,703	\$ 1.00
Exercised	(3,085,943)	1.00
Expired/cancelled	(760)	1.00
Balance, December 31, 2024 and 2025	-	\$ -

As at December 31, 2025 and 2024, the weighted-average remaining life of the outstanding stock options was Nil years.

Share-based payments

During the year ended December 31, 2024, the Company granted 600,000 stock options with a weighted average fair value of \$0.37 per option. The weighted average fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

For the year ended	December 31 2025	December 31 2024
Risk-free interest rate	n/a	3.31%
Expected dividend yield	n/a	0%
Expected stock price volatility	n/a	62%
Expected life in years	n/a	5
Forfeiture rate	n/a	0%

During the year ended December 31, 2025, the Company recorded share-based payments of \$Nil (2024 - \$221,721), representing the fair value of options vested during the year, with the offsetting amounts credited to reserve.

9. SEGMENTED INFORMATION

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

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10. RELATED PARTY TRANSACTIONS AND BALANCES

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

For the year ended	December 31 2025	December 31 2024
Management fees - CEO	\$ 303,433	\$ 210,048
Director's fees	213,609	210,048
Exploration expenditures - VP Exploration	180,000	180,000
General and administrative expenses		
<i>Seabord Management Corp.</i>	208,800	213,600
<i>VP Corporate Development</i>	120,000	120,000
Share-based payments	-	117,405
	\$ 1,025,842	\$ 1,051,101

Seabord Management Corp. ("Seabord") is related to Lara because it provides the Company with key management personnel services, such as the Chief Financial Officer and Corporate Secretary, who are employees of Seabord and are not paid directly by the Company. As at December 31, 2025 and 2024, the Company has provided a \$10,000 deposit in connection with the service agreement with Seabord.

As at December 31, 2025, the Company had \$23,854 (2024 - \$Nil) due to management-related fees and expenses, which have been included in accounts payable and accrued liabilities.

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

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2025, the Company received interest of \$71,414 (2024 - \$77,447) and issued common shares with a fair value of \$436,659 (2024 - \$Nil) as consideration for the acquisition of an exploration license.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT**Financial risk management**

The Company's financial instruments are exposed to certain financial risks, which include credit risk, currency risk, market and interest rate risk, and liquidity risk.

Credit risk

The Company's cash and restricted cash equivalent are mainly held through large Canadian or South American financial institutions and, as at December 31, 2025, are mainly held in interest-bearing accounts. Accordingly, the credit risk is minimized. The Company assesses the collectability of other receivables and records allowances for non-collection based on management's assessment of specific accounts.

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Brazil, and Peru. The Company funds cash calls to its subsidiary companies outside of Canada in Canadian and US dollars, and a portion of its expenditures are also incurred in local currencies, which include the US dollar, the Brazilian real, and the Peruvian sol. The Company's exposure to foreign currency risk arises primarily from fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

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12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**Market and interest rate risk**

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk through the management of its capital resources as outlined below. The Company is exposed to liquidity risk.

Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties, which enables it to conserve capital and reduce risk. The Company can liquidate long-term investments to raise additional cash resources. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure sufficient capital to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less. Management believes the Company may have to raise additional capital to fund its operations for the next twelve months. The Company is not subject to any capital restrictions, and there were no changes to capital management during 2025.

13. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	December 31 2025	December 31 2024
Financial assets - FVTPL:			
Long-term investments	Level 1	\$ 127,750	\$ -
Long-term investments	Level 2	3,186,640	3,106,857
Financial assets - amortized costs:			
Cash		2,725,873	5,144,036
Restricted cash equivalent		57,976	57,976
Receivables		31,976	26,640
Financial liabilities - amortized costs:			
Accounts payable and accrued liabilities		497,350	109,093

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The carrying value of cash, receivables, accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments. Cost is the best measure of fair value for the Company's long-term investments.

LARA EXPLORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

14. INCOME TAXES

As at December 31, 2025, and 2024, no deferred tax assets are recognized on the following temporary differences, as it is not probable that sufficient future taxable profit will be available to realize such assets:

	December 31 2025	December 31 2024
Mineral properties	\$ 6,122,188	\$ 4,594,623
Tax loss carry-forwards	4,557,127	4,625,410
Other	575,011	577,521
Unrecognized deferred tax assets	\$ 11,254,327	\$ 9,797,554

As at December 31, 2025, the Company has non-capital losses of approximately \$14,900,000 (2024 - \$15,200,000) and \$1,700,000 (2024 - \$1,700,000) to reduce future income tax in Canada and Peru, respectively. The losses in Canada expire between 2026 and 2045, and, in Peru, between 2026 and 2030.

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

	December 31 2025	December 31 2024
Pre-tax loss for the year	\$ (3,062,324)	\$ (1,155,659)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery	(826,828)	(312,028)
Gain on acquisition	-	(1,552)
Foreign exchange	(264,046)	772,517
Non-deductible and other items	(365,900)	531,940
Deferred income tax assets not recognized	1,456,774	(990,877)
Unrecognized deferred tax assets	\$ -	\$ -

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

15. EVENT AFTER REPORTING DATE

Subsequent to December 31, 2025, the Company closed a brokered private placement for gross proceeds of \$20,250,000 by issuing 6,750,000 common shares at \$3.00 per share. Concurrently, the Company closed a non-brokered private placement for gross proceeds of \$13,500,000 by issuing 4,500,000 common shares at \$3.00 per share. All common shares issued are subject to a statutory four-month holding period from the date of closing. The Company paid agents' fees totaling \$1,176,705.