



**LARA EXPLORATION LTD.**  
(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**

**NOTICE TO READER**

The accompanying condensed consolidated interim financial statements of Lara Exploration Ltd. for the nine months ended September 30, 2025 and 2024 have been prepared by management and approved by the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.



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

(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30 2025	Three months ended September 30 2024	Nine months ended September 30 2025	Nine months ended September 30 2024
<b>Exploration expenditures, net</b> (Note 5)	\$ 482,119	\$ 388,473	\$ 1,464,013	\$ 1,214,721
<b>General and administrative expenses</b>				
Depreciation	-	2,626	-	5,026
Management fees	133,524	104,621	409,346	310,279
Office, rent, and administrative services	117,682	101,208	337,347	298,665
Professional fees	14,637	15,500	40,167	42,517
Share-based payments (Note 8)	-	-	-	153,159
Shareholder communication and investor relations	56,719	5,921	84,020	22,244
Transfer agent and regulatory fees	16,581	2,580	66,753	43,053
Travel and related	-	-	856	10,159
	339,143	232,456	938,489	885,102
<b>Loss from operations</b>	<b>(821,262)</b>	<b>(620,929)</b>	<b>(2,402,502)</b>	<b>(2,099,823)</b>
Change in fair value of long-term investments (Note 7)	136,873	70,323	203,677	115,663
Equity loss of associated companies	(7,033)	(29,313)	(17,854)	(33,858)
Gain on sale of the Curionópolis Iron Project (Note 4)	-	744,600	-	2,603,100
Other income	12,015	(149,102)	86,231	(249,339)
Foreign exchange and other	4,098	15,946	75,194	(125,764)
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ (675,309)</b>	<b>\$ 61,153</b>	<b>\$ (2,055,254)</b>	<b>\$ 209,979</b>
Basic and diluted earnings (loss) per share	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ 0.00
Weighted average number of shares outstanding - basic and diluted	50,109,522	45,867,645	49,686,776	45,824,773

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

**LARA EXPLORATION LTD.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited - Expressed in Canadian Dollars)

	Nine months ended September 30 2025	Nine months ended September 30 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) for the period	\$ (2,055,254)	\$ 209,979
<b>Items not affecting cash:</b>		
Depreciation	-	5,026
Share-based payments	-	153,159
Change in fair value of long-term investments	(203,677)	(115,663)
Gain on sale of the Curionópolis Iron Project	-	(2,603,100)
Equity loss of associated companies	17,854	33,858
Unrealized foreign exchange	(30,778)	(9,195)
<b>Changes in non-cash working capital items:</b>		
Receivables	14,363	41,471
Prepaid expenses and deposits	10,047	23,800
Restricted cash equivalent	-	1,500,000
Accounts payable and accrued liabilities	55,449	22,971
Advance from joint venture partner	101,575	-
<b>Net cash used in operating activities</b>	<b>(2,090,421)</b>	<b>(719,304)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	-	(67,870)
Sale of the Curionópolis Iron Project	-	2,603,100
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>2,535,230</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Exercise of stock options	450,800	195,400
<b>Net cash provided by financing activities</b>	<b>450,800</b>	<b>195,400</b>
Effect of exchange rate changes	32,561	(9,196)
<b>Change during the period</b>	<b>(1,607,060)</b>	<b>2,002,130</b>
<b>Cash, beginning of period</b>	<b>5,1440,36</b>	<b>1,030,040</b>
<b>Cash, end of period</b>	<b>\$ 3,536,976</b>	<b>\$ 3,032,170</b>

Supplemental disclosure with respect to cash flows (Note 11)

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

**LARA EXPLORATION LTD.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Number of common shares	Share capital	Reserve	Deficit	Total
<b>Balance, December 31, 2023</b>	45,801,014	\$ 30,776,763	\$ 10,853,332	\$ (35,642,791)	\$ 5,987,304
Exercise of stock options	256,905	314,495	(119,095)	-	195,400
Share-based payments	-	-	153,159	-	153,159
Income for the period	-	-	-	209,979	209,979
<b>Balance, September 30, 2024</b>	<b>45,821,014</b>	<b>\$ 31,091,258</b>	<b>\$ 10,887,396</b>	<b>\$ (35,432,812)</b>	<b>\$ 6,545,842</b>
<b>Balance, December 31, 2024</b>	<b>49,434,772</b>	<b>\$ 34,423,016</b>	<b>\$ 10,863,668</b>	<b>\$ (36,798,450)</b>	<b>\$ 8,488,234</b>
Exercise of stock options	1,106,550	1,009,422	(558,622)	-	450,800
Loss for the period	-	-	-	(2,055,254)	(2,055,254)
<b>Balance, September 30, 2025</b>	<b>50,541,322</b>	<b>\$ 35,432,438</b>	<b>\$ 10,305,046</b>	<b>\$ (38,853,704)</b>	<b>\$ 6,883,780</b>

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

## **LARA EXPLORATION LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

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#### **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, Peru, and Chile. These condensed consolidated interim 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 condensed consolidated 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 condensed consolidated interim 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 condensed consolidated interim 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**

##### **Basis of presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Certain disclosures included in the annual financial statements 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”), have been condensed or omitted, and accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024. The accounting policies, estimates, and judgements applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2024. The Company’s interim results do not necessarily indicate its results for a full year

#### **3. RESTRICTED CASH EQUIVALENT**

As at September 30, 2025 and December 31, 2024, the Company held an interest-bearing GIC of \$57,976 as collateral for corporate credit cards.

**LARA EXPLORATION LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**4. EXPLORATION AND EVALUATION ASSETS**

	December 31				September 30
	2024		Additions	Reductions	2025
<b>Brazil</b>					
Planalto	\$	67,870	\$ -	\$ -	\$ 67,870
<b>Peru</b>					
Kenita/Puituco		39,743	-	-	39,743
Alli Allpa (Mantaro)		34,068	-	-	34,068
	\$	<b>141,681</b>	\$ -	\$ -	\$ <b>141,681</b>

**Planalto Copper Project, Brazil**

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 (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.

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.

**LARA EXPLORATION LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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 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 Tariana and Zaspir licenses formed part of the Company’s now terminated earn-in agreement with Capstone.

**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 has advised that it plans 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).

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 the Optionee totalling US\$2,000,000 to fund exploration and development of the Itaituba project: US\$500,000 in 2025 (US\$150,000 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 Public Transaction vehicle (“PubCo”) equal to the higher of (a) \$1,000,000 in valuation and (b) 9.9% ownership on a fully diluted basis. PubCo will have the option to acquire an additional 10% interest in the project for \$250,000 and an additional 1,000,000 common shares of PubCo, 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.

**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.

**Cumarú 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.

**LARA EXPLORATION LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 is being appealed.

**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.

**Corina Gold Project, Peru**

In July 2022, Hochschild relinquished its option to purchase the Corina gold-silver discovery. Lara and Hochschild completed the handover during the year ended December 31, 2022, with Hochschild remaining responsible for the environmental restitution from its 2020-21 drilling program.

**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:

<b>Milestones and/or dates</b>	<b>Option payments in USD</b>
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 environment 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
	<b>\$ 5,759,000</b>

After the reporting date, the Company has been notified by Minsur of its option to acquire the Lara Copper Project.

**LARA EXPLORATION LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

**5. EXPLORATION EXPENDITURES**

	Planalto Brazil	Itaituba Brazil	Other Brazil	Other Peru	Total
<b>For the nine months ended September 30, 2025</b>					
Administrative	\$ 143,373	\$ 80	\$ 113,060	\$ 64,486	\$ 320,998
Assays	7,530	-	4,570	1,720	13,820
Community relations	-	-	-	14,481	14,481
Drilling	29,506	55,003	-	-	84,509
Field costs	100,824	91,897	4,688	26,683	224,092
Property maintenance	2,082	9,310	12,996	41,898	66,286
Salaries and consultants	725,951	18,666	32,918	68,614	846,149
Travel and related costs	44,778	35,557	15,505	8,351	104,191
<b>Gross expenditures</b>	<b>1,054,044</b>	<b>210,513</b>	<b>183,737</b>	<b>226,233</b>	<b>1,674,526</b>
Recoveries	-	(210,513)	-	-	(210,513)
<b>Total expenditures</b>	<b>\$ 1,054,044</b>	<b>\$ -</b>	<b>\$ 183,737</b>	<b>\$ 226,233</b>	<b>\$ 981,894</b>
	Planalto Brazil	Other Brazil	Other Peru	Other Chile	Total
<b>For the nine months ended September 30, 2024</b>					
Administrative	\$ 73,884	\$ 122,210	\$ 103,650	\$ -	\$ 299,744
Assays	3,039	2,397	5,601	-	11,037
Community relations	-	-	46,402	-	46,402
Field costs	56,198	26,558	22,636	-	105,392
Property maintenance	502	41,416	169,585	-	211,503
Salaries and consultants	366,024	49,710	50,976	6,092	472,802
Travel and related costs	50,219	3,226	10,159	-	67,841
<b>Total expenditures</b>	<b>\$ 549,866</b>	<b>\$ 249,754</b>	<b>\$ 409,009</b>	<b>\$ 6,092</b>	<b>\$ 1,214,721</b>

**6. INVESTMENTS IN ASSOCIATED COMPANIES**

	September 30 2025	December 31 2024
Opening balance	\$ 26,137	\$ 67,309
Share of Minas Dixon's income (loss)	(17,854)	(41,172)
Ending balance	<b>\$ 8,283</b>	<b>\$ 26,137</b>

As at September 30, 2025 and December 31, 2024, the Company has a 45% interest in Minas Dixon S.A. The aggregate assets, liabilities, and income (loss) of Minas Dixon are as follows:

	September 30 2025	September 30 2024
<b>For the nine months ended</b>		
Current assets	\$ 54,482	\$ 144,546
Non-current assets	-	-
Current liabilities	1,613	35,749
Income (loss) for the period	(39,675)	(75,240)
Company's ownership percentage	45%	45%
Company's share of income (loss) for the period	<b>\$ (17,854)</b>	<b>\$ (33,858)</b>

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**7. LONG-TERM INVESTMENTS**

	December 31 2024		Changes	Fair value adjustments	September 30 2025
Shares of Daura	\$	1,041	\$ -	\$ 121,459	\$ 122,500
Shares of Bifox		3,105,816	-	82,218	3,188,034
	\$	<b>3,106,857</b>	\$ -	\$ <b>203,677</b>	\$ <b>3,310,534</b>

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. 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 6.7% (December 31, 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 and a 2% NSR royalty. A nominal value has been attributed to the 5% interest.

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 September 30, 2025 and December 31, 2024, the authorized share capital of the Company was an unlimited number of common shares without par value.

**Stock options**

The changes in stock options outstanding are as follows:

	Number	Weighted average exercise price
<b>Balance, December 31, 2024</b>	<b>4,060,000</b>	<b>\$ 0.76</b>
Exercised <sup>(1)</sup>	(1,360,000)	0.76
<b>Balance, September 30, 2025</b>	<b>2,700,000</b>	<b>\$ 0.76</b>

<sup>(1)</sup> Includes cashless exercise of stock options

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**8. SHARE CAPITAL**

The following table summarizes the stock options outstanding and exercisable as at September 30, 2025:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Outstanding</b>	<b>Exercisable</b>
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
		<b>2,700,000</b>	<b>2,700,000</b>

As at September 30, 2025, the weighted average remaining life of the outstanding stock options was 2.71 (December 31, 2024 - 2.58) years.

**Share-based payments**

During the nine months ended September 30, 2024, the Company granted 500,000 stock options with a weighted average fair value of \$0.31 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:

<b>For the six months ended</b>	<b>June 30 2025</b>	<b>June 30 2024</b>
Risk-free interest rate	n/a	3.46%
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 nine months ended September 30, 2025, the Company recorded share-based payments of \$Nil (2024 - \$153,159), 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.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the nine months ended September 30, 2025, the Company received interest of \$58,711 (2024 - \$60,042).

**LARA EXPLORATION LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

**11. 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:

<b>For the nine months ended</b>	<b>September 30 2025</b>	<b>September 30 2024</b>
Management fees - CEO	\$ 247,991	\$ 156,353
Director's fees	161,355	153,923
Exploration expenditures - VP Exploration	135,000	137,101
General and administrative expenses		
<i>Seabord Management Corp.</i>	159,000	160,200
<i>VP Corporate Development</i>	90,000	90,000
Share-based payments	-	117,405
	<b>\$ 793,346</b>	<b>\$ 814,985</b>

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 September 30, 2025 and December 31, 2024, the Company has provided a \$10,000 deposit in connection with the service agreement with Seabord.

As at September 30, 2025, the Company had \$38,315 (December 31, 2024 - \$Nil) due to management-related fees, 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.

**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 equivalents are mainly held through large Canadian or South American financial institutions and, as at September 30, 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.

**LARA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

**12. FINANCIAL AND CAPITAL RISK MANAGEMENT****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	September 30 2025	December 31 2024
<b>Financial assets - FVTPL:</b>			
Long-term investments	Level 1	\$ 122,500	\$ -
Long-term investments	Level 2	3,188,034	3,106,857
<b>Financial assets - amortized costs:</b>			
Cash		3,536,976	5,144,036
Restricted cash equivalents		57,976	57,976
Receivables		12,277	26,640
<b>Financial liabilities - amortized costs:</b>			
Accounts payable and accrued liabilities		164,542	109,093
Advance from joint venture partner		101,575	-

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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

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**14. EVENTS AFTER REPORTING DATE**

Subsequent to September 30, 2025, the Company:

- a) 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 common shares (equivalent to \$350,000) to Atlantica on acceptance of the agreement by the TSX-V;
  - drill a minimum of 2,000 metres;
  - 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\$1.25 million 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; and

- b) was notified by Minsur of its intention to drop its option to acquire the Lara Copper Project (Note 7).