FORM 51-102F3

MATERIAL CHANGE REPORT

1. Reporting Issuer

LARA EXPLORATION LTD.
Suite 300, 570 Granville Street
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2. Date of Material Change

January 11, 2006

3. Press Release

Date of Issuance: January 11, 2006
Place of Issuance: Vancouver, British Columbia

4. Summary of Material Change

Lara Exploration Ltd. (“Lara Exploration”) is pleased to report that an agreement has been signed for the acquisition of Pan Brazilian Mineração Ltda. (“Pan Brazilian”), a private Brazilian company that holds the rights to nine prospective gold, nickel, copper and zinc properties in Brazil.

5. Full Description of Material Change

Lara Exploration Ltd. (“Lara Exploration”) is pleased to report that an agreement has been signed for the acquisition of Pan Brazilian Mineração Ltda. (“Pan Brazilian”), a private Brazilian company that holds the rights to nine prospective gold, nickel, copper and zinc properties in Brazil.

“This transaction will not only establish a base of operations from which we can grow our exploration business in Brazil," said Alan Matthews, president of Lara Exploration, "but also brings on board a top rate exploration team with in depth knowledge of Brazil and a much more diversified property portfolio to go along with our Lara copper property in Peru.”

<u>About Pan Brazilian</u>

Pan Brazilian was formed in 1996 by Miles Thompson, who has 18 years of expertise in Brazil working for Gold Fields Ltd., Barrick Gold Corp., Newcrest Mining Limited and various junior companies. With a mandate to acquire 100% of mineral exploration properties in favourable geological terrains, Pan Brazilian has established an impressive early-staged exploration portfolio spread throughout Brazil.

<u>Pan Brazilian’s Properties</u>

The 43,000 hectare Araguaia nickel project in Pará State is currently optioned to Falconbridge Ltd., which recently announced two significant nickel laterite discoveries on its ground in the same district. Under the deal, Falconbridge can earn a 70% interest in the Araguaia project by making cash payments of US$110,000 and spending US$3.89 million on exploration on or before June 2009.

The 18,000 hectare Campos Verdes copper-gold project lies only 40 km southwest of Yamana Gold's Chapada mine in Goiás State and is hosted by similar lithologies. There are two currently inactive gold workings on the property and several targets have been identified for follow-up work.

The 3,500 hectare Niquelândia gold project close to Campos Verdes and the 2,036 hectare Fortuna gold project in Ceará State cover small scale workings, as does the 20,000 hectare Colorado project in the southern corner of Rondânia state in northwestern Brazil. A local base metal miner, Taboca Mineração spent US$1.4 exploring Colorado in the 1990's and its drilling returned some encouraging results, including 25.47 grams gold per tonne over 3.46 metres and 4.55 grams gold over 8.64 metres in hole 12, 5.8 grams gold over 11.05 metres in hole 14 and 8 grams gold over 3 metres in hole 27. Pan Brazilian is in the process of compiling and reinterpreting Taboca's exploration data.

The 3,034 hectare São Felix copper-gold and the Cumaru copper-zinc properties in the Carajas district, the 495 hectare Amapari property near Goldcorps' Amapari mine in Amapá State and the 2,000 hectare Piauí Nickel project in Piauí State are earlier-staged properties covering favourable lithologies.

Pan Brazilian's Management

The acquisition comes with a highly experienced technical team including seasoned exploration geologists Paulo Fragomeni (previously with the Brazilian Geological Survey and Sumitomo) and Helio Ikeda (previously with Billiton plc and Barrick Gold Corp). Mr. Thompson, who has worked for Gold Fields Ltd since February 2000 and is currently Manager Business Development covering Europe and Russia, will become Vice President of Exploration and will be granted incentive stock options under its incentive stock option plan entitling him to purchase up to a total of 250,000 shares at a price of $0.51 per share for a period of 5 years. Upon closing the acquisition, Mr. Thompson will become a Director and the President and CEO of Lara Exploration.

"Pan Brazilian's mandate has been to acquire favourable projects at a low cost, upgrade them through an initial round of evaluation work and then find joint venture partners to fund the exploration work," said Miles Thompson, Non-Executive Chairman of Pan Brazilian. "The acquisition will provide Lara with a suite of new exploration opportunities in Brazil and a management team keen to aggressively grow the business through exploration and new acquisitions."

Consideration to be Paid

In return for assigning Pan Brazilian to Lara Exploration, Pan Brazilian's shareholders will, among other things, receive three million escrow shares of Lara Exploration held by Quest Capital Corp. (QC-TSX). The acquisition will be subject to the acceptance of the TSX Venture Exchange, receipt of title opinions in respect of the Pan Brazilian's properties and completion of due diligence examinations.

Financing

Concurrent with the acquisition and in order to fund exploration activities, Lara Exploration intends to sell up to 5 million units at a price of $0.50 per unit, by way of private placement, to raise gross proceeds of $2.5 million. Each unit will consist of one common share and one common share purchase warrant, which will be exercisable at a price of $0.75 per share for a two year period. If, at any time after the mandatory four month hold period for the units, the closing price of Lara Exploration's common shares is above $1.05 for 20 or more consecutive days, Lara

Exploration has the right, on notice to the warrant holders, to accelerate the expiry date of the warrants to 20 business days following the date of such notice. A finder's fee of 6% will be paid on part of the private placement, payable in cash or shares.

Peru

The drill permitting process for the Lara copper property is now underway. Solid Resources Ltd. (SRW-TSXV) will be funding the 2006 drill program as part of its commitment to earn an initial 55% stake in the project by making cash payments totalling $500,000 and completing exploration expenditures of $2 million, including a minimum of 8,000 metres of drilling, over a three year period (Press Release Nov. 2, 2005).

Richard Graham P.Geol., is a Qualified Person as defined by National Instrument 43-101, and is responsible for the preparation of the technical information in this release.

Lara Exploration trades on the TSX Venture Exchange under the symbol "LRA", "LRA.WT". All dollars are in Canadian currency unless otherwise stated.

6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The name and business number of the executive officer of Lara Exploration Ltd. who is knowledgeable about the material change and this report is:

Richard Graham Phone: 604.689.1428	Miles Thompson Phone: 44.7775.903.426

9. Date of Report

January 19, 2005