

Lara Exploration to buy Pan Brazilian Mineracao

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Mr. Alan Matthews reports

LARA TO ACQUIRE BRAZILIAN EXPLORATION COMPANY

Lara Exploration Ltd. has signed an agreement for the acquisition of Pan Brazilian Mineracao Ltda., 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."

About Pan Brazilian

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

Pan Brazilian's properties

The 43,000-hectare Araguaia nickel project in Para 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-per-cent interest in the Araguaia project by making cash payments of \$110,000 (U.S.) and spending \$3.89-million (U.S.) on exploration on or before June, 2009.

The 18,000-hectare Campos Verdes copper-gold project lies only 40 kilometres southwest of Yamana Gold's Chapada mine in Goias 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 Niquelandia gold project close to Campos Verdes and the 2,036-hectare Fortuna gold project in Ceara state cover small-scale workings, as does the 20,000-hectare Colorado project in the southern corner of Rondonia state in northwestern Brazil. A local base metal miner, Taboca Mineracao spent \$1.4-million (U.S.) exploring Colorado in the 1990s 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 eight grams gold over three metres in

hole 27. Pan Brazilian is in the process of compiling and reinterpreting Taboca's exploration data.

The 3,034-hectare Sao Felix copper-gold and the Cumaru copper-zinc properties in the Carajas district, the 495-hectare Amapari property near Goldcorps' Amapari mine in Amapa state and the 2,000-hectare Piaui nickel project in Piaui 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). Mr. Thompson, who has worked for Gold Fields Ltd. since February, 2000, and is currently manager of 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 51 cents per share for a period of five years. Upon closing the acquisition, Mr. Thompson will become a director and the president and chief executive officer 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. 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 finance exploration activities, Lara Exploration intends to sell up to five million units at a price of 50 cents 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 75 cents 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 per cent 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 under way. Solid Resources Ltd. will be financing the 2006 drill program as part of its commitment to earn an initial 55-per-cent 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 (news in Stockwatch of Nov. 2, 2005).

Richard Graham PGeol, is a qualified person as defined by National Instrument 43-101, and is responsible for the preparation of the technical information in this release.

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