



MANAGEMENT'S DISCUSSION AND ANALYSIS September 30, 2025

Management's discussion and analysis ("MD&A") focuses on significant factors that have affected Lucara Diamond Corp. ("Lucara" or the "Company") and its subsidiaries' performance and such factors that may affect its future performance. To better understand the MD&A, it should be read in conjunction with the condensed interim consolidated financial statements of the Company for the period ended September 30, 2025 (the "Interim Financial Statements"), which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, under International Accounting Standard 34, *Interim Financial Reporting*. All amounts are expressed in U.S. dollars unless otherwise indicated.

The technical information related to mineral resources in the MD&A was prepared under the supervision of Dr. Lauren Freeman (Ph.D., Pr. Sci Nat), Lucara's Vice-President, Mineral Resources, and a Qualified Person, as that term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein and, in the Company's, Annual Information Form ("AIF"). The AIF along with additional information about the Company and its business activities is available on SEDAR+ at www.sedarplus.ca.

The effective date of this MD&A is November 13, 2025.

ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type Ila diamonds from its 100% owned Karowe Diamond Mine in Botswana ("Karowe"). Karowe has been in production since 2012 and is the focus of the Company's operations and development activities. Lucara has an experienced board and management team with extensive diamond development and operations expertise. Lucara and its subsidiaries operate transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations. Lucara is certified by the Responsible Jewellery Council, complies with the Kimberley Process, and has adopted the IFC Performance Standards and the World Bank Group's Environmental, Health and Safety Guidelines for Mining (2007). The development of the Karowe Underground Project (the "UGP") adheres to the Equator Principles. Lucara is committed to upholding high standards while striving to deliver long-term economic benefits to Botswana and the communities in which the Company operates.

The Company's corporate office is in Vancouver, Canada and its common shares trade on the Toronto Stock Exchange, the Nasdaq First North Growth Market, and the Botswana Stock Exchange under the symbol "LUC".

HIGHLIGHTS – Q3 2025

- A total of 101,422 carats were sold, generating \$51.2 million in revenue.
- In August 2025, the Company recovered a 1,015¹ carat non-gem diamond and a 37.42 carat near-gem pink Type Ila diamond. This is the ninth diamond over 1,000 carats from Karowe and the third recovered in 2025.
- The bottom of the production shaft was reached in July 2025, a key development towards the completion of the UGP.

¹ The carats reflect the final cleaned weight of the rough stone. The stone was previously reported at 1,019.85 carats.

- The Company drew \$10.0 million from the \$63.0 million funding support provided by Lucara's largest shareholder, Nemesia S.à.r.l. ("Nemesia") and issued an unsecured debenture (the "Debenture") in connection with the drawdown. The Debenture matures on June 30, 2031.
- The recovery of 224 Specials (defined as rough diamonds larger than 10.8 carats) (Q3 2024: 244 Specials) equated to 9.1% (Q3 2024: 11.28%) by weight of the total carats recovered from direct ore feed in Q3 2025. During Q3 2025, the Company recovered eight stones over 100 carats, including two stones that exceeded 1,000 carats.
- A total of 97,651 carats were recovered in Q3 2025; 95,302 carats were from direct ore feed from the open pit and stockpiles, at a recovered grade of 12.8 carats per hundred tonnes ("cph^t"), and an additional 2,349 carats were recovered from processing historical recovery tailings.
- Operational highlights from the Karowe Mine included:
 - Ore mined of 0.5 million tonnes ("Mt") (Q3 2024: 0.8 Mt).
 - 0.7 Mt of ore processed (Q3 2024: 0.7 Mt).
- Financial highlights for Q3 2025 included:
 - Operating margins of 57% were achieved, a 9% increase from operating margins of 48% in Q3 2024. The increase in operating margins was driven by a 16% increase in revenue and a 5% decrease in operating expenses.
 - Operating cost per tonne processed was \$25.65 per tonne, a 6% decrease compared to the Q3 2024 operating cost of \$27.34 per tonne. Lower tonnes were mined in 2025 compared to 2024 resulting in a reduction in certain operating costs. The continued impact of inflationary pressures, particularly labour, has been well managed by the operation. Operating cost per tonne processed is a non-IFRS measure.
- Cash position and liquidity as at September 30, 2025:
 - Cash balance of \$18.0 million.
 - \$190.0 million has been fully drawn from the project finance facility ("Project Facility") for the UGP, along with \$30.0 million fully drawn from the working capital facility ("WCF" and together with the Project Facility, the "Facilities").
 - Working capital deficit (current assets less current liabilities) of \$157.8 million due to the classification of the Project Facility as a current liability. Refer to the discussion under the heading *Going Concern* for further details.

GOING CONCERN

As of the date of this MD&A, the Company is completing a review of the mining method for the UGP and updating the geomechanical studies, long-hole drilling schedule, project cost and schedule. Due to the timing of this review, the Company did not satisfy the requirement under the Facilities to deliver an approved financial model for the UGP by June 30, 2025 ("Financial Model Covenant"), the requirement to execute a lateral development contract by July 31, 2025 ("Lateral Development Covenant"), and the requirement to provide a cost to complete certificate by August 31, 2025 ("Cost to Complete Covenant"). Additionally, the Company is required to fully pay down the WCF for five successive business days at least once every 12 months (the "Clean Down Covenant" and together with the Financial Model Covenant, the Lateral Development Covenant and the Cost to Complete Covenant, collectively the "Covenants"). The Company did not comply with the Clean Down Covenant deadline of October 21, 2025. As a result of not complying with these Covenants, in accordance with IFRS Accounting Standards, the entire amount outstanding under the Facilities has been classified as a current liability. As of the date of this MD&A, the lenders, a syndicate of six mandated lead arrangers (the "Lenders"), have not demanded early repayment of the Facilities. Management is actively engaged with the Lenders to remedy the defaults. If the Company obtains waivers for the Covenant breaches from the Lenders, the Project Facility would be reclassified as a non-current liability in future periods. The Company's UGP review has not impacted ongoing operations or the continued development of the UGP which continues to progress as planned.

Management has assessed the Company's ability to continue as a going concern for a period of at least twelve months from September 30, 2025. Based on this assessment, which considered the Covenant breaches and impact of revisions to revenue guidance for 2025 during Q1 2025, the Company estimates that its working capital position as at September 30, 2025, together with its cash flow from operations, and other committed sources of liquidity will not be sufficient to meet its obligations, commitments, and planned expenditures. These conditions may raise significant doubt on the Company's ability to continue as a going concern. The Interim Financial Statements have been prepared on a going concern basis which assumes the Company will continue operations, realize assets, and settle its liabilities as they become due. The Company's Interim Financial Statements do not include adjustments that may be necessary if the Company is unable to continue normal operations; such adjustments could be material and affect asset recoverability, liability classification, expenses, and comprehensive income (loss).

The Company continues to develop plans to raise additional financing required to complete the UGP. While the Company has previously been successful in raising financing, there is no assurance that future financing will be successful or sufficient to meet the Company's requirements

KAROWE UNDERGROUND PROJECT UPDATE

The UGP is designed to access the highest value portion of the Karowe orebody, with initial underground carat production predominantly from the EM/PK(S)² unit.

The Company is currently reviewing the mining method for the UGP, along with the project's cost estimates and schedule. The UGP has progressed well, highlighted by reaching the bottom of the production shaft in late July 2025 and achieving 2,067 lost-time injury free days. The ore extraction review has focused on further understanding the orebody geomechanics and modeling potential caving scenarios which affect ore extraction levels and extraction point designs to be included in an updated technical report. The Company has initiated detailed engineering of the lateral development portion of the UGP and is finalizing an updated life-of-mine plan based on the results of the simulation work.

The review of the mining method does not impact the ongoing development of the UGP. The Company continues to advance according to plan toward the lateral development phase of the project. UGP development work continues with equipping the production shaft, commissioning of the shaft conveyances, progressing underground infrastructure development near the shafts and advancing the lateral development towards the kimberlite.

During Q3 2025, the UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate (TRIFR) of 1.37. The UGP to date TRIFR up to September 30, 2025 was 0.59.

² EM/PK(S): Eastern Magmatic/Pyroclastic Kimberlite (South)

A total of \$22.7 million was spent on the UGP in Q3 2025, primarily on advancing production shaft sinking, developing the 310-level³ to interconnect shafts, and 285-level station development, which included significant concrete work, pump installations, and other station civil works. Expenditures also related to completing key electrical and power installations at the 355-level and 470-level, as well as ongoing lateral development and surface infrastructure activities.

Ventilation shaft Q3 2025 developments:

- Completed 184.5 metres of lateral development at the 310-level.
- Advancing the 310-level lateral development toward holing into the production shaft.

Production shaft Q3 2025 developments:

- Shaft sinking completed.
- Commenced stage modifications and equipping stage assembly.
- Completed 7.8 metres of lateral development.

Related infrastructure Q3 2025 developments:

- Continued adjudication and review of underground lateral development tender documents.
- Completed the Man and Material (“M&M”) winder installations, including rack and cable installations in the M&M winder building.
- Completed fencing of evaporator pond and pipeline installation.
- Advanced mining engineering, focusing on underground infrastructure and finalizing drilling level plans.

Activities planned for the UGP in Q4 2025 include the following:

Ventilation shaft:

- Complete the 310-level station development and 310-level lateral development connecting to the production shaft.
- Complete blasting of ore pass to the 285-level.
- Complete 310-level to 285-level tip construction.
- Installation and commissioning of substation.
- Complete sinking to 285-level and hole with production shaft.
- Continue 310-level and 285-level lateral development.

Production shaft:

- Complete stage modification for shaft equipping.
- Continue with shaft equipping and complete loading pocket structure steel installation.
- Installation of shaft bottom spillage and deflection wall.
- Complete station steel construction at the 285-level and 310-level.

DIAMOND MARKET

The long-term outlook for natural diamond prices remains cautious as the market continues to navigate structural shifts. Prices of lab-grown diamonds have continued to decrease through 2025 with production outweighing demand. Global natural diamond production is forecasted to decrease, following significant production guidance cuts by the major diamond producers.

In the near term, premium-grade large natural diamonds are showing signs of potential stability, supported by limited global supply growth. However, mid-range and lower-grade stones continue to face pricing pressure due to high inventories, cautious consumer sentiment, and the rapid rise in the purchasing of lab-grown diamonds.

³ Each level is equivalent to a metre above sea level.

DIAMOND SALES

Diamonds from Karowe are sold through three sales channels: through a diamond sales agreement with HB Trading BV (“HB”), through quarterly tenders, and on the Clara sales platform.

HB

Karowe’s large, high value diamonds have historically accounted for approximately 65% to 75% of Lucara’s annual revenues. In February 2024, Lucara entered into a New Diamond Sales Agreement (“NDSA”) with HB, effective retroactively from December 1, 2023. Under the NDSA, all +10.8 carat gem and near gem diamonds from Karowe of qualities that could directly enter the manufacturing stream are sold to HB. The initial purchase price paid for the rough diamonds is based on an estimated initial polished value with a true up paid to the Company if the actual achieved polished sales price exceeds the initial price paid, or a repayment if the actual achieved polished sales price is below the initial price paid. The timing of payments varies based on the category of stones being delivered, as determined by the diamond’s estimated initial polished value.

The arrangement contains elements of variable consideration as the Company’s final consideration is contingent on the price obtained in the future sale of the polished stones by HB. Variable consideration is recognized to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal at the time the uncertainty has subsequently been resolved. Final revenue is determined when the polished diamonds are sold by HB to the end buyer.

Quarterly Tenders

All +10.8 carat non-gem quality diamonds and all diamonds less than 10.8 carats not sold on the Clara sales platform are sold through quarterly tenders.

Clara

Clara is a third party owned digital rough diamond sales platform that the Company uses to sell individual diamonds between 1 and 10 carats, in higher colours and qualities.

FINANCING

Project Facility and Working Capital Facility

On January 9, 2024, the Company’s wholly owned subsidiary, Lucara Botswana, with Lucara as the sponsor and the guarantor, amended its debt package that was originally entered into in 2021 (“Rebase Amendments”). The senior secured project financing debt package of \$220.0 million consists of a Project Facility of \$190.0 million (\$170.0 million prior to amendment) to fund the development, construction costs and construction phase operating costs of the UGP as well as financing costs on the Facilities, and a \$30.0 million (\$50.0 million prior to amendment) senior secured WCF which is used for working capital and other corporate purposes. The repayment profile was extended in line with the rebase schedule released on July 16, 2023, and the Facilities maturity was extended to June 30, 2031. The Project Facility has quarterly repayments commencing on September 30, 2028. As of September 30, 2025, the Facilities were fully drawn.

The Facilities include the Financial Model Covenant, Lateral Development Covenant, Cost to Complete Covenant and Clean Down Covenant. The Company did not meet the deadlines for these Covenants and is in default. The Company is completing its review of the UGP mine design and expects to sign the lateral development contract following the UGP mine design review. The Company continues to develop plans to raise additional financing. As of the release date of this MD&A, the Lenders have not demanded early repayment of the Facilities. Management is actively working with the Lenders to remedy the Covenant breaches. The Company is required under IFRS Accounting Standards to classify the Facilities as a current liability as of September 30, 2025 due to the Covenant breaches.

Interest rates

Both the Project Facility and the WCF bear interest at a rate of a USD Term Secured Overnight Financing Rate (“SOFR”) plus a margin of 6.5% annually until the project completion date. From the project completion date to September 30, 2029, the margin is 6.0% annually for the Project Facility and 6.25% annually for the WCF, thereafter, the margin increases to 7.0% annually for the Project Facility and 7.25% annually for the WCF. Commitment fees for any undrawn portion of the Project Facility and WCF are 35% of the margin per annum.

Cost Overrun Reserve Account

The Company was required to and successfully deposited \$61.7 million in the Cost Overrun Reserve Account (“CORA”) prior to June 30, 2025 as a condition of the Facilities. The Lenders approved the Company to draw up to \$28.0 million from the CORA to fund UGP construction in exchange for Nemesia amending the terms of its limited shareholder standby undertaking which previously supported the requirement to fill the CORA to \$61.7 million by June 30, 2025. The amendment includes extending the undertaking until project completion. Following the approved withdrawal of \$28.0 million, the new required CORA balance is \$33.7 million. The Rebase Amendments include specific provisions for how and when these funds may be released from the CORA. The CORA balance was \$33.7 million as at September 30, 2025.

Nemesia

Under the Rebase Amendments, Nemesia provided funding support of up to \$63.0 million consisting of two components:

- i. \$28.0 million component as the amended limited standby undertaking to support liquidity shortfalls until UGP completion; and
- ii. \$35.0 million component as a liquidity guarantee to cover cost overruns.

For each \$500,000 drawn under the limited standby undertaking, the Company will issue 7,500 common shares per month settled quarterly to Nemesia until the amounts borrowed are repaid.

In connection with the Rebase Amendments, Nemesia also provided a liquidity support guarantee of up to \$15.0 million in aggregate in the event the Company’s cash balance decreased below \$10.0 million. In November 2023, the Company drew \$15.0 million from Nemesia’s liquidity support guarantee and issued a corresponding unsecured debenture (the “First Debenture”). For each \$500,000 drawn down under the First Debenture, the Company is required to issue 7,500 common shares per month to Nemesia until the amounts borrowed are repaid.. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement to amend the frequency of common share issuances to Nemesia from a monthly to a quarterly basis. The First Debenture matures on August 29, 2029.

The Company drew \$10.0 million under the amended limited standby undertaking provided by Nemesia in August 2025 and issued a corresponding unsecured debenture (the “Second Debenture” and together with the First Debenture, the “Debentures”). For each \$500,000 drawn under the Second Debenture, the Company will issue 7,500 common shares per month, settled quarterly, to Nemesia until the amounts borrowed are repaid. The Second Debenture matures on June 30, 2031.

As of the date of this MD&A, Nemesia holds 26.15% of Lucara’s total issued and outstanding shares.

INTEREST RATE SWAP

In February and September 2024, the Company amended a series of interest rate swaps to the expected Project Facility drawdown schedule under the Rebase Amendments. The total interest rate swaps were amended to amounts up to \$142.5 million and the maturity was amended to September 26, 2030. The Company receives interest at the rate equivalent to the three-month USD Term SOFR plus a credit adjustment spread and pays interest at a fixed rate of between 2.447% and 2.577% on a quarterly basis. The final interest rate swap matures on September 30, 2031.

As at September 30, 2025, the interest rate swaps had a total unrealized fair value of \$3.8 million (December 31, 2024: \$8.4 million), of which \$1.4 million has been classified as a current asset in the condensed interim consolidated statements of financial position. During Q3 2025, the Company recorded a loss of \$0.7 million (Q3 2024: loss of \$4.4 million) on this derivative financial instrument. Movements in the unrealized fair value are recorded through the condensed interim consolidated statements of operations. The fair value of the interest rate swap is based on the difference between the three-month USD SOFR forward curve and the fixed rate, with the net interest due in the next twelve months classified as current.

TABLE 1: FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars, except carats sold</i>	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenues	\$ 51.2	\$ 44.3	\$ 125.2	\$ 125.1
Operating expenses	(22.0)	(23.1)	(51.3)	(55.1)
Net income from continuing operations	7.4	0.2	19.8	5.1
Net loss from discontinued operations	-	(0.7)	-	(2.2)
Earnings per share from continuing operations (basic and diluted)	0.02	0.00	0.04	0.01
Cash			18.0	23.6
CORA			33.7	43.7
Amounts drawn on WCF			30.0	25.0
Amounts drawn on Project Facility			\$ 190.0	\$ 180.0
Carats sold	101,422	116,221	251,460	286,970

The Company's Q3 2025 revenues were \$51.2 million from the sale of 101,422 carats. In comparison, Q3 2024 revenues were \$44.3 million from the sale of 116,221 carats. The 16% increase in Q3 2025's revenue was primarily due to a higher number of +10.8 carat diamonds sold to HB (Q3 2025: 3,735 carats; Q3 2024: 2,774 carats).

Total operating expenses were lower in Q3 2025 at \$22.0 million, compared to \$23.1 million in Q3 2024. The decrease is primarily driven by lower tonnes being mined in the period and lower carats sold, as operating expenses are recorded on a per carat basis and recognized as the carat is sold.

Net income from continuing operations for Q3 2025 was \$7.4 million, compared to a net income of \$0.2 million in Q3 2024. The movement in net income from continuing operations is primarily attributable to higher income from mining operations, lower administration expenses, and foreign exchange. Please see Table 4: "Select Financial Information" below for details on the expense line items which had the most significant impact on net income from continuing operations.

TABLE 2: QUARTERLY SALES RESULTS

<i>In millions of U.S. dollars</i>	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Sales Channel				
HB	\$ 38.0	\$ 27.8	\$ 91.3	\$ 80.6
Tender	11.2	14.6	28.3	36.8
Clara	2.0	1.9	5.6	7.7
Total Revenue	\$ 51.2	\$ 44.3	\$ 125.2	\$ 125.1

Diamond Sales

For the three months ended September 30, 2025, the Company recognized revenue of \$38.0 million from HB, compared to \$27.8 million for the same period in 2024. Revenue from HB accounted for 74% of total revenue recognized in Q3 2025, up from 63% in Q3 2024. This revenue includes “top-up” and “top-down” payments, which are made to the Company when the final polished diamond sales price differs from the estimated initial polished value. HB revenue increased in Q3 2025 due to a higher volume of carats sold. As of September 30, 2025, the Company had \$29.4 million in current trade receivables from HB.

For the three months ended September 30, 2025, tender sales totaled \$11.2 million, compared to \$14.6 million in Q3 2024, while Clara sales totaled \$2.0 million consistent with \$1.9 million in Q3 2024. Overall, a lower volume of carats was sold through both the Clara platform and tender compared to Q3 2024. Tender sales had lower average dollar-per-carat sales values compared to 2024 while Clara’s average dollar-per-carat increased compared to Q3 2024.

TABLE 3: RESULTS OF OPERATIONS – KAROWE MINE

		Q3-25	Q2-25	Q1-25	Q4-24	Q3-24
Sales						
Revenues	\$M	51.2	43.7	30.3	78.8	44.3
Carats sold	Carats	101,422	77,167	72,871	112,615	116,221
Production						
Tonnes mined (ore)	Tonnes	517,155	721,111	390,539	646,288	845,594
Tonnes mined (waste)	Tonnes	5,682	55,221	35,288	119,919	192,308
Tonnes processed	Tonnes	744,753	661,352	676,626	716,936	720,524
Average grade processed ⁽¹⁾	cpht ⁽¹⁾	12.8	12.5	13.4	12.7	13.4
Carats recovered ⁽¹⁾	Carats	95,302	82,555	90,500	91,046	96,597
Costs						
Operating cost per tonne of ore processed ⁽²⁾	\$	25.65	26.76	23.41	31.52	27.34
Capital Expenditures						
Sustaining capital expenditures	\$M	3.0	2.0	0.5	5.5	2.0
Underground project ⁽³⁾	\$M	22.7	13.6	19.2	17.8	17.7

(*) Carats per hundred tonnes

(1) Average grade processed and carats recovered are from direct processing and excludes carats recovered from re-processing historical recovery tailings.

(2) Operating cost per tonne of ore processed is a non-IFRS measure. See Table 6.

(3) Excludes qualifying borrowing cost capitalized.

THIRD QUARTER OVERVIEW – OPERATIONS – KAROWE DIAMOND MINE

Safety: Karowe registered no lost time injuries during the three months ended September 30, 2025. The rolling twelve-month Total Recordable Injury Frequency Rate for the Karowe Mine was 0.58 (Q3 2024: 0.31).

Environment and Social: The Company has developed a Tailings Management System in line with the requirements of the Global Industry Standard on Tailings Management (“GISTM”). Implementation of the system is pending final approvals.

Production: Ore mined during the third quarter of 2025 totaled 0.5 Mt. During Q3 2025, tonnes processed were on target at 0.7 Mt at an average grade of 12.8 cpht, with a total of 95,302 carats recovered. Ore processed was primarily sourced from M/PK(S)⁴, totaling 0.6 Mt, along with 0.1 Mt from EM/PK(S), supplemented by additional stockpile material.

Diamond Recoveries: A total of 224 Specials were recovered from direct ore feed during the quarter with eight diamonds greater than 100 carats, including two diamonds greater than 1,000 carats. In the comparable 2024 quarter, a total of 244 Specials were recovered, with 12 diamonds greater than 100 carats including the 2,488 carat Motswedi and 1,094 carat Seriti diamonds which lifted the recovered Specials to 11.28% by weight of total recovered carats from ore processed during Q3 2024. In Q3 2025, recovered Specials equated to 9.1% of the weight percentage of total recovered carats from direct ore feed.

All recovered stones, including the 2,488 carat Motswedi that remained unsold at the end of the reporting period, are accounted for at cost in inventory. Selling and monetizing the value contained in the Company’s 1,000+ carat diamond inventory may require considerable time given the complexities associated with the marketing, analysis, cutting and polishing and ultimate sales processes.

Karowe’s operating cost per tonne: Karowe’s operating cost per tonne processed for Q3 2025 (see “Non-IFRS Financial Measures”) was \$25.65 per tonne of ore processed (Q3 2024: \$27.34 per tonne of ore processed), slightly lower than the 2025 annual forecast of \$28.50 to \$31.00 per tonne processed. Unit costs remained lower for the quarter due to lower amounts of waste mined.

Overall performance: Special recoveries remained consistent during the period from processing M/PK(S) and EM/PK(S) and include Karowe’s ninth diamond over 1,000 carats. Overall mine performance during the third quarter remained stable.

⁴ M/PK(S): Magmatic/Pyroclastic Kimberlite (South)

TABLE 4: SELECT FINANCIAL INFORMATION

<i>In millions of U.S. dollars</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Revenues	51.2	44.3	125.2	125.1
Operating expenses	(22.0)	(23.1)	(51.3)	(55.1)
Adjusted operating earnings⁽¹⁾	29.2	21.2	73.9	70.0
Royalty expenses	(5.6)	(4.8)	(13.6)	(13.8)
Administration	(2.9)	(3.6)	(8.7)	(9.7)
Sales and marketing	(0.7)	(0.7)	(2.3)	(2.1)
Depletion and amortization	(3.9)	(5.3)	(10.4)	(12.7)
Finance expenses	(0.9)	(0.6)	(2.2)	(2.1)
Foreign exchange gain (loss)	(0.8)	4.4	5.3	3.9
Loss on derivative financial instrument	(0.7)	(4.4)	(4.6)	(3.7)
Loss on extinguishment of debt	-	-	-	(10.5)
Current and deferred income tax expense	(6.3)	(6.0)	(17.5)	(14.1)
Net income from continuing operations for the period	7.4	0.2	19.7	5.2
Continuing operations earnings per share (basic and diluted)	0.02	0.00	0.04	0.01
Net loss from discontinued operations for the period	-	(0.7)	-	(2.2)
Discontinued operations loss per share (basic and diluted)	N/A	(0.00)	N/A	(0.00)

(1) Adjusted operating earnings is a non-IFRS measure defined as revenues less operating expenses and excludes royalty expenses and depletion and amortization.

Revenues and royalties

Revenue increased by 16% from \$44.3 million in Q3 2024 to \$51.2 million in Q3 2025, primarily driven by a higher number of +10.8 carat stones being sold to HB. +10.8 carat stones yield a higher average price-per-carat compared to tender and Clara sales. A total of 101,422 carats were sold in Q3 2025, a 13% decrease compared to 116,221 carats sold in Q3 2024. Despite the lower volume the increase is attributable to the higher number of high quality +10.8 carat stones sold to HB.

Royalties to the Government of Botswana are paid at the rate of 10% of the final gross sales price achieved from the sale of all Karowe diamonds, rough or polished. The royalty expenses represent approximately 11% of total revenues, as revenues are presented net of fees paid to HB.

Adjusted operating earnings

Adjusted operating earnings for Q3 2025, totaled \$29.2 million, compared to \$21.2 million in Q3 2024. The increase was driven by a 16% increase in revenue. Operating expenses for the quarter declined by 5% to \$22.0 million (Q3 2024: \$23.1 million) primarily due to lower mining costs resulting from reduced waste mined and inventory movements.

Adjusted operating earnings is a non-IFRS measure and is reconciled in Table 4: "Select Financial Information".

Administration

In Q3 2025, administration expenses were \$2.9 million, compared to \$3.6 million in Q3 2024. The decrease was primarily driven by lower office and general expenses as well as lower share-based compensation relating to the revaluation of deferred share units.

Foreign Exchange

The \$0.8 million foreign exchange loss (Q3 2024: gain of \$4.4 million) in Q3 2025 primarily relates to fluctuations in the Botswana Pula against the US dollar.

Derivative financial instrument

A \$0.7 million loss on a derivative financial instrument (Q3 2024: loss of \$4.4 million) relates to changes in the fair value of the interest rate swap in response to changing market interest rates (see *Note 8* of the Interim Financial Statements). The Company records its interest rate swaps at fair value and as such, the movement in the fair value within any given period results in a gain or loss.

Loss on extinguishment of debt

On January 9, 2024, as part of the Rebase Amendments, Lucara amended its Facilities, consisting of the Project Facility of \$190.0 million (\$170.0 million prior to amendment) to fund the development of the UGP at the Karowe Mine and a \$30.0 million (\$50.0 million prior to amendment) WCF. The amendments resulted in the remaining balance of deferred financing and unamortized initial Facilities arrangement costs to be recognized as a loss on extinguishment in the amount of \$10.5 million.

Net income from continuing operations

During the three months ended September 30, 2025, net income from continuing operations was \$7.4 million, compared to \$0.2 million in Q3 2024. The quarter-over-quarter change was primarily driven by higher income from mining operations due to an increase in revenue and lower operating expenses.

Net loss from discontinued operations

The net loss from discontinued operations for the three months ended September 30, 2024 was \$0.7 million. This loss is attributed to Clara, which was disposed of on October 4, 2024, and is classified as discontinued operations for the prior period. As Clara was disposed of in Q4 2024, there is no net loss from discontinued operations for Q3 2025.

TABLE 5: SELECT QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight most recent completed quarters:

Three months ended	Sep-25	Jun-25	Mar-25	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
A. Revenues	51,231	43,666	30,312	78,765	44,300	41,292	39,519	36,269
B. Administration expenses	(2,898)	(2,691)	(3,139)	(5,155)	(3,590)	(3,366)	(2,703)	(6,295)
C. Net (loss) income from continuing operations	7,358	12,545	(139)	38,502	155	11,905	(6,950)	(24,560)
D. Earnings (loss) per share from continuing operations (basic)	0.02	0.03	(0.00)	0.09	0.00	0.03	(0.02)	(0.05)

Quarterly revenue in the table above was recognized from three separate sales channels: through sales of +10.8 carat diamonds to HB, sales on the Clara platform, and sales of all non-gem +10.8 carat diamonds and diamonds less than 10.8 carats which do not meet criteria for sale on Clara, through quarterly tenders. Variation in the quarterly metrics is primarily driven by the sale of Specials, which are rough diamonds larger than 10.8 carats and more particularly, from the sale of high value Specials. While the expected number of Specials may be estimated based on the resource model attributes, the quality of the Specials recovered may vary significantly.

Net income (loss) from continuing operations achieved in each quarter is predominately impacted by the revenue earned during that quarter, while the impact of changes in operating expenses, depletion and amortization, fluctuating inventory levels, foreign exchange, gain/losses on derivative financial instruments, and income tax expenses introduce volatility to net income.

Lucara's quarterly financial performances are influenced by a variety of factors, including the sale of the Seriti in Q2 2025, the sale of the Sethunya and the Eva Star in Q4 2024, fluctuations in operating expenses, lower income from mining operations in Q3 2024, increased carat sales in Q2 2024, a loss on debt extinguishment, higher administration expenses in Q4 2023 due to professional fees related to the termination of the previous sales agreement and the negotiation of the NDSA with HB.

Quarter over quarter variances are also influenced by fluctuations in revenue, expenses, royalties, and gains/losses on derivatives, foreign exchange, and deferred taxes throughout the quarters.

NON-IFRS FINANCIAL MEASURES

This MD&A refers to certain financial measures, such as adjusted operating earnings, and operating cost per tonne of ore processed, which are not measures recognized under IFRS Accounting Statements and do not have a standardized meaning prescribed by these standards. These measures may differ from those made by other corporations and accordingly may not be comparable to such measures as reported by other corporations. These measures have been derived from the Company's financial statements, and applied on a consistent basis, because the Company believes they are of assistance in the understanding of the results of operations and financial position.

Adjusted operating earnings (see Table 4: "*Select Financial Information*") is the term the Company uses as an approximate measure of the earnings from the operations under an accrual basis and is defined as revenues less operating expenses, before royalty expenses and depletion and amortization.

Operating cost per tonne of ore processed is the term the Company uses to describe operating expenses per tonne processed on a cash basis. This is calculated as the operating cost of the Karowe Mine divided by tonnes of ore processed for the period. This ratio provides the total cash costs incurred by the mine during the period per tonne of ore processed, including waste capitalisation costs, mobilization costs and working capital movements. The most directly comparable measure calculated in accordance with IFRS Accounting Standards is operating expenses.

TABLE 6: OPERATING COST PER TONNE OF ORE PROCESSED RECONCILIATION

In millions of U.S. dollars, except for tonnes processed and operating cost per tonne processed

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Operating expenses	\$ 22.0	\$ 23.1	\$ 51.3	\$ 55.1
Net change in rough diamond inventory, excluding depletion and amortization	(1.4)	(4.0)	3.8	(0.5)
Net change in ore stockpile inventory, excluding depletion and amortization	(1.5)	0.6	(2.6)	2.1
Total operating costs for ore processed	\$ 19.1	\$ 19.7	\$ 52.5	\$ 56.7
Tonnes processed	744,753	720,524	2,082,731	2,133,695
Operating cost per tonne of ore processed⁽¹⁾	\$ 25.65	\$ 27.34	\$ 25.21	\$ 26.57

⁽¹⁾ Operating cost per tonne processed for the period is a non-IFRS measure defined as the sum of operating expenses, capitalized production stripping costs, and the net changes in rough diamond inventories and ore stockpiles divided by the tonnes of ore processed for the period.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2025, the Company had cash of \$18.0 million. Cash generated from continuing operating activities for the nine months ended September 30, 2025 was \$28.3 million.

Working capital deficit (current assets minus current liabilities) was \$157.8 million as at September 30, 2025, compared to a positive working capital of \$27.1 million as of December 31, 2024. Refer to the discussion above under the heading *Going Concern*; the decrease is attributable to the classification of the Project Facility as a current liability. Excluding the reclassification of the Project Facility, working capital as of September 30, 2025 was \$32.2 million, an increase of \$5.1 million from December 31, 2024. This increase was primarily due to higher receivables, inventories and lower taxes and royalties resulting due to the timing of payments. Included in the Company's inventory is the 2,488 carat Motswedi which remains unsold at the end of the reporting period.

Receivables and other on September 30, 2025 was \$39.4 million (December 31, 2024: \$33.0 million). The receivable balance on September 30, 2025 includes \$29.4 million (December 31, 2024: \$18.4 million) due from HB and represents rough diamond sales in Q3 2025, as well as the value of diamond sales for which the transaction price was finalized and adjusted during the period. All amounts receivable from HB are current and expected to be received within twelve months following the period end.

Current liabilities increased to \$253.9 million as at September 30, 2025, from \$62.1 million at December 31, 2024. The increase is a result of the classification of the Project Facility as a current liability, as discussed above under the heading, *Going Concern*. Excluding the reclassification of the Project Facility, current liabilities increased slightly to \$63.9 million. The increase primarily reflects a \$5.0 million draw on the WCF and higher lease liabilities, contributing to a total increase of \$1.8 million in current liabilities (excluding the Project Facility). These increases were partially offset by a reduction in taxes and royalties payable, which declined from \$7.2 million to \$2.8 million following royalty payments related to the Eva Star and Sethunya sales in Q4 2024.

Long-term liabilities consist of restoration provisions of \$19.6 million (December 31, 2024: \$17.6 million), deferred income taxes of \$133.3 million (December 31, 2024: \$110.5 million), due to related party debenture of \$25.0 million (December 31, 2024: \$15.0 million), and other non-current liabilities of \$3.6 million (December 31, 2024: \$3.9 million) which consist of lease liabilities, a liability for deferred share units outstanding and non-current retentions payable. The Project Facility, which was classified as a long-term liability of \$180.0 million as of December 31, 2024, is presented as a current liability of \$190.0 million as of September 30, 2025.

Financing activities during the period consisted of drawdowns on the Facilities and the amended limited standby undertaking and principal payments on leases.

Further details regarding the Company's liquidity risks are disclosed under the heading "*Nature of Operations and Going Concern*" in Note 1 of the Interim Financial Statements.

RELATED PARTY TRANSACTIONS

The Company enters into related party transactions that are in the normal course of business and does so on an arm's length basis.

Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's named executive officers and members of its Board of Directors. The remuneration of key management personnel was as follows:

TABLE 7: RELATED PARTY TRANSACTIONS

In thousands of U.S. dollars

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Salaries and wages	\$ 454	\$ 329	\$ 1,618	\$ 1,433
Short term benefits	1	6	14	30
Share-based compensation	301	674	415	440
	\$ 756	\$ 1,009	\$ 2,047	\$ 1,903

Other related party transactions

In August 2025, the Company drew \$10.0 million under the amended limited standby undertaking provided by Nemesia and issued an unsecured debenture. For each \$500,000 drawn, the Company will issue 7,500 common shares per month, settled quarterly, to Nemesia until the amounts borrowed are repaid. During the nine months ended September 30, 2025, a total of 2,189,516 common shares (2024: 1,575,000 common shares) with a fair value of \$0.4 million (2024: \$0.4 million) were issued to Nemesia as consideration for payment of interest on the Debentures.

During the three and nine months ended September 30, 2025, the Company incurred \$0.1 million and \$0.3 million (2024: \$0.1 million and \$0.1 million), respectively, primarily relating to office rental and related services provided by companies associated with the Company's significant shareholder and director. At September 30, 2025, included in trade payables and accrued liabilities is \$0.5 million (December 31, 2024: \$0.4 million) for related services.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

A description of commitments can be found in Note 16 of the Interim Financial Statements.

The Company has the following contractual obligations and capital commitments as at September 30, 2025:

TABLE 8: CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

<i>In millions of U.S. dollars</i>	Payments due by period ⁽¹⁾			Total
	< 1 year	1 – 5 years	Thereafter	
Credit facilities ⁽²⁾	\$ 220.0	\$ -	\$ -	\$ 220.0
Due to related party	-	15.0	10.0	25.0
Restoration provisions	-	-	41.3	41.3
Lease liabilities	1.1	1.7	-	2.8
Capital commitments	36.9	15.3	-	52.2
	\$ 258.0	\$ 32.0	\$ 51.3	\$ 341.3

⁽¹⁾ Reported on an undiscounted basis, before inflation.

⁽²⁾ All Facilities are classified as a current liability at September 30, 2025 as the Company did not comply with certain Covenants in the Facilities. Refer to the discussion under the heading *Going Concern*, above.

2025 OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2025. These are forward-looking statements and subject to the cautionary note regarding the risks associated with such statements.

In Q1 2025, the Company revised its guidance for diamond revenue, diamond sales and diamonds recovered from the 2025 guidance news release dated December 3, 2024. No changes have been made to the 2025 guidance in Q3 2025. During Q3 2025, the Company mined and will continue to mine for the remainder of the year a higher proportion of M/PK(S) ore and less higher-grade EM/PK(S) ore than initially planned due to a difference in the location of the contact between the two kimberlites when compared to the geologic model used to set the initial 2025 guidance. This results in lower EM/PK(S) milled tonnes which have historically produced higher volumes of larger, higher quality diamonds and decreases expected revenue for the remaining life of the open pit. The revised 2025 revenue guidance excludes the sale of the 2,488 carat Motswedi.

Karowe Mine, Botswana

TABLE 9: 2025 DIAMOND SALES, PRODUCTION AND OUTLOOK

Karowe Diamond Mine <i>In millions of U.S. dollars unless otherwise noted</i>	Revised 2025	Original 2025
	Full Year	Full Year
Revised Diamond revenue (millions)	\$150 to \$160	\$195 to \$225
Revised Diamond sales (thousands of carats)	340 to 370	400 to 420
Revised Diamonds recovered (thousands of carats)	330 to 360	360 to 400
Ore tonnes mined (millions)	1.6 to 2.0	1.6 to 2.0
Waste tonnes mined (millions)	Up to 0.2	Up to 0.2
Ore tonnes processed (millions)	2.6 to 2.9	2.6 to 2.9
Total operating cash costs ⁽¹⁾ including waste mined (per tonne processed)	\$28.50 to \$31.00	\$28.50 to \$31.00
Revised Underground Project	Up to \$95 million	Up to \$115 million
Sustaining capital	Up to \$13 million	Up to \$13 million
Average exchange rate – Botswana Pula per United States Dollar	13.0	13.0

⁽¹⁾ Operating cash costs are a non-IFRS measure. See "Non-IFRS Measures".

The table above reflects the natural variability in the resource, including both recovered grade and diamond quality, which may influence the revenue guidance for 2025.

In 2025, the Company expects to mine between 1.8 and 2.2 million ore tonnes including waste. Mined ore will be processed in combination with stockpiled material in 2025. The assumptions for carats recovered and sold as well as the number of ore tonnes processed are consistent with achieved plant performance in recent years. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles will provide mill feed until 2027 when UGP development ore is scheduled to start offsetting stockpiles with high-grade ore from the UGP. Full scale underground production is planned for H1 2028.

In 2025, capital costs for the UGP are expected to be up to \$95 million, revised downward during the second quarter from the previous guidance of up to \$115 million. The deferral of capital expenditures reflects strategic cash flow management and does not impact the ongoing operations or planned development activities of the UGP. Expenditures in 2025 will focus predominantly on shaft sinking activities to final depth, equipping of the production shaft and station development. Surface works will focus on permanent winders being installed and cold commissioned. Tendering of the underground lateral development contract along with underground equipment purchases are also expected to be completed in 2025.

Sustaining capital is expected to be up to \$13 million with a focus on the replacement and refurbishment of key asset components, in addition to expansion of the tailings storage facility and pit steepening activities which could extend the mine's ability to extract South Lobe material from the open pit into early 2026.

FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

In the normal course of business, the Company is inherently exposed to currency and commodity price risk, as well as inflation. The Company's financial instruments are exposed to certain financial risks, including currency, liquidity, credit, interest, and price risks.

Currency risk

The Company is exposed to the financial risk related to fluctuating foreign exchange rates. All sales revenues are denominated in U.S. dollars, while directly related costs are denominated in Botswana Pula. At September 30, 2025, the Company was exposed to currency risk relating to U.S. dollar and Botswana Pula cash held within its subsidiaries with Canadian or Pula functional currency. Based on this exposure, a 10% change in the U.S. dollar exchange rate would give rise to an increase/decrease of approximately \$5.1 million in net income for the period. A 10% change in the Botswana Pula would give rise to an increase/decrease of approximately \$0.5 million in net income for the period.

Liquidity risk

Liquidity risk is the risk of the Company's potential inability to meet financial obligations as they mature. The Company manages this risk through regular cash flow forecasting at the operational level, aggregated at the corporate level to determine capital needs. Rolling liquidity forecasts are prepared and monitored to ensure sufficient cash is available for short- and long-term operational requirements. Such forecasting takes into consideration the Company's ability to generate cash from the sale of diamonds and additional liquidity support such as accessing the CORA and funding support provided by Nemesia.

Trade payable and accrued liabilities are predominately due within 60 days. Tax and royalties payable are predominately due within 15 days. As at September 30, 2025, the amount of the Company's contractual maturities for the WCF, due to related party, and lease liabilities of \$31.2 million are due within twelve months, and \$28.6 million due beyond twelve months. The Project Facility is classified as a current liability as of September 30, 2025 as the Lenders are contractually entitled to demand early repayment of the Facilities. Further details regarding the Company's liquidity risk are disclosed under the heading "*Nature of Operations and Going Concern*" and "*Credit Facilities*" in Notes 1 and 8 to the Interim Financial Statements.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its credit exposure on cash by holding its deposits with international financial institutions.

Considering the nature of the Company's ultimate customers and the relevant terms and conditions entered with such customers, the Company believes that credit risk is limited as goods are not released until full payment is received when goods are sold through tenders or on the Clara platform.

A large proportion of the Company's goods, by value, are sold through HB to buyers of polished diamonds. The credit risk associated with these sales is concentrated with HB, a single customer, and payment terms are longer (60 to 120 days) than the Company's tender sales and sales through the Clara platform (five days). The Company maintains legal title over goods shipped to HB until the estimated initial polished value is paid and continues to monitor outstanding amounts for collectability. The carrying amount of financial assets recorded in the Interim Financial Statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the credit facility obligations that reference floating interest rates.

The Company mitigates interest rate risk on its Project Facility through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate as described above in the section "*Interest Rate Swap Agreements*" (see Note 8 of the Interim Financial Statements). Therefore, fluctuations in market interest rates should not materially impact future cash flows related to the credit facilities. Changes in the fair value of the derivative financial instrument will however fluctuate in response to changing market interest rates that will result in a corresponding increase or decrease to net income (loss).

In September 2024, the Company amended interest rate swap contracts to exchange variable interest rate (three-month USD Term SOFR) for a fixed interest rate ranging from 2.447% to 2.577% on 75% of its expected borrowings from the Project Facility (approximately \$142.5 million). The Company is exposed to cash flow interest rate increases on 25% of its expected borrowings from the Project Facility, and amounts drawn from its WCF which remain subject to market interest rates (Term SOFR or a replacement benchmark).

Price risk

The Company derives its income from the sale of rough diamonds mined in Botswana. The price and marketability of these diamonds can be significantly impacted by international economic trends, global or regional consumption, demand and supply patterns and the availability of capital for diamond manufacturers, all factors that are not within the Company's control. Under the NDSA agreement with HB, the ultimate achieved sales prices of stones larger than 10.8 carats in size is based on a polished diamond pricing mechanism. This pricing mechanism results in the Company's revenue being exposed to a greater extent to the price movements in the polished diamond market than through the traditional tender process for rough diamonds.

To the extent that the supply of rough or polished diamonds exceeds demand, this is likely to result in price deterioration and negatively impact the Company's revenue and ability to generate positive cash flow from operations.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 455,828,313 common shares outstanding, 12,703,317 share units, 4,498,967 deferred share units, and 8,544,547 stock options outstanding under its share-based incentive plans.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, development and operation of diamond properties and the construction of the UGP. The material risk factors and uncertainties, which should be considered in assessing the Company's activities, are described under the heading "*Risks and Uncertainties*" in the Company's most recent AIF which is available on SEDAR+ at www.sedarplus.ca. Any one or more of these risks and uncertainties could have a material adverse effect on the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not party to any off-balance sheet arrangements.

SUBSEQUENT EVENTS

On November 12, 2025, the Company drew \$13.0 million from the amended limited standby undertaking to fund UGP construction.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements are described Note 3 of the consolidated financial statements for the year ended December 31, 2024. There have been no subsequent material changes to these significant accounting estimates and judgements except for the following:

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term forecasts, continued profitability from its mining operations and securing adequate additional financing as its existing project financing is fully drawn. Should those judgements prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the Company's Interim Financial Statements are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2024.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure of Financial Statements* which replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. The Company is currently assessing the effect of this new standard on its financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of this document along with the Interim Financial Statements. Management is responsible for the integrity and objectivity of this document, ensuring the fair presentation of its financial results. The Audit Committee is responsible for reviewing the contents of this document along with the Interim Financial Statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. The Board of Directors, based on recommendations from Lucara's Audit Committee, reviews and approves the financial information contained in the Interim Financial Statements and this MD&A.

INTERNAL FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of September 30, 2025, the CEO and CFO have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

There have been no changes in the Company's disclosure controls and procedures during the three and nine months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS Accounting Standards. Management is also responsible for the design of the Company's internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements and fraud.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS Accounting Standards and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of September 30, 2025, the CEO and CFO have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A contain "forward-looking information" and "forward-looking statements" as defined in applicable securities laws. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance and often (but not always) using forward-looking terminology such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information and forward-looking statements may include, but are not limited to, information or statements with respect to the Company's ability to continue as a going concern, the Company's ability to continue operations, realize assets, and settle its liabilities as they become due, the project schedule and capital costs for the UGP, diamond sales, projection and outlook disclosure under "2025 Outlook", the Company's ability to meet its obligations under the Rebase Amendments with its Lenders, the impact of supply and demand of rough or polished diamonds, estimated capital costs, future forecasts of revenue and variable consideration in determining revenue, the impact of the HB and Clara sales arrangements on the Company's projected revenue and HB's ability to meet

its payment obligations to the Company, the outcome of tax assessments and the likelihood of recoverability of tax payments made, estimation of mineral resources including the determination of the boundary between South Lobe M/PK(S) and EM/PK(S) domains due to the significant grade difference between these two domains, cost and timing of the development of deposits and estimated future production, interest rates, including expectations regarding the impact of market interest rates on future cash flows and the fair value of derivative financial instruments, currency exchange rates, rates of inflation, credit risk, price risk, requirements for and availability of additional capital, capital expenditures, operating costs, production and cost estimates, tax rates, timing of drill programs, government regulation of operations, environmental risks and the Company's ability to comply with all environmental regulations, reclamation expenses, title matters including disputes or claims, limitations on insurance coverage, and the potential impacts of economic and geopolitical risks, including potential impacts from the ongoing world conflicts, and the resulting indirect economic impacts that strict economic sanctions may have. While these factors and assumptions are considered reasonable by the Company as at the date of this MD&A in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information and undue reliance should not be placed on such information. Such factors include, but are not limited to: the timing, scope and cost of additional grouting events at the UGP, the Company's ability to comply with the terms of the Facilities which are required to construct the UGP, the impact of the Covenant breaches, and any associated consequences, on the Company's business, whether the Lenders will demand payment of the Facilities because of the Covenant breaches, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the UGP, that the estimated timelines to achieve mine ramp up and full production from the UGP can be achieved, that sufficient stockpiled ore of sufficient grade and value will be available to generate revenue prior to the achievement of commercial production from the UGP, the economic potential of a mineralized area, the size and tonnage of a mineralized area, anticipated sample grades or bulk sample diamond content, expectations that the UGP and the pit steepening project will extend mine life, forecasts of additional revenues, future production activity, that depletion and amortization expense on assets will be affected by both the volume of carats recovered in any given period and the reserves that are expected to be recovered, the future price and demand for, and supply of, diamonds, expectations regarding the scheduling of activities for the UGP.

Forward-looking information and statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to several known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements due to a variety of risks, uncertainties, and other factors, including, without limitation, those referred to in this MD&A. The foregoing is not exhaustive of the factors that may affect any of our forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Certain risks which could impact the Company are discussed under the heading "*Risks and Uncertainties*" in this MD&A and in the Company's most recent AIF available at SEDAR+ at www.sedarplus.ca.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, readers and investors should not place undue reliance on forward-looking statements. Forward-looking information and statements contained in this MD&A are made as of the date of this MD&A and accordingly are subject to change after such date. Except as required by law, the Company disclaims any obligation to revise any forward-looking information and statements to reflect events or circumstances after the date of such information and statements. All forward-looking information and statements contained or incorporated by reference in this MD&A are qualified by the foregoing cautionary statements.