LUCARA DIAMOND

2025 SUSTAINABILITY REPORT

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2025 ESG Databook

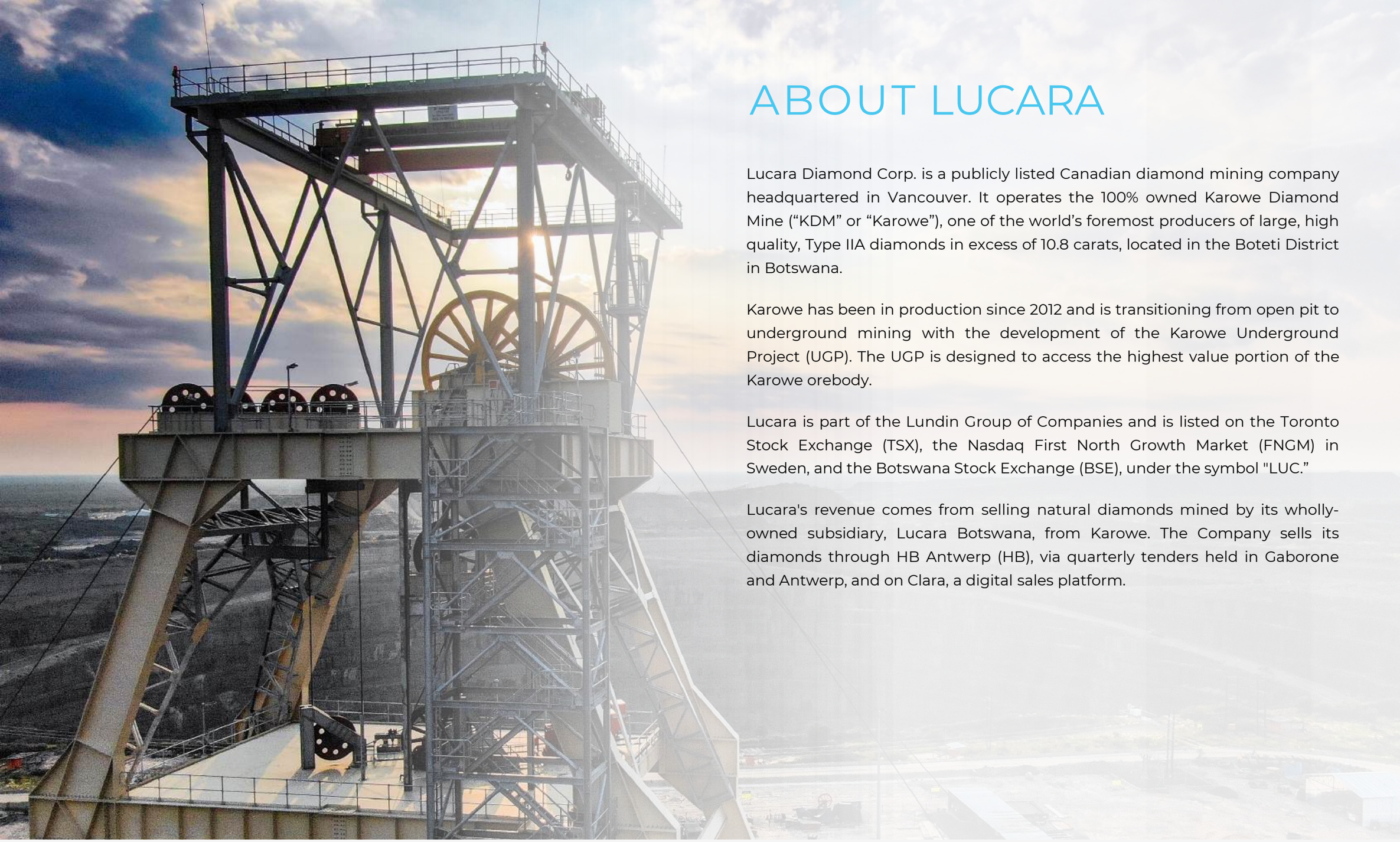
ABOUT THIS REPORT

Lucara Diamond Corp. prepared this report in collaboration with its wholly-owned operating subsidiaries, in particular, Lucara Botswana Proprietary Limited ("Lucara Botswana") (together "Lucara" or the "Company"). This is Lucara's thirteenth consecutive annual report on the sustainability topics that are most material to our business, our stakeholders, and the communities in which we operate. Our reporting journey reflects our commitment to continuous improvement in sustainability performance, risk management, and transparent reporting on our economic, environmental, and social impacts.

Unless otherwise noted, this report covers our performance for the 2025 calendar year, from January 1st to December 31st, 2025. The reported financial information is also for the calendar year, and all dollar amounts are expressed in United States dollars (US$) unless otherwise stated.

The report was prepared in alignment with the Sustainability Accounting Standards Board (SASB) Standards for Metals and Mining (2023) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which have been incorporated into the International Financial Reports Standards (IFRS) Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB). The Company is monitoring these standards as they continue to evolve. We have also prepared this report with reference to the Global Reporting Initiative (GRI) Universal Standards (2021) and GRI 14: Mining Sector (2024).

The Environmental, Social, and Governance (ESG) Databook and additional information are available at:
https://lucaradiamond.com/sustainability/sustainability-reports/.



ABOUT LUCARA

Lucara Diamond Corp. is a publicly listed Canadian diamond mining company headquartered in Vancouver. It operates the 100% owned Karowe Diamond Mine (“KDM” or “Karowe”), one of the world’s foremost producers of large, high quality, Type IIA diamonds in excess of 10.8 carats, located in the Boteti District in Botswana.

Karowe has been in production since 2012 and is transitioning from open pit to underground mining with the development of the Karowe Underground Project (UGP). The UGP is designed to access the highest value portion of the Karowe orebody.

Lucara is part of the Lundin Group of Companies and is listed on the Toronto Stock Exchange (TSX), the Nasdaq First North Growth Market (FNGM) in Sweden, and the Botswana Stock Exchange (BSE), under the symbol "LUC.”

Lucara's revenue comes from selling natural diamonds mined by its wholly-owned subsidiary, Lucara Botswana, from Karowe. The Company sells its diamonds through HB Antwerp (HB), via quarterly tenders held in Gaborone and Antwerp, and on Clara, a digital sales platform.

Exceptional Large Diamond Recoveries

Karowe is one of the world's foremost producers of large, high-quality diamonds. In 2025, the Company recovered three diamonds in excess of 1,000 carats, bringing the total number of +1,000 carat stones recovered from the mine to nine. These include several of the largest diamonds ever recovered.

The recoveries reflect the unique geology of the Karowe orebody, together with the application of X-ray Transmission (XRT) technology that enables the identification and preservation of large diamonds during processing. Lucara's UGP is designed to access the highest value kimberlite of the Karowe orebody*, from which many of the Legacy** and Historic*** stones were recovered, including the 1,109 carat Lesedi La Rona, the 1,094 carat Seriti, and the 2,488 carat Motswedi.

Rank	Name	Carats	Mine, Country	Year
1	Cullinan	3,107	Cullinan Mine, South Africa	1905
2	**Motswedi**	**2,488**	**Karowe, Botswana**	**2024**
3		**2,037**	**Karowe, Botswana**	**2025**
4	**Sewelô**	**1,758**	**Karowe, Botswana**	**2019**
5		**1,476**	**Karowe, Botswana**	**2025**
6		**1,175**	**Karowe, Botswana**	**2021**
7	**Lesedi La Rona**	**1,109**	**Karowe, Botswana**	**2015**
8		1,098	Jwaneng, Botswana	2021
9	**Seriti**	**1,094**	**Karowe, Botswana**	**2024**
10	**Eva Star**	**1,080**	**Karowe, Botswana**	**2023**
11		**1,020**	**Karowe, Botswana**	**2025**
12		**998**	**Karowe, Botswana**	**2020**

The 1,109 carat Lesedi La Rona, expertly polished into a 302.37 carat square emerald cut – the largest in the world

*The EM/PK(S): (Eastern Magmatic/Pyroclastic Kimberlite (South)) is the highest value orebody.
**Legacy stones are defined as stones that sold for over $5 million.
***Historic stones are defined as named stones and stones greater than 1,000 carats.

Memberships & Certifications

Lucara is committed to embedding sustainability at the core of our business. We are a certified member of the Responsible Jewellery Council (RJC), a participant of the UN Global Compact (UNGC), and adhere to the Kimberley Process. Our commitment to responsible mining is further demonstrated through our adoption of the IFC Performance Standards, the World Bank Group's Environmental, Health and Safety Guidelines for Mining (2007) and the Equator Principles.

We believe that upholding this commitment is fundamental to our success and to maintaining strong relationships across our company and with our stakeholders. This focus drives continuous improvement across our value chain while enabling us to deliver lasting socio-economic benefits to stakeholders and the local communities where we operate.

We actively collaborate with a network of industry associations and non-governmental organizations (NGOs) that help guide our approach to sustainability performance and governance. These partnerships promote responsible and competitive mining practices, and we leverage their expertise to continuously improve our performance and advance industry best practices.

Lucara memberships and certifications

Alignment with the United Nations Sustainable Development Goals

Lucara has adopted 10 of the 17 United Nations (UN) Sustainable Development Goals (SDGs), aligning our sustainability strategy with globally recognized development priorities.

By focusing on the goals most relevant to our operations and surrounding communities, we ensure that our environmental, social, and governance initiatives contribute meaningfully to long-term sustainable development. This focused approach enables us to drive measurable impact in areas such as quality education, decent work, clean water, responsible consumption, climate action, and strong institutions.

Our alignment with the SDGs reinforces our commitment to responsible mining and creating shared value for the communities and stakeholders connected to our operations.

The 10 SDGs adopted by Lucara

MISSION

Using innovation, creating value, making a difference across the diamond industry

Transparency & Trustworthy

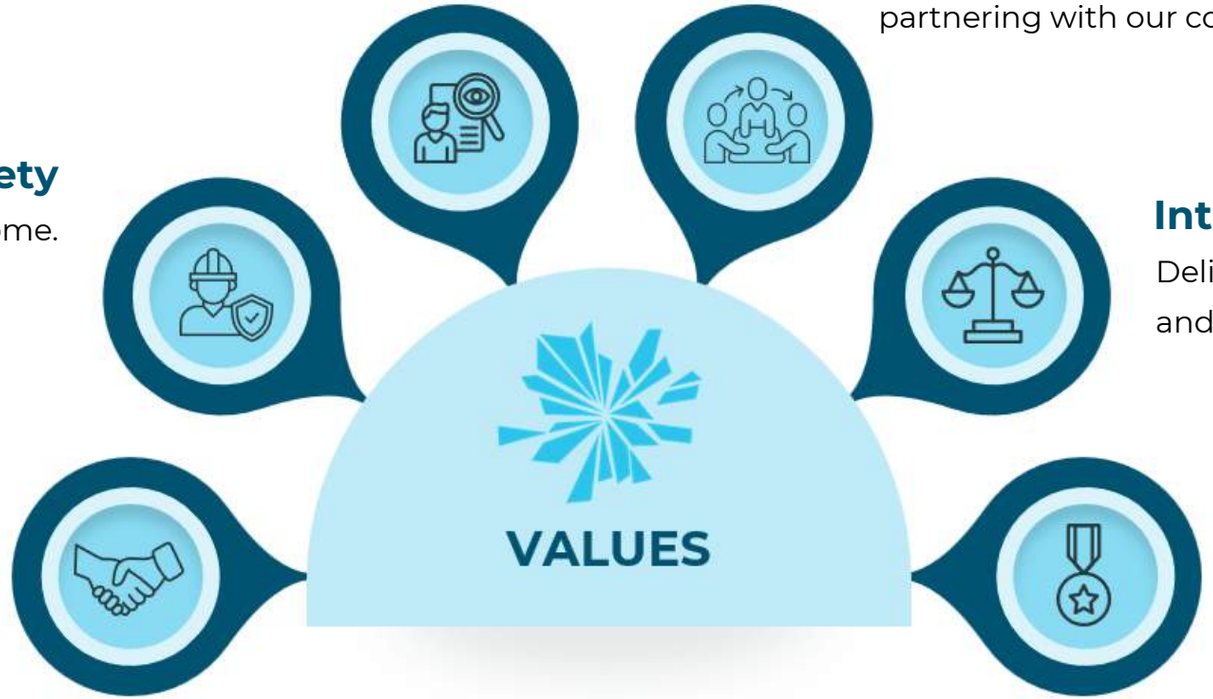
Communicating with openness and honesty.

Collaboration

Creating positive economic and social benefits; partnering with our communities.

Health & Safety

What we do at work, we do at home.



Integrity

Delivering on our promises and commitments.

Respect

We respect and listen to our people, our communities and our local governments.

Pursuing Excellence

Contribute to the Lundin Group's history of success and excellence.

2025 HIGHLIGHTS

In-country spend	US$ millions
Community investment	0.4
Government royalties	23.3
Employee compensation	28.3
Key in-country contractor payments	19.2
Local procurement** – open pit operations	49.5
Total in-country benefit – open pit only	120.7
Local procurement – UG capital project	46.9
Total in-country benefit	**167.6**

0.16 Lost Time Injury Frequency Rate (LTIFR)*

Zero significant spills

Zero water discharged into the environment

*Using the International Council on Metals & Mining (ICMM) incident classification, where a Restricted Work Injury (RWI) is classified as an LTI.
**Local procurement is defined as businesses located and registered in Botswana.

MESSAGE FROM THE PRESIDENT AND CEO

As we reflect on 2025, I am proud of the meaningful progress Lucara has made in advancing our sustainability commitments while continuing to deliver long-term value for our stakeholders. This year has been defined by significant milestones in safety, operational excellence, and community development, each reinforcing our commitment to responsible mining.

A defining achievement in 2025 was the successful advancement of the Karowe Underground Project. We commemorated the last shaft blast at the UGP, reaching final depth at both the production and ventilation shafts. This historic milestone marks a pivotal step in Lucara's transition to underground mining and positions us for sustained, long-term operations at Karowe.

Equally important is how we achieved this progress. Our team successfully completed shaft sinking with an exceptional safety record – surpassing 2,000 Lost Time Injury-free days. These results are a testament to the strong safety culture embedded across our operations and the unwavering commitment of our employees and contractors. Further recognition of this commitment came from the Botswana Chamber of Mines, where Lucara was honoured with three awards for its outstanding safety performance.

Our dedication to sustainability extends beyond our operations and into the communities where we work. In 2025, we proudly completed the construction of Makgaba Primary School, delivering a modern and conducive learning environment for students and educators. We have since welcomed close to 200 students to the school, marking an exciting new chapter for the community and contributing to lasting, positive impact and empowering future generations.

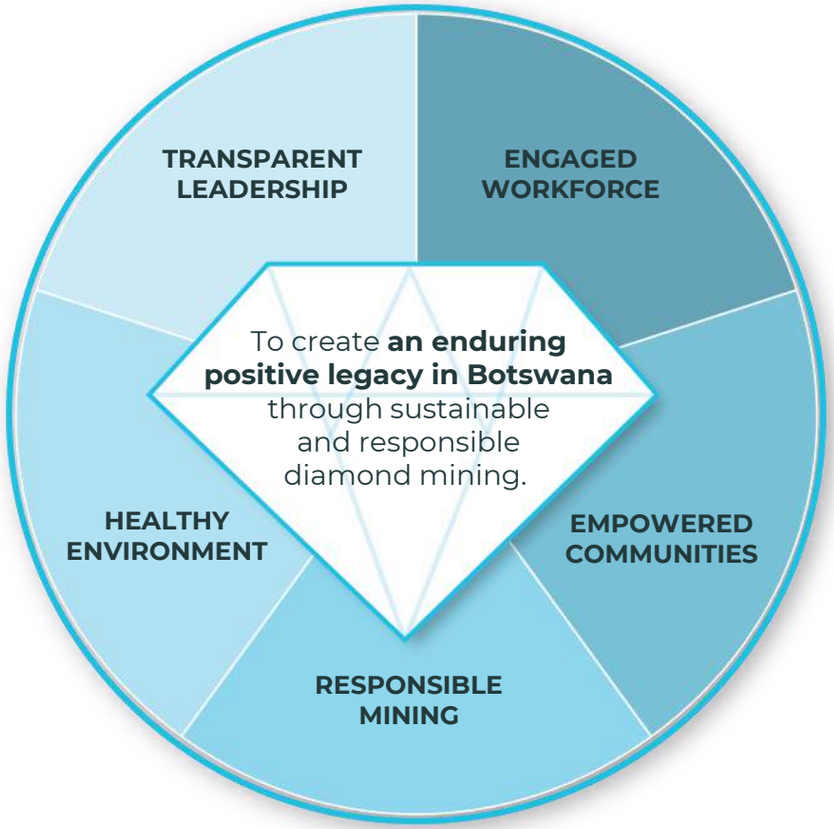
As we move forward, we remain focused on safely delivering the UGP, strengthening our environmental stewardship, and deepening our partnerships with local communities and stakeholders. Sustainability is not a standalone initiative at Lucara, it is integral to how we operate, innovate, and grow.

On behalf of the Board and the management team, I would like to thank our employees, partners, and stakeholders for their continued trust and support.

William Lamb
President and CEO, Lucara Diamond Corp.

Approach to Sustainability

Lucara has developed a five-year sustainability strategy (2024–2029) aligned with its vision of creating a lasting positive legacy in Botswana through responsible diamond mining. The strategy was informed by a double materiality assessment and strengthened by input from both internal and external stakeholders. The sustainability framework is built on five strategic pillars, providing clear direction and accountability. It is aligned with the Company's 10 priority SDGs, closely align with our business activities and material risks, impacts and opportunities.



TRANSPARENT LEADERSHIP	ENGAGED WORKFORCE	HEALTHY ENVIRONMENT	EMPOWERED COMMUNITIES	RESPONSIBLE MINING
Ethical decision making, strong governance	Investing in our people's success	Responsible stewardship for a healthy environment	Creating lasting, positive change	Sustainable operational excellence
We practice transparency, uphold strong governance, and treat all stakeholders equally and with respect.	We prioritize safety, well-being, and development to build an engaged, diverse and Inclusive workforce.	We manage natural resources responsibly work to minimize our environmental footprint, and adapt to climate risks for a sustainable future.	We empower local communities through sustainable partnerships and economic opportunities.	We focus on longevity and Innovation through responsible mining and operational excellence.
HEADLINE KEY PERFORMANCE INDICATOR (KPI) TOPICS				
Governance & Business Ethics	Health, Safety & Wellness	Water Management	Community Development	Underground Project
Risk Management	Talent Attraction & Retention	Energy Use & Greenhouse Gas Emissions	Engagement, Consultation, & Partnerships	Economic Performance
TOPICS				
• Human Rights • Cybersecurity	• Training & Skills Development • Diversity & Inclusion • Labour Practices	• Climate Change Adaptation • Pollution • Biodiversity & Land Management • Mine Closure & Rehabilitation	• Local content: People & Supply Chain • Cultural Heritage	• Product Security & Provenance • Tailings & Waste Management
CRITICAL ENABLERS: REPORTING | MANAGEMENT SYSTEMS | TECHNOLOGY & INNOVATION				
SDG alignment				

2025 Sustainability Strategy Targets

In 2025, Lucara focused on embedding its sustainability strategy into operational plans and performance management processes. Key milestones included:

- Integrating sustainability targets into departmental scorecards;
- Strengthening safety and environmental performance programs; and
- Continuing community development initiatives aligned with the SDGs.

This year marked the transition from strategy development to execution, positioning Lucara to accelerate progress towards its longer-term ambitions.

Progress in 2025 reflects Lucara's continued commitment to advancing its sustainability strategy through measurable KPIs, with performance tracked across core pillars including Engaged Workforce, Healthy Environment, and Empowered Communities. While progress has been achieved in some areas, opportunities remain to strengthen performance and the implementation of sustainability initiatives. Continuous monitoring and the integration of sustainability into operational decision-making remain critical to achieving long-term objectives.

Stakeholder Engagement

Strong stakeholder relationships underpin Lucara's success, with meaningful engagement central to building and maintaining trust. We engage openly and respectfully with investors, customers, employees, NGOs, government agencies, and industry peers to understand diverse needs and expectations. Our Stakeholder Engagement Plan and our Responsible Mining Policy, frame our engagement activities and priorities.

Environmental and Social Management System

Our Environmental and Social Management System (ESMS) reflects our commitment to environmental responsibility and sound governance practices, providing a structured approach to meeting our operational sustainability requirements and obligations. The ESMS supports the effective monitoring and evaluation of our environmental and social performance. It has been developed in alignment with the IFC Performance Standards on Environmental and Social Sustainability, as well as ISO 14001:2015 for Environmental Management Systems.

The ESMS covers a broad range of focus areas addressed in this report, including, but not limited to, climate change, biodiversity, air and water quality monitoring, pollution control, closure and rehabilitation planning, stakeholder engagement, and our operational grievance mechanism. It incorporates our Environmental Management Plan, which was prepared in 2020 by independent environmental practitioners and endorsed by the Government of Botswana, providing a comprehensive framework for managing and mitigating environmental risks.

As part of our commitment to continuous improvement, the ESMS also utilizes Isometrix software, developed in accordance with ISO 45001 and ISO 14001 standards. This system functions as a centralized platform for risk management, implementation of policy commitments, resource allocation, and assignment of responsibilities. It further enables ongoing monitoring and auditing of safety, health, environmental performance, and stakeholder engagement. Performance dashboards deliver actionable insights for management review, supporting internal reporting and facilitating continuous improvement.

Key users of the system include management, Process Owners, Sectional Heads (such as Superintendents, Engineering Coordinators, and Senior Process Engineers), as well as all Legal Appointees.

Materiality Assessment

Lucara's approach to materiality, guided by the GRI Standards and the European Sustainability Reporting Standards (ESRS), evaluates both the impacts of our activities on society, the environment, and the economy, and the relevance of these factors to the Company's financial performance. We are committed to managing the economic, environmental, and social impacts of our operations and regularly review our material topics to ensure their continued relevance.

In 2024, Lucara conducted a comprehensive double materiality assessment to identify our most significant sustainability topics. In early 2025, the Company performed an internal review to validate these topics. This review considered emerging industry and market developments, findings from the Company's human rights impact assessment and internal grievance mechanisms, as well as input from stakeholder engagement activities.

In 2026, Lucara's management team reviewed and validated the material topics identified in 2024. No new topics were added, and no topics were removed for this reporting period.

Methodology

The 2024 assessment incorporated input from internal and external stakeholders and was supported by third-party specialists to ensure alignment with international good practice. The process included:

- Identification of Impacts and Risks: Assessment of Lucara's actual and potential economic, environmental, and social impacts, as well as associated risks and opportunities.
- Stakeholder Engagement: An online survey and in-person workshops with approximately seventy internal and external stakeholders, including workforce and community representatives, to refine and prioritise material topics.
- Prioritisation and Validation: Review and confirmation of material topics by Senior Management, reaffirmed in 2026 with no changes.

The assessment was informed by a review of ESG trends, regulatory developments, ESG ratings and rankings, and relevant reporting frameworks, including IFRS S1 and S2, the Taskforce on Nature-related Financial Disclosures (TNFD), the GRI 14 Mining Sector Standard, and ESRS. It also considered operational risk and impact documentation, including activities at Karowe Diamond Mine (KDM).

Material Topics

Lucara's material topics represent the most significant economic, environmental, governance, and social impacts, risks, and opportunities associated with our operations.

Lucara employees at Karowe

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2025 Performance Highlight
Local Procurement*	• Botswana national procurement	• $96.4 million (49% of total procurement)
Local Employment	• Botswana nationals	• 97% of direct employees at Lucara Botswana are Botswana nationals
Labour Practices	• Botswana Mine Workers Union membership • Operational grievance mechanism	• 63% of the workforce are unionized. Botswana Mine Workers remain the only recognized trade union. • Two employee grievances were processed and resolved through the company's Grievance Procedure
Diversity and Inclusion	• Workforce diversity • Board diversity	• 29% Female Board Directors at Lucara Diamond • 40% of Lucara Diamond executive officers are women • 28% women in management positions • 15% Female workforce (including contractors) • 24% Female employees at KDM
Training and Skills Development	• Training provided	• 16,888 hours of training for employees
Health, Safety, & Wellness	• Lost time injury frequency • Fatalities	• LTIFR**: 0.16 • LTIFR (employees only): 0.18 • LTIFR (contractors only): 0.15 • Fatalities: 0
Engagement & Partnership	• New partnerships formed • Partnerships maintained	• Lucara Botswana and The Directorate on Corruption and Economic Crime – DCEC, formally entered into a Memorandum of Understanding aimed at enhancing cooperation in promoting good governance, ethical conduct and prevention of crime. • MoU signing between Lucara Botswana and Creation Botswana, under the Creation Africa program, marked a strategic commitment to advancing creative beneficiation

*Local procurement is defined as businesses located and registered in Botswana.
**Using the International Council on Metals & Mining (ICMM) incident classification, where a Restricted Work Injury (RWI) is classified as an LTI.

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2025 Performance Highlight
Community Development	• Sustained Investments • Community Grievances	• Lucara completed the construction of Makgaba Primary School in Makgaba village. • Handed over the Bodibabokubu borehole to the community of Selokolela to provide a reliable water source, transforming livelihoods, agriculture and overall well-being. • No community grievances during the reporting period.
Cultural Heritage	• Number of Cultural Heritage Studies	• Completed Remote Area Dwellers (RADs) plan that guides on going engagements and inclusion of vulnerable communities including the RADs.
Human Rights	• Human Rights Risk Assessment • Human Rights Violations Reports • Whistleblower hotline	• Zero allegations of human rights violations. • Awareness training targeting Lucara Botswana employees and contractors was conducted to ensure that the Human Rights Policy and Code of Business Conduct and Ethics are understood and that consistent behavior is maintained. • One report was received through Lucara's whistleblower line and was reviewed and closed in accordance with established procedures.
Governance & Business Ethics	• Governance and assurance • Regulatory compliance	• 40% of personnel participated in human rights training aligned with Botswana laws and the Voluntary Principles on Security and Human Rights (VPSHR). • Zero regulatory non-compliance.
Economic Performance	• Financial performance	• 353,391 carats recovered • $159.7 million in revenue • $23.3 million in government royalties
Product Stewardship	• Kimberley Process • RJC certification	• Kimberley Process compliance • Certified RJC member

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2025 Performance Highlight
Cybersecurity	• Incidents of cybersecurity	• Zero cyber breaches in 2025.
Climate Change	• Climate Change Working Group	• Finalized the first climate risk assessment incorporating scenario analysis. • In 2025, we commenced Scope 3 emissions data collection in alignment with the GHG Protocol Standard, covering key categories.
Energy Use & GHG Emissions	• Energy use • GHG emissions	• Total Energy: 434,127 GJ • Scope 1: 11,721 tCO_{2e} • Scope 2: 79,779 tCO_{2e} • Started gathering data on the Company's Scope 3 emissions.
Biodiversity & Land Management	• Land Disturbed and Yet not Rehabilitated (ha) • Land Newly Disturbed this Year (ha)	• Lease Area: 1,523 hectares • Land disturbed and yet not rehabilitated: 907 hectares • New disturbed area: 4.34 hectares
Dust & Air Quality	• Dust levels • Community grievances on dust	• Monthly environmental noise monitoring was conducted along the boundary fence, access road, and at the nearest sensitive receptors. The monitoring confirmed that operational noise levels remained within local regulatory limits throughout the reporting period. • No community grievance on dust and noise.
Mine Closure & Rehabilitation	• Closure plan updates	• Lucara has progressed the review of our Closure and Rehabilitation Plan. The review reassesses our closure vision and criteria across environmental and socio-economic aspects to ensure responsible and sustainable mine closure planning.

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2025 Performance Highlight
Waste Management	• Hazardous and Non-Hazardous Mine Materials	• Total Hazardous Mine Materials: Zero • Total Non-Hazardous Mine Materials: 3.9 million tonnes
Tailings Management	• Global Industry Standard on Tailings Management (GISTM): alignment of Emergency Response Planning • Independent Tailings Review Board (ITRB) reviews	• Total Tailings Produced: 2.78 million tonnes. • Third annual ITRB in line with requirements of GISTM, had no significant findings.
Water Management	• Regulatory compliance • Resource use, wastes and spills	• Zero regulatory non-compliance, spills, or fines. • No freshwater used in the processing plant. • Maintained zero discharges into the environment. • 1,904,611 m^3 groundwater withdrawn from pit dewatering.

CORPORATE GOVERNANCE

Approach to Corporate Governance

Lucara prioritizes ethical conduct and transparency across all aspects of our business. Guided by a commitment to legal compliance, respect for human rights, environmental stewardship, and the safety of our workforce and communities, our governance framework promotes accountability across all areas of our business. As issues such as ethics, transparency, human rights, and cybersecurity continue to grow in importance, we remain focused on maintaining strong governance.

Governance Structure

Lucara Diamond's Board of Directors ("Board") holds ultimate accountability to shareholders and stakeholders, overseeing the Company's operations in accordance with the British Columbia Business Corporations Act and Lucara's Articles. The Board is committed to effective governance, with a strong focus on risk management, including sustainability and ESG objectives. Meeting regularly, the board reviews and approves key reports and monitors adherence to evolving legal and regulatory requirements, as well as stakeholder expectations through continuous refinement of its guidelines and policies. Sustainability oversight and comprehensive risk management are central to its mandate.

See further details on Lucara's Board of Directors' Mandate and Lucara's ESG Committee Mandate.

Our Board

Lucara's Board oversees the Company's business strategy, including our ESG and sustainability objectives. The Board currently consists of seven directors, six of whom are independent members, and all have experience in overseeing matters pertaining to Sustainability and ESG including climate change, tailings management, and human rights. Further details on all board members, including their tenure and expertise relevant to their roles, can be found in the Company's latest Management Information Circular, available on the Company's website and under its profile on SEDAR+ at www.sedarplus.ca.

86% of Board members are independent
29% of Board members are women

The Board is supported in its mandate by the following five standing committees:

- Audit Committee
- Corporate Governance and Nominating (CGN) Committee*
- Compensation Committee
- Environmental, Social and Governance (ESG) Committee

Lucara's Board of Directors

Paul K. Conibear	Adam Lundin	Sheila M. Colman	Ian W. Gibbs	Melissa M. Harmon	Peter J. O'Callaghan	William Lamb
Chair, Independent, appointed 2007	Independent, appointed May 2022	Independent, appointed May 2024	Independent, appointed May 2024	Independent, appointed February 2025	Independent, appointed May 2020	President and CEO Appointed August 2023

* The CGN Committee, composed solely of independent directors, proposes Board nominees, aligning with our Board and Executive Officer Diversity and Inclusion Policy and Board composition guidelines.

Lucara Botswana Board

In addition to the Lucara Diamond Board, Lucara Botswana holds its own regular board meetings. The Lucara Botswana board of directors includes executive management from both Lucara Diamond and Lucara Botswana.

40% of Lucara Diamond's executive officers are women
43% of Lucara Botswana's executive officers are women

Sustainability Governance

Sustainability and ESG matters, including risk management, are overseen by the Board, with additional oversight provided by the ESG Committee. The ESG Committee assists the Board in fulfilling its responsibilities for sustainability, including environmental, health, safety, well-being and community relations.

The following multi-disciplinary technical working groups and management committees support implementation of our strategic ESG initiatives, providing quarterly updates to both the Lucara Diamond and Lucara Botswana boards: These working groups also support the implementation of standards to mitigate and manage sustainability-related risks:

- Climate Change/Decarbonization Working Group
- ESG Working Group
- Biodiversity Working Group
- Community Impact Working Group.

The working groups, are each led by a member of the Heads of Department, and report directly to the senior executive management. The working groups have been delegated by the Lucara Botswana Board to implement standards and to mitigate and manage sustainability related risks and impacts. Feedback by the working groups is given on a quarterly basis to the Boards.

The following corporate governance and sustainability policies, charters, and mandates, available on our website, were reviewed in 2025, with updates made where applicable, guide our business practices and establish commitments and expectations across the organization:

- Position Descriptions for the President/CEO, Chair of Board, Lead Director and Committee Chairs
- Board of Directors' Mandate
- Audit Committee Charter
- Corporate Governance and Nominating Committee Mandate
- Environmental, Social and Governance Committee Mandate
- Compensation Committee Mandate
- Code of Business Conduct & Ethics
- Whistleblower Policy
- Anti-Bribery and Anti-Corruption Policy
- Disclosure Policy
- Advance Notice Policy
- Majority Voting Policy
- Responsible Mining Policy
- Board and Executive Officer Diversity and Inclusion Policy
- Human Rights Policy
- Corporate Social Responsibility Charter
- Environmental Policy

Additional corporate governance information is available on our website.

Executive and Board Compensation

The Lucara Diamond Compensation Committee reviews and recommends Board approval of the Company's executive and director compensation. The Board appoints committee members from its ranks, ensuring that at least three members hold independent director status as defined by National Policy 58-201—Corporate Governance Guidelines (NP 58-201).

Lucara's Compensation Committee reviews and approves executive and director compensation. Executive and director compensation is publicly disclosed in Lucara's Management Information Circular. Executive Short-Term Incentive Payments (STIPs) are determined using a Balanced Scorecard, which includes a 10% weighting for Environment, Health, Safety, and Social KPIs.

Business Ethics & Transparency

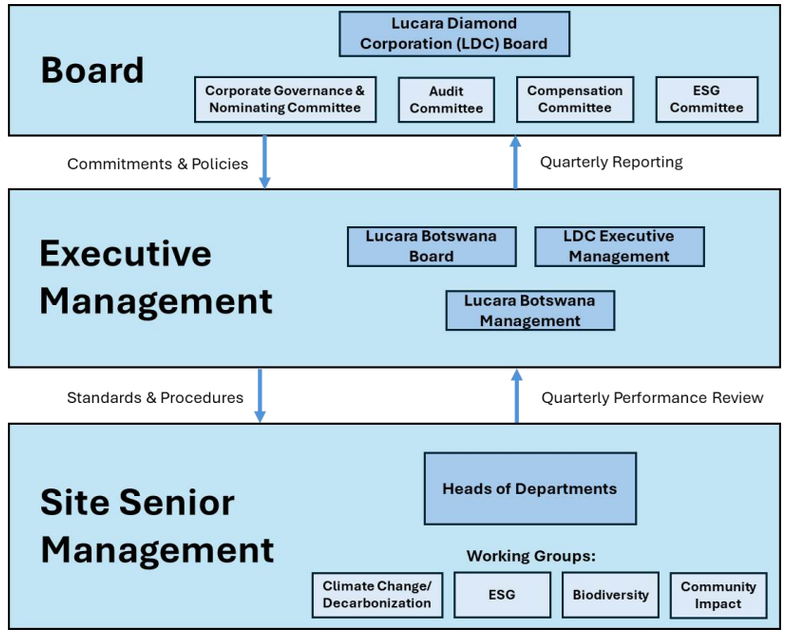
Lucara maintains an established ethics and compliance program aimed at preventing corruption and supporting business integrity. Corruption risks continue to be monitored through our departmental risk registers. Our Strategic Risk Register assesses the risk of "Compromised or lack of business integrity" as low. Staff and contractors undertake an annual Code of Business Conduct and Ethics training, which includes information on Lucara's anti-corruption and anti-bribery stance and practices.

In 2025, all Lucara employees and contractors completed the Code of Business Conduct and Ethics training, which covered financial crimes, including: bribery, corruption and money laundering, combating terrorist financing, and countering proliferation financing. No financial crime or related incidents were experienced or reported in 2025. Lucara upholds the Whistleblowing protection requirements as espoused by Botswana's *Whistleblowing Act* (2016) and commits to non-retaliation and victimization of Whistleblowers.

Financial and Tax Transparency

As part of our commitment to transparency and responsible resource development, we comply with Canada's *Extractive Sector Transparency Measures Act* (ESTMA), which requires the annual disclosure of payments made to governments in Canada and internationally. This reporting promotes accountability and helps combat corruption by providing stakeholders with clear visibility into our Company's financial contributions. By publicly reporting these payments, we aim to foster trust, support sustainable development, and demonstrate our dedication to ethical business practices and good governance.

Lucara provides regular public financial disclosures, including quarterly and annual reporting, overseen by Lucara Diamond's Audit Committee, to ensure stakeholders have timely insight into our financial performance. We comply with tax regulations in our operating jurisdictions. Lucara's Board is kept apprised of all corporate policies, including corporate tax policy. We regularly consult with advisors to stay current on changes in tax law in our operating locations.



Risk Management

Lucara's approach to risk management is integrated across our strategic planning, operational activities, and project oversight. This includes ESG risks, which are identified, assessed, and incorporated into day-to-day planning, operations, and decision-making. Our commitment to effective risk prioritization and mitigation is fundamental to our success and informs decision-making at every level of the organization.

The Lucara Diamond Board oversees risk management, supported by the Audit and ESG Committees, and monitors management's performance across Lucara and its subsidiaries. Lucara reports on risks in its quarterly financial reports and the Annual Information Form (AIF), available on our website and SEDAR+ at www.sedarplus.ca.

Lucara Botswana's Chief Risk Officer oversees security, internal audit, enterprise risk management (ERM), and compliance matters. Lucara's ERM framework identifies and manages organization-wide risks, which are documented in the Strategic Risk Register and assigned to designated owners responsible for oversight and regular updates. In addition, departments maintain their own risk registers, which are updated by Risk Champions and reviewed regularly in team meetings. On a quarterly basis, Heads of Departments (HODs) present risks at our Risk Forum, escalating them to the Lucara Botswana Board and ultimately, the Lucara Diamond Board. Safety and ESG-related risks are presented quarterly at the Lucara Botswana SHECR Committee and the Lucara Diamond ESG Committee.

As outlined in the 2025 AIF, some of top risks to the Corporation are as follows* :

- Risk of non-compliance with credit facilities and the ability to maintain obligations
- Global Economic and Geopolitical Risks
- Diamond Prices and Marketability
- Lab-grown diamonds' effect on diamond supply and pricing
- Capital Costs and Development Related to the UGP
- Uncertainties Related to Mineral Resource and Mineral Reserve Estimates

Key environmental and social risks include:

- Mine flooding, mudrush, and airblast
- Corrosion and infrastructure
- Labour agreements
- Licenses, permits, and approvals
- Infrastructure
- Environmental and other regulatory requirements
- Climate change
- Rehabilitation funds and mine closure costs
- Community relations
- Compliance with legislation, including Canada's *Modern Slavery Act*, ESTMA, and public company obligations
- Compliance with anti-corruption laws
- Natural disasters and health risks
- Information technology systems and cybersecurity

Guided by the COSO, ISO 31000, 14001 and 45001 standards, our management systems methodically identify, evaluate, and address risks. These systems help ensure responsible operations and continuous improvement across the organization.

* For more information on Lucara's key risks, including environmental and social risks, please refer to the 2025 Annual Information Form, available on Lucara's website and under Lucara's profile on SEDAR+ at www.sedarplus.ca.

Audit & Assurance

At Lucara, we recognize the importance of third-party audits and assurance in validating the accuracy and reliability of our ESG performance. Lucara had four key third-party audits during 2025, including our ISO 14001 and 45001 certification, our Lenders' Independent Environmental and Social Consultant (IESC) monitoring, and third annual International Tailings Review Board review. Further information is available in the Tailings & Waste Management section.

Internal Audit activities during the review period provided assurance over several ESG risk areas through audits covering operational efficiency, compliance, workforce practices, and internal controls. Environmental aspects were addressed through reviews such as Mining Asset Performance, Stockpile Management, and the Recovery Tailings Treatment Plant, which focus on responsible resource utilization, waste management, and minimizing environmental exposure in mining operations. Social considerations were covered through the Industrial Relations Audit and elements of operational and security audits that support employee welfare, fair labour practices, and workplace safety. Governance represents the most extensively covered ESG component, with audits such as Supply Chain Management, IT Asset Management, Security Effectiveness, Stock and Inventory Management, Project Management, and Compliance to Finance-Related Regulations assessing regulatory compliance, procurement transparency, asset accountability, and the effectiveness of internal controls. Collectively, these audits provide the Board and management with assurance that key ESG risks are being monitored and managed while strengthening the organization's governance, sustainability, and operational integrity.

For this reporting period, this report has not been subject to independent third-party assurance. The report has been prepared using the Company's established internal governance processes and internal control mechanisms, which include internal review and verification procedures to support the accuracy, completeness, and reliability of the information disclosed.

10.26 carat round D flawless from Karowe

Cybersecurity

Cybersecurity remains critical to safeguarding Lucara's operations, information assets, and stakeholder trust. Our cybersecurity approach is integrated into the Company's ERM framework and is aligned with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This structured approach enables consistent governance of cybersecurity risks through monitoring, periodic audits, and regular risk assessments.

Executive oversight of cybersecurity resides with senior management, with cybersecurity risks and performance updates reported through the Company's governance and risk management structures. Operational responsibility for cybersecurity management sits within the IT function to ensure appropriate controls, policies, and monitoring mechanisms are implemented and maintained.

During 2025, Lucara Botswana advanced its NIST cybersecurity maturity from level 2.0 toward 2.5, reflecting improvements in formalized controls, monitoring capabilities, and governance processes. Key initiatives implemented during the year included improvements to identity and access management and the commissioning of a Network Detection and Response (NDR) capability to enhance threat visibility.

Following the enactment of Botswana's *Data Protection Act* (2024), Lucara Botswana implemented a Data Protection Program, including a compliance function, a Data Protection Policy, and the appointment of a data representative to oversee governance, report breaches, and maintain strong regulatory relations. No personal data breaches were recorded during the reporting period.

Building a cyber-aware workforce remains a priority, with employees participating in ongoing awareness initiatives covering topics such as email security, social engineering, password security, removable media risks, ransomware awareness, and physical security practices. At the corporate office, this is support by regular phishing simulations, robust data protection measures, and ongoing system monitoring and assessment to support continuous improvement.

Additional initiatives supporting cyber resilience included continued disaster recovery testing, ongoing evaluation of enterprise systems and data protection practices, and enhancements to collaboration platforms to strengthen personal data protection and access controls. Lucara also continued evaluating emerging technologies, including AI-enabled cybersecurity capabilities, to support improved threat detection and operational efficiency.

During the reporting period, there were no registered cybersecurity incidents or non-compliance events.

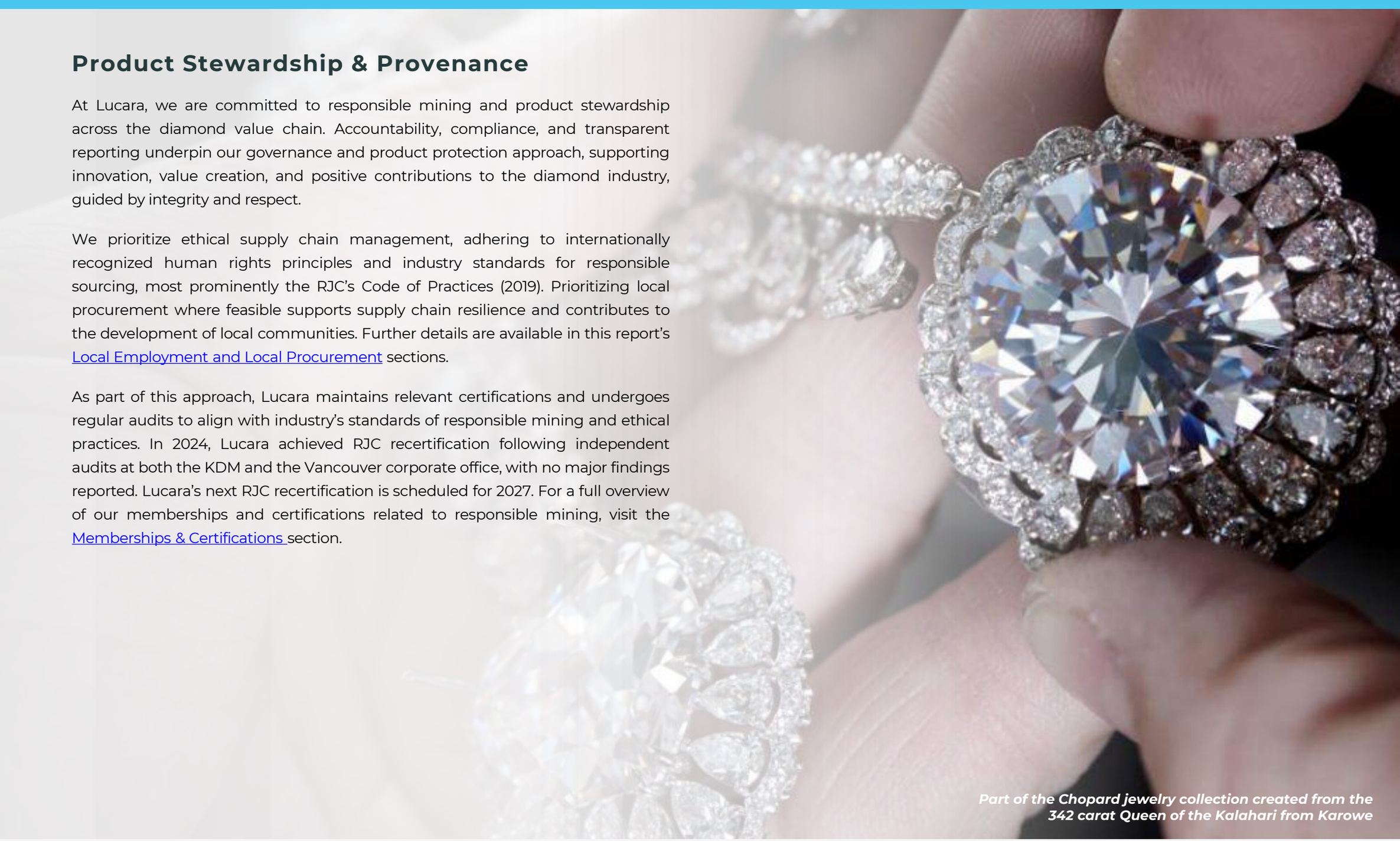
Lucara employee at the Karowe UGP

Product Stewardship & Provenance

At Lucara, we are committed to responsible mining and product stewardship across the diamond value chain. Accountability, compliance, and transparent reporting underpin our governance and product protection approach, supporting innovation, value creation, and positive contributions to the diamond industry, guided by integrity and respect.

We prioritize ethical supply chain management, adhering to internationally recognized human rights principles and industry standards for responsible sourcing, most prominently the RJC's Code of Practices (2019). Prioritizing local procurement where feasible supports supply chain resilience and contributes to the development of local communities. Further details are available in this report's Local Employment and Local Procurement sections.

As part of this approach, Lucara maintains relevant certifications and undergoes regular audits to align with industry's standards of responsible mining and ethical practices. In 2024, Lucara achieved RJC recertification following independent audits at both the KDM and the Vancouver corporate office, with no major findings reported. Lucara's next RJC recertification is scheduled for 2027. For a full overview of our memberships and certifications related to responsible mining, visit the Memberships & Certifications section.



Part of the Chopard jewelry collection created from the 342 carat Queen of the Kalahari from Karowe

Lucara's Value Chain

Ethically produced rough diamonds	Rough diamond trading	Cutting and Polishing	Polished diamond trade and jewellery retail
Lucara Diamond Corp.'s indirect wholly-owned subsidiary, Lucara Botswana, owns and operates the Karowe Diamond Mine in Letlhakane in Botswana. Through the Karowe UGP, Lucara intends to extend the life of mine to 2038.	Lucara sells its diamonds through three sales channels: 1. Quarterly tenders in Antwerp, Belgium and Gaborone, Botswana. 2. Specials* are sold through Lucara's partnership with HB Trading BV in Belgium. 3. Qualifying stones below 10.8 carats are sold through Clara.	Once Lucara's rough diamonds are sold through the three sales channels, they are cut and polished by manufacturers. Specials sent to HB and are cut and polished in HB's facility in Antwerp and then sold. A top-up payment is paid to Lucara based on the actual polished sales price.	Lucara's diamonds are sold by retailers around the world. For exceptional diamonds or Legacy stones, Lucara will look at entering exclusive partnerships with retailers.

1,174 carat rough diamond recovered from Karowe

Cutting and polishing - HB Antwerp

102.04 carat cushion diamond

Dua Lipa wearing the Tiffany & Co. Lucida Star necklace, featuring the 102.04 carat centre stone

* Stones 10.8 carats and above.

ECONOMIC PERFORMANCE

1,940,953 tonnes ore mined

2,788,244 tonnes ore milled

354,467 carats recovered

353,391 carats sold

772 Specials* recovered

$159.7 million in revenue

$26.1 million net income from continuing operations

* Stones 10.8 carats and above.

Operations

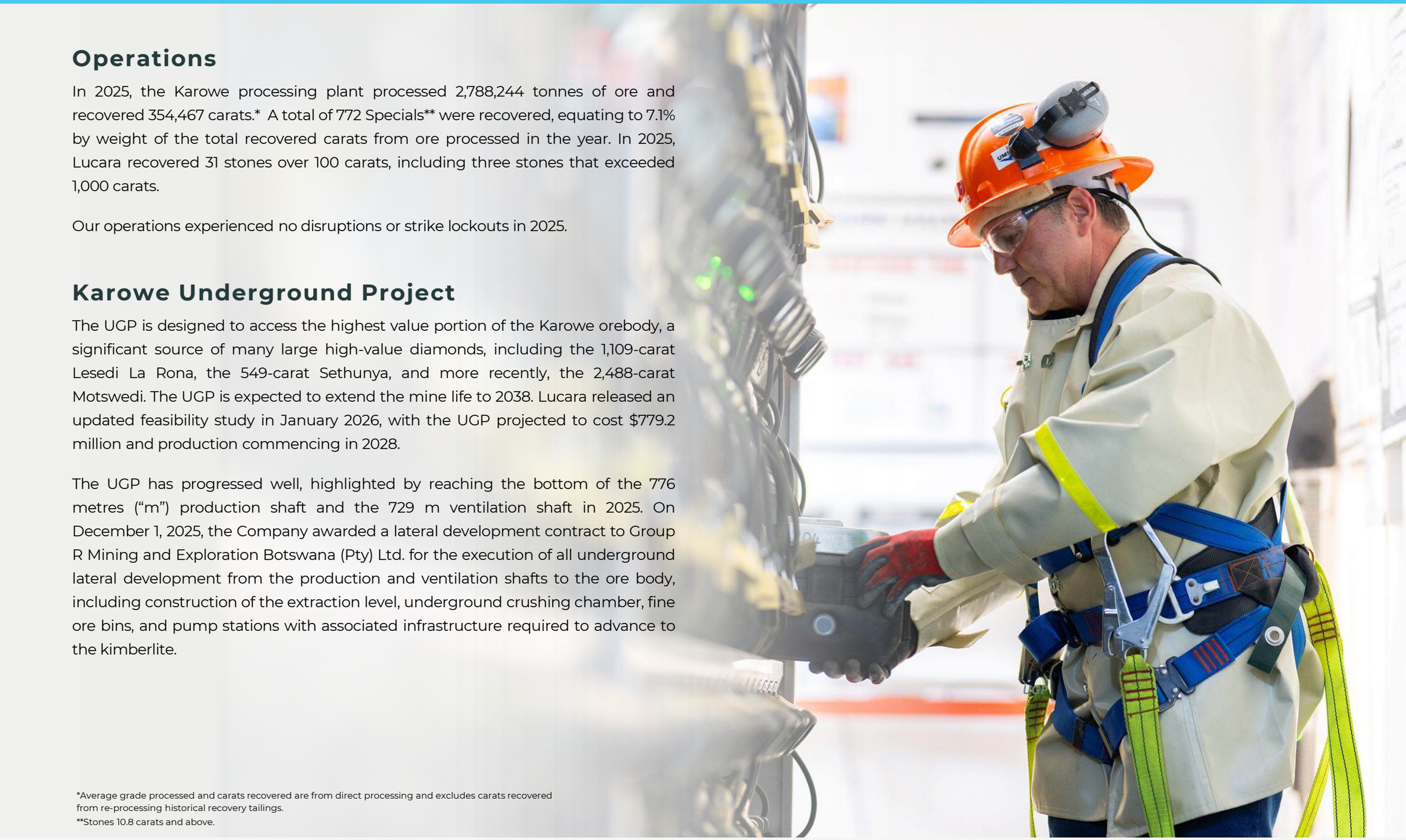
In 2025, the Karowe processing plant processed 2,788,244 tonnes of ore and recovered 354,467 carats.* A total of 772 Specials** were recovered, equating to 7.1% by weight of the total recovered carats from ore processed in the year. In 2025, Lucara recovered 31 stones over 100 carats, including three stones that exceeded 1,000 carats.

Our operations experienced no disruptions or strike lockouts in 2025.

Karowe Underground Project

The UGP is designed to access the highest value portion of the Karowe orebody, a significant source of many large high-value diamonds, including the 1,109-carat Lesedi La Rona, the 549-carat Sethunya, and more recently, the 2,488-carat Motswedi. The UGP is expected to extend the mine life to 2038. Lucara released an updated feasibility study in January 2026, with the UGP projected to cost $779.2 million and production commencing in 2028.

The UGP has progressed well, highlighted by reaching the bottom of the 776 metres (“m”) production shaft and the 729 m ventilation shaft in 2025. On December 1, 2025, the Company awarded a lateral development contract to Group R Mining and Exploration Botswana (Pty) Ltd. for the execution of all underground lateral development from the production and ventilation shafts to the ore body, including construction of the extraction level, underground crushing chamber, fine ore bins, and pump stations with associated infrastructure required to advance to the kimberlite.



*Average grade processed and carats recovered are from direct processing and excludes carats recovered from re-processing historical recovery tailings.
**Stones 10.8 carats and above.

Underground Project Performance

- The UGP achieved over 2,000 days without a lost-time injury.
- The UGP TRIFR* up to December 31, 2025, was 0.56.
- The production and ventilation shafts both reached final depth in 2025, marking a key milestone toward completion of the UGP.
- Significant progress was made in lateral development connecting the two shafts across multiple levels.

Lucara General Manager Johane Mchive speaking at the UGP last shaft blast celebration

* Total Recordable Injury Frequency Rate

"As we celebrate our safety milestones and the strength of our team, it is also important to look ahead to the next phase of the UGP project.

We are preparing for shaft equipping, scheduled from September 2025 to March 2026, followed by lateral development from 2026 to 2028, expanding underground workings and preparing the site for sustained production. Finally, we will transition into the Ore Project, where the focus will shift to maximizing extraction while maintaining the highest standards of safety and operational excellence.

These upcoming phases build on the strong foundation of safety, teamwork, and preparedness we have established. By staying vigilant and committed, we will continue to achieve milestones and ensure the success of the UGP project.

This journey belongs to all of us. Every worker, supervisor, contractor, and leader, together, we will prove that when safety comes first, success follows."

- Johane Mchive, General Manager

OUR PEOPLE

At Lucara Botswana:

1,646 total workforce

600 employees

24% women employees

97% Botswana nationals

28% women in management positions

16,888 hours of training

3.2% staff turnover

Approach to Workforce and Talent

Lucara Botswana endeavours to be an employer of choice by fostering a workplace environment where employees feel safe, healthy, valued, and have a strong sense of belonging. Developing a workforce that reflects our operating environment is a top priority, as local employment and development are fundamental components of our business success. At Lucara, we recognise our people are our most valuable asset and we are committed to a healthy, inclusive, and rewarding workplace. We respect freedom of association and maintain open dialogue with the Botswana Mine Workers Union. We are firmly committed to upholding and respecting human rights across our operations. Fair wages, equal opportunity, non-discrimination, and diversity are central to our employment practices. Employee well-being is supported through long-service awards, retirement and wellness programs and parental leave, while local talent development is prioritized through training and growth opportunities. These commitments are guided by our Responsible Mining Policy, Code of Business Conduct and Ethics, Corporate Social Responsibility Charter, Whistleblower Policy, and Human Rights Policy.

Human Rights

Lucara is committed to upholding human rights across our business activities and relationships, guided by international frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs), the Kimberley Process, and the RJC's Code of Practices (2019). The principles within these frameworks are embedded in our Human Rights Policy and Code of Business Conduct and Ethics, with ultimate oversight provided by the Board and responsibility shared among all employees.

To help us uphold this commitment, Lucara has established an operational grievance mechanism and Whistleblower Policy. We keep open communication channels with our employees, communities, and stakeholders, to foster a culture of transparency, honesty, and respect. This approach is supported by the inclusion of human rights themes in our various inspections and internal audits.

Salient Human Rights

Lucara undertook a comprehensive review of human rights issues associated with Karowe, conducted by an independent third party, in 2024. The review was guided by recognized national, regional, and international human rights standards and good practices, including guidance from the Danish Institute for Human Rights. It drew on established Human Rights Impact Assessments (HRIA) methodologies and relevant examples from the extractive sector.

The process included a review of KDM's Stakeholder Engagement Plan and engagement records, site visits to our facilities, discussions with employees, contractors, local authorities, agencies, and community representatives. Findings were benchmarked against national legislation, IFI Performance Standards, and the MAC Towards Sustainable Mining principles.

The assessment did not identify any salient human rights impacts directly linked to the operations of Karowe.

However, two broader human rights risks were identified within Botswana's Central District. The first relates to ongoing concerns about water supply, which may be exacerbated by climate variability and availability constraints. While Lucara was not found to be the cause of water shortages, the Company supports access to water through borehole drilling and water distribution initiatives.

The second relates to the rights of Indigenous Peoples, locally referred to as Remote Area Dwellers, many of whom are San (Basarwa). Some individuals within these communities may experience vulnerability or marginalization. This context is recognized at the national level in Botswana, with government-led initiatives aimed at addressing associated development and human rights challenges. Lucara applies an equal opportunity employment approach, including the employment of San individuals, and supports community development initiatives focused on education, health, and water access.

Security and Human Rights

Our security personnel play an essential role in protecting employees, contractors, assets, and surrounding communities. Their duties include access control, screening procedures, and other security measures implemented in accordance with applicable laws and international human rights standards.

Lucara is committed to aligning its security practices with the Voluntary Principles on Security and Human Rights (VPSHR). All security personnel receive human rights training on a three-year refresher cycle.

By the end of 2025, 71% of security staff had completed refresher human rights training, following the completion of our three-year cycle. The remaining staff are scheduled for the 2026 and 2027 cycles. Contracted security providers are required to complete mandatory human rights training within six months of engagement. A Memorandum of Understanding with Botswana law enforcement agencies supports alignment with national legislation and the VPSHR.

No allegations of human rights violations related to security activities were recorded during the reporting period.

Forced Labour and Child Labour

Several international mining and business standards to which Lucara subscribes include requirements related to forced labour and child labour. These include the Kimberley Process, the RJC, and the MAC TSM Protocol on the Prevention of Child and Forced Labour. To support our alignment, these requirements are integrated into our policies and practices. No child labour related cases involving Lucara and its activities were reported in 2025.

In 2025, Lucara engaged a total of 41 new suppliers, with 22% representing new vendors. Each supplier was subject to a screening process designed to ensure compliance with Know Your Customer (KYC) documentation requirements and adherence to the vendor registration procedure. This process is implemented to confirm that all suppliers comply with the Botswana Employment Act and to safeguard against the occurrence of forced labour within the supply chain.

Lucara conducts quarterly internal labour and human rights compliance audits of its contractors. The audit criteria assess alignment with the Company's Human Rights Policy and include evaluation of risks related to child labour, forced labour, modern slavery, and fair employment practices, including remuneration.

During the 2025 reporting period, no contractors were found to be in violation of human rights requirements.

In compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, Lucara published its most recent Modern Slavery Report in May 2026, for the year ending December 31, 2025. This annual report, available on Lucara's website, outlines the steps taken to assess and mitigate risks related to forced labour and child labour across our operations and supply chain.

Lucara's Workforce

As at the end of 2025, our workforce comprised of a total of 1,646 people, with 600 employed directly by Lucara Botswana on a permanent basis and 1,046, employed by our contractors. At Lucara Botswana, the proportion of senior management hired from the local community was 82% in 2025, a 1% decrease compared to 2024.

Number of employees:

Lucara Botswana	2025	2024	2023	2022
Total employees	600	559	583	586
Male	460	421	437	441
Female	140	138	146	145

At Lucara, female leadership is encouraged. Female employees at Lucara Botswana in our direct employment make up 24% and, at Lucara Diamond Corp, female direct employees make up 50%, which is above industry standards of 16-18%.* Our leadership positions are disaggregated as follows for the year 2025:

Female representation at Lucara:

Lucara Diamond	2025	2024	2023	2022
Female Board directors	29%	29%	29%	43%
Female corporate executives	40%	40%	50%	67%
Lucara Botswana				
Female executives	43%	50%	50%	50%

New Employees and Employee Turnover

Employee turnover (both voluntary and non-voluntary) carries operational and financial implications; accordingly, we prioritise employee well-being, competitive remuneration, professional development, and an inclusive workplace culture to attract and retain talent. In 2025, the staff turnover rate was 3.2%, representing a decrease from 6.9% in the previous year, primarily attributable to the 2024 optimisation and restructuring exercise within the Security Department. During the reporting period, 47 new employees were engaged by Lucara.

Lucara provides transition support programs through its Employee Assistance Program to assist employees preparing for non-working life. These programs are designed to support employee well-being and readiness by providing access to counselling, financial literacy, and retirement planning services.

Parental Leave

In line with Lucara's parental leave policy, employees are entitled to six months of paid maternity leave and 14 days of paid paternity leave. In 2025, no employees took maternity leave. The Company is strengthening its data collection processes and will report on the number of employees taking paternity leave in future disclosures.

For employees who took parental leave in prior reporting periods, return-to-work and retention rates remained at 100% for both male and female employees, indicating continued effectiveness of the Company's parental support practices.

* According to Workplace Gender Equity Agency (WEGA) Report of 2012 whose industry standards are 16-18% female representation in the Mining Industry

Fair Wages

Lucara is committed to fair and competitive remuneration within the mining sector, with wage rates exceeding Botswana's statutory minimum requirements. The Company's compensation framework balances affordability with a structured evaluation of skills, performance, internal equity, and local market benchmarks. Wages and standard benefits including parental leave, medical and life cover, and disability cover, are reviewed regularly. Remuneration for employees not covered by collective bargaining agreements is managed in line with the Company's Remuneration Policy and individual contracts, with any changes formally communicated and discussed to ensure transparency and alignment. Lucara promotes fair employment practices by requiring site-based contractors to provide equitable pay and safe working conditions. Quarterly labour inspections are conducted to verify compliance with minimum wage and legal requirements, while the Human Resources and Procurement teams continue to monitor contractor employment and ethical practices as part of ongoing improvement efforts.

In 2025, wages and benefits amounted to $28.3 million, compared to $30 million wages paid in 2024. Lucara is committed to equitable remuneration practices, ensuring that employee compensation is aligned with role requirements, level of responsibility, skills, experience, and tenure. To support fairness and transparency, the Company conducts annual independent reviews of remuneration by gender and employment level to confirm that pay practices remain equitable, non-discriminatory, and aligned with market benchmarks.

Long Service Awards

To honour and celebrate the dedication of its long-serving employees, the Company hosted its fourth annual Long Service Awards on December 11, 2025. This prestigious event recognized the remarkable contributions of employees who have reached the significant milestone of ten years with the Company. These awards exist to visibly reinforce our commitment to acknowledging the hard work, loyalty, and excellence of our workforce, which drives Lucara forward every day. During the ceremony, 37 individuals received awards for their decade of service.

Long Service Awards celebration, December 11, 2025

Diversity & Inclusion

We are committed to fostering a safe, inclusive, and diverse workplace where individuals feel valued and are treated fairly. Our approach is guided by our Responsible Mining Policy, Human Rights Policy, and Code of Business Conduct and Ethics. Lucara Botswana's Diversity, Equity, and Inclusion Policy has been developed and is currently at consultation stage with the Union, in line with our collective labour agreement

Our recruitment processes are grounded in equal opportunity principles and gender-neutral selection criteria, with appointments based solely on merit, skills, and potential. By fostering diversity and inclusion, we seek to build a dynamic, innovative workforce aligned with our values and capable of meeting evolving industry challenges.

Our performance continues to exceed global mining industry averages for female representation, typically estimated between 16-18%.* During the reporting period, women represented 24% of the workforce at Lucara Botswana for the fifth consecutive year. Although this reflects a marginal 1% decrease from the previous year, a total of 140 women were employed as at December 2025.

During the reporting period, there were no reported incidences relating to workplace discrimination. See the Employee Grievances section for more information.

* According to Workplace Gender Equity Agency (WEGA) Report of 2012 whose industry standards are 16-18% female representation in the Mining Industry

Masego Phalaagae, Chief Sorter

Masego Phalaagae joined Lucara Botswana in 2019 as a Senior Sorter, entering the sorting field for the first time. Through dedication, continuous learning, and a willingness to take on responsibilities beyond her scope, she quickly demonstrated strong leadership potential and was identified as a successor to the Chief Sorter role under the Company's succession planning program. In 2025, she successfully competed for the position, becoming the first female Chief Sorter in the Company's history.

With 13 years' prior experience in the diamond polishing industry, including supervisory and quality control roles, Masego brings a strong understanding of the diamond value chain and operational excellence. She holds a Diploma in Business Management and is pursuing a Degree in Business Administration and Leadership Change Management through Botswana Open University.

In her role, Masego is focused on improving efficiency, embedding sustainable practices, mentoring her team, and fostering inclusivity. She views her appointment not only as a personal achievement but as a meaningful step forward for women in mining leadership.

Masego Phalaagae

Talent Management

Lucara Botswana follows a strategic and robust talent management program that focusses on enhancing employee skills and morale through training, mentoring, and career growth, which boosts engagement and reduces turnover. This forms a cohesive system that contributes to building a sustainable workforce by aligning individual growth and organisational goals. On an annual basis all departments are required to review their skills matrices. A training needs analysis is then conducted to identify gaps of critical skills required, which are then prioritized and included in the annual training plan and budget. In 2025, employee development focused on a wide range of themes, including ESG, Leadership, Safety, Health and Environment (SHE), and Technical.

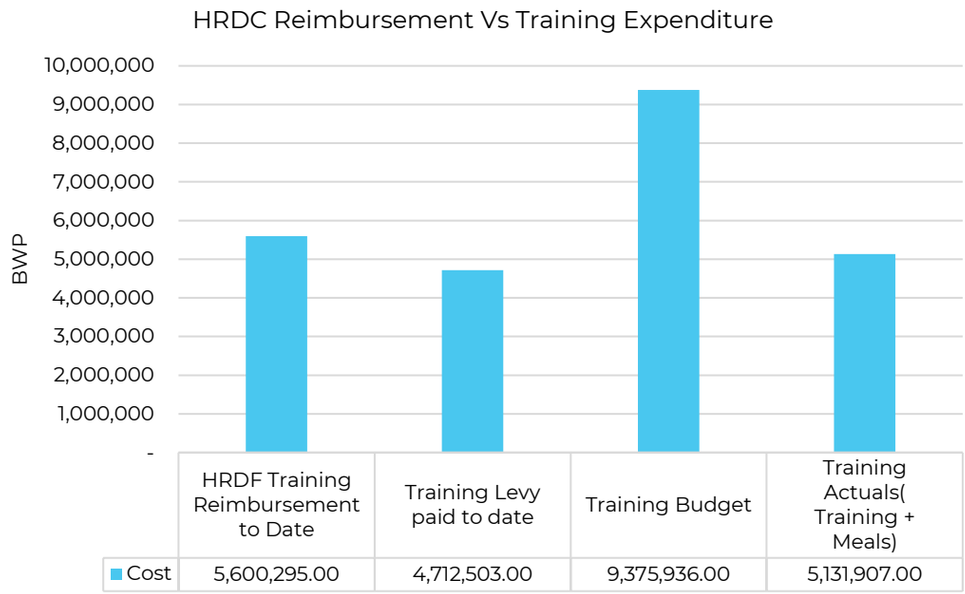
Employee training:

Theme	Number of hours	Number of participants
Environment, Social, & Governance (ESG)	4	7
Leadership	2,072	78
Safety, Health, & Environment (SHE)	4,072	258
Technical	10,740	345
Total	16,888	688

Training

Botswana's government has partnered with companies to encourage employee training through a training levy known as Human Resources Development Fund (HRDC). This partnership has led to a considerable number of accredited courses being made available to Lucara Botswana's employees.

The HRDC reimbursement surpassed the training levy paid during the year 2025, indicating an effective collection of training claims.



Student Engagement

At Lucara, we are committed to developing the next generation of talent for the mining industry. As part of our collaborative efforts with higher learning institutions. We offer three-to-six-month attachment programs designed to provide current students with hands-on experience in key disciplines such as Mining, Engineering, Processing, and Mineral Resources. This program not only supports the professional growth of these individual students but also represents our contribution to building a skilled and sustainable talent pipeline, for our company and industry.

In 2025, Lucara Botswana supported the attachment of 17 students from higher learning institutions.

3 students from the BIUST
11 students from New Era College
3 students from the University of Botswana

In addition to the attachment programs, Lucara Botswana has a Memorandum of Agreement (MoA) with the Botswana International University of Science & Technology (BIUST) in which Lucara Botswana facilitates annual mine tours of students and lecturers from Akita University in Japan. In 2025, Lucara hosted 19 students and lecturers as part of this initiative.

Supporting Education & Celebrating Excellence

In 2025, Lucara Botswana proudly joined New Era College for this year's graduation ceremony, continuing a long-standing partnership that has grown in impact over the years. As part of its commitment to recognising academic excellence and supporting the broader educational ecosystem, Lucara Botswana awarded P20,000 to the Valedictorian and P8,000 to each of the Top 7 students. This support not only celebrates individual achievement but also reinforces the structures, mentorship, and opportunities that help shape the next generation of learners.

This support reflects Lucara's belief in collaborative education, with communities, schools, and industry working together. By linking academic achievement with opportunity, the Company creates pathways for further study, careers, and meaningful contributions to society, aligning with SDG 4: Quality Education and SDG 17: Partnerships for the Goals.

New Era College awarding

Labour Relations

At Lucara, we are committed to upholding the principle of freedom of association and operate in accordance with our collective bargaining agreement with the Botswana Mine Workers Union (the "Union"), which has been in place since 2018. This agreement grants the Union a range of rights, including access to the workplace for recruitment and collective bargaining on behalf of its members to improve their employment conditions.

As of December 31, 2025, the Union had 379 members representing 63% of Lucara Botswana's employees, an increase of 20 new members as compared to the previous year. The Union remains the only recognized trade union at Lucara. For employees outside the collective bargaining agreement, conditions of service are reviewed in alignment with their individual employment contracts and company policies.

Lucara Botswana maintains a constructive and collaborative relationship with the Union, engaging regularly with the local branch committee to strengthen capacity in collective bargaining and effective workplace issue resolution. To support transparent engagement and accessibility for members, Lucara Botswana provides office space and related amenities to facilitate the Union's day-to-day operations.

In 2025, the elected Union branch committee participated in training on fundamental collective bargaining principles, delivered by an externally appointed trainer and sponsored by the Company to strengthen negotiation skills and effective representation.

The Lucara Joint Negotiation and Consultation Committee (LNCC), comprising representatives from Lucara management and the Union, serves as the formal platform for consultation and collective bargaining, enabling constructive dialogue on matters affecting employee well-being and conditions of employment.

The "Relationship Building by Objectives" program, incorporated into the annual commitment plan, is designed to strengthen collaboration and reinforce a constructive working relationship. Through annual engagement sessions, both parties review the state of the relationship and agree on shared priorities for the year ahead.

In 2025, the parties committed to expediting the review of employment-related policies to promote continued harmonious labour relations and to ensure alignment with Botswana's revised *Employment and Labour Relations Act* enacted in November 2025. The parties agreed to a 2.5% wage increase as a cost-of-living adjustment.

During 2025 reporting period, there were no strikes, lockouts or any matter referred for adjudication by either external mediation, arbitration or courts of law.

Lucara workforce at the Karowe UGP

Employee Engagement

The Company actively fosters a culture of employee involvement, participation, and consultation with management, most notably through monthly consultation forums across each business function. These forums are complemented by the General Manager's Quarterly Brief, which provides updates on the Company's performance, strategic plans, and key initiatives. These forums are inclusive and open to all employees, including non-unionized staff, ensuring effective representation and engagement.

Our employee relations function monitors the effectiveness of these forums using a tracker to record and monitor resolutions. In 2025, six employee centric issues were raised during the General Manager's engagement with employees. Four of these issues pertained to professional development, employee welfare, and cost saving initiatives, and were amicably resolved through joint task teams and review of policies such as the Training and Development policy. The remaining two issues, which involve engagement with external stakeholders, are ongoing and will be finalized in 2026.

As part of continuous improvement, employee perception surveys will be explored, including pulse surveys, employee exit surveys, retention surveys, and employee satisfaction surveys to gather employee feedback. Going forward pulse and employee exit surveys will be prioritized to facilitate obtaining of crucial feedback from employees and promptly identify areas for improvement.

Employee Grievances

Lucara is committed to fairness and non-discrimination in line with its Code of Business Conduct and Ethics and Human Rights Policy, which prohibits harassment and discrimination of any kind, including sexual harassment by employees, managers, vendors, and customers. All reported concerns are investigated and addressed through established disciplinary and grievance procedures. The Human Resources department oversees internal grievance processes, requiring employees to raise issues through defined management channels, with the option for Union representation. Complex matters may be referred to joint task teams comprising management and Union representatives to ensure transparency and accountability.

Employees are also encouraged to report any violations anonymously through a third-party whistleblower hotline or to email the chair of the Audit Committee directly at ethicscomplaint@lucaradiamond.com.

In 2025 two grievances cases pertaining to pay upgrade were processed in line with the company's grievance procedure. The two cases have been escalated for further assessment and are expected to be resolved in 2026. For further details on our approach to human rights, please refer to the Human Rights section of this report.

HEALTH, SAFETY, & WELLNESS

Zero fatalities

0.16 LTIFR*

0.74 all-injury rate

0.58 TRIFR

0.21 near miss frequency rate

4 near misses

59,183 stop and fix cases

Achieved ISO 14001 certification

* Using the ICMM incident classification, where a (RWI) is classified as an LTI.

Approach to Health, Safety, & Wellness

At Lucara, the health, safety, and wellness of our workforce are fundamental to our success. We are committed to maintaining a safe and healthy environment for employees, contractors, and the communities in which we operate. Guided by our Occupational Health and Safety Management System, aligned with ISO 45001:2018, we strive to prevent injuries, accidents, and occupational illnesses while fostering a proactive safety culture across our operations. We support this commitment through continuous improvement initiatives, including annual training programs, regular testing of our emergency preparedness and response procedures, employee wellness initiatives and the adoption of innovative practices. Together, these efforts strengthen our approach to workplace safety and promote the well-being of our workforce.

Lucara workforce at the Karowe UGP

Safety Performance Recognition

In 2025, Lucara Botswana was recognized by the Botswana Chamber of Mines with three awards for safety performance:

- Classified Injury Frequency Rate (CIFR)
- Most Improved Classified Injury Frequency Rate
- Total Recordable Injury Frequency Rate (TRIFR)

These awards reflect a sustained commitment and systematic efforts across the operation to strengthen safety practices, reinforcing critical controls, and fostering a culture where everyone shares responsibility for safety. They highlight the effectiveness of our systems, the vigilance of our teams, with safety recognized as essential to everyone's well-being.

In 2025, Lucara was awarded with the AfriSAFE Mining Company of the Year Award, for the second year in a row. This award recognizes our commitment to workplace safety and excellent working practices and assessed staff investment, employee support programs, health safety and environment initiatives, adherence to regulations, evidence of an excellent safety record, and examples of best practices or industry-leading safety programs.

In addition, Lucara participated in the annual Botswana Chamber of Mines Inter-Mine First Aid Competition held in October 2025, reaffirming our commitment to emergency preparedness, lifesaving competence, and safety excellence across the operation. Two teams represented Lucara and delivered outstanding performances, securing second and fourth place in the nationwide competition against other leading mining operations.

Occupational Health and Safety

Since achieving ISO 45001:2018 certification in 2021, Lucara has continued to strengthen its Occupational Health and Safety (OHS) management system, maintaining a structured framework for identifying, assessing, and mitigating operational risks to improve overall health and safety performance. In 2025, a Surveillance Audit conducted by a third-party to verify ongoing compliance and system effectiveness was successfully undertaken. Seven minor non-conformances were identified and addressed through corrective action plans to support continual improvement. 100% of our workforce, including the UGP, are covered by the OHS management system.

Our OHS management system promotes a risk-based approach, which focuses on the anticipation and prevention of harm to our people, equipment, the environment and the community. Our risk-based approach is summarized as follows:

- Our Occupational Health and Safety policy, guidelines and procedures are aligned with the ISO 45001: 2018 and ISO 45003:2021 standards, which provides a framework for the implementation of our risk management processes.
- Baseline Risk Assessment (BRA): Identification of hazards and occupational hygiene stressors in a systematic manner that considers the activities, chemicals, equipment, products, and occupations involved. This is the initial step that allows for proper planning of works to be done to ensure availability, suitability and effectiveness of controls, prior to any works. During the 2025 review, our risk assessment process was enhanced via the integration of the requirements of ISO 45003: 2021, which provides guidance on psychological health and safety at work. This involved the assessment and provision of mitigation measures of risks associated with but not limited to work/life balance, workplace bullying, and harassment, including gender-based violence.
- Pre-task risk assessment (PTRA) and Continuous risk assessment: Daily, teams are expected to conduct a mini-risk assessment of their work environment prior to any works and record any hazards and mitigations necessary for works to proceed safely. On an ongoing basis, continuous risk assessments are done as conditions and the environment changes.
- Annually, our workforce undergoes training and awareness of the risk assessment process, where they are appraised on the risk assessment methodologies including the field coaching and assessments to ensure knowledge and understanding of the process including assessment of adequacy and effectiveness of controls using the hierarchy of controls.
- Where unsafe conditions and unsafe acts cannot be corrected, workers are allowed to stop work and raise an alarm without fear of reprisals. Our workforce is protected from reprisals by our Human Resources policies.
- Critical Controls Management: Our Critical Control Management approach identifies and verifies controls that prevent or mitigate high-consequence risks, ensuring they are clearly defined, assigned, and regularly tested for effectiveness. Ongoing monitoring, assurance activities, and leadership oversight support accountability and continuous improvement.
- Periodically, management engages employees and contractors on visible leadership engagements, standdowns and management walkabouts, where the effectiveness of our controls and suggestions for continual improvements are made.
- Contractor Management: Our safety programs are designed to protect everyone working for and on behalf of Lucara, including employees, contractors, suppliers, and business partners, both at the mine site and in our offices. In the first quarter of 2025, a contractor engagement meeting strengthened awareness of reporting requirements, improved compliance, and enhanced communication and collaboration with site teams

Occupational Health and Safety

- For all incidents and near misses, investigations are conducted to identify and address root causes and appropriate corrective actions are implemented. Incident trend and cause analyses are undertaken to strengthen organisational learning and prevent the recurrence of the same or similar events.
- Annually, Management Review Meetings are held with management and worker representatives, including members of the Union, to discuss, assess and make decisions on the adequacy, suitability and effectiveness of the OHS management system. In 2025, the Management Review Committee, concluded that the OHS management system was adequate, suitable and effective, against the set KPIs comprised of leading and lagging measures.

Hierarchy of Controls

The Hierarchy of Controls is a systematic approach to managing our workplace hazards, prioritizing the most effective methods to minimize risks. It consists of five levels, ranked by effectiveness, from most to least:

- Elimination: Removing the hazard entirely from the workplace, as the most effective control measure.
- Substitution: Replacing hazardous substances, processes, or equipment with less hazardous alternatives.
- Engineering Controls: Isolating or compartmentalizing the hazard through physical modifications, such as barriers or ventilation systems.
- Administrative Controls: Implementing procedures, policies, and training to reduce exposure to hazards, such as awareness programs, safe work practices, and inspections.
- Personal Protective Equipment (PPE): Using equipment such as hard hats, safety shoes, and gloves to protect workers from hazards.

Incident Prevention Program

In 2025, no work-related fatalities were recorded. The All-Injury Frequency Rate (AIFR) was 0.74, while the Total Recordable Injury Frequency Rate (TRIFR) was 0.58, representing a 44.8% improvement in AIFR compared to 2024. A total of 7 recordable injuries (TRIs), including 3 Lost Time Injuries (LTIs), were recorded in 2025, compared to 4 TRIs and no LTIs in 2024. While the improvement in AIFR indicates a reduction in the number of injuries, the increase in TRIFR and Lost Time Injury Frequency Rate (LTIFR) reflects an increase in injury severity, including medical treatment injuries (MTIs) and LTIs, in 2025 compared to 2024.

To address the increase in the severity of incidents, Lucara launched a targeted safety campaign under the theme “Before You Touch It, Think Stored Energy! Don’t Let Stored Energy Catch You Off Guard!”, aimed at increasing awareness of high-risk hazards associated with stored energy and reinforcing critical control compliance, with the goal of achieving zero harm.

Lucara workforce at the Karowe UGP

Incident Prevention Program

Our Incident Prevention Program incorporates a High Potential Incident (HPI) campaign as a key mechanism to strengthen proactive risk management. As part of our leading indicators, HPIs are managed and reported within the Company's broader near-miss reporting framework, which includes all unplanned events that did not result in injury, illness, or damage but had the potential to do so. HPIs represent a defined subset of near misses, specifically events that, under slightly different circumstances, could reasonably have resulted in serious injury, fatality, environmental harm, or significant operational disruption. This approach supports comprehensive reporting while maintaining a clear focus on learning from higher-risk events. In 2025, the Company recorded a Near Miss Frequency Rate (NMFR) of 0.21 and a High Potential Incident (HPI) Frequency Rate of 0.21

Our HPI campaign is designed to identify, report, and address high-risk conditions before they escalate, supporting a shift from reactive incident response to deliberate prevention and early intervention. Findings from HPI reporting are systematically analysed to verify and improve the effectiveness of critical controls, reinforce behavioural safety practices, and drive timely corrective and preventive actions.

Emergency Preparedness and Response

Lucara maintains an Emergency Preparedness and Response Plan and a Crisis Management Plan, which are regularly tested through monthly drills and quarterly simulation exercises covering high-risk scenarios. These exercises assess team coordination, communication, evacuation procedures, and competency, contributing to a proactive safety culture across the operation.

Lucara has a highly trained and well-equipped eleven-member Emergency Proto Team, ready to respond to underground incidents, supported by an Emergency Mobile Winder for rapid access in challenging situations.

Lucara participates in the Boteti District Disaster Management Committee, which provides a structure for disaster preparedness and response within the district, including incidents that may affect the mine. In 2025, local authorities advanced the District Disaster Management Plan with support from the Company and the National Disaster Management Committee, incorporating lessons learned from recent flood responses and planning formal stakeholder engagements to finalize the framework.

Occupational Health and Safety Training

All employees and contractors receive regular safety training to ensure they are equipped with the knowledge and skills needed to perform their duties safely and effectively. Training needs are identified through risk assessments, legal and other requirements, incident investigations, performance reviews, job task analyses, and changes in operational activities.

Training programs are then designed to address identified hazards and competency gaps, aligned to site standards and regulatory requirements. Where specialized expertise is required, courses are delivered by qualified and accredited external providers, while internal subject matter experts facilitate site-specific training. Training is delivered in languages understood by the workforce to ensure clear comprehension, including the use of practical demonstrations and visual aids where necessary.

Effectiveness is evaluated through assessments, practical demonstrations of competence, observation of work practices, refresher requirements, and ongoing performance monitoring. Feedback from participants and incident trend analysis are also used to continuously improve training content and delivery. In 2025, we focused on the following key areas:

On average, the company provided 6.79 hours of OHS training per employee and 5.24 hours per contractor.

Hours of OHS training:

Theme	Employees	Contractors
Basic first aid	600	3,200
Intermediate first aid	840	1,680
Incident Cause Analysis Method	360	0
Safety, Health, and Environment representative	560	280
Safe handling of hazardous chemicals	840	0
ISO 14001:2015 Environmental Management Systems	512	0
ISO 45001: Auditing	360	320

Lucara team at the Botswana Chamber of Mines Inter-Mine Competition

Occupational Health and Hygiene

Occupational health and hygiene efforts at Lucara enable us to protect workers from workplace hazards to prevent illness and injury, and reducing exposure to chemicals, dust, and other potentially harmful substances. During the 2025 reporting period, Lucara continued to enhance its Occupational Hygiene Program, with a focus on the systematic control of identified workplace health hazards and the maintenance of occupational health risks and stressors within acceptable limits. No cases of respiratory illnesses, occupational dermatitis, noise-induced hearing loss, or musculoskeletal disorders were recorded in 2025.

The monitoring program is designed to anticipate, recognize, evaluate, and control identified occupational health hazards, including noise, dust, vibration, illumination, and ergonomic risks. Key developments during the reporting period include the following:

Occupational Health and Hygiene:

Program	Details
Hearing Conservation Program	Controls related to occupational noise exposure continue to be strengthened using real-time noise sensors strategically placed in high-risk areas across the operation. These sensors continuously monitor noise levels, enabling the proactive identification of equipment-related issues and the timely implementation of corrective actions. This initiative has significantly enhanced the effectiveness of noise control measures and reduced employee exposure to harmful noise levels.
Ergonomics Management Program	The ergonomics program continues to proactively assess workstations and identify employees requiring specialized equipment. In 2025, one additional ergonomic workstation was provided to address specific health needs, contributing to improved workplace safety and employee comfort.
Hazardous Chemical Substances Management	Two internal audits were conducted in June and November 2025, with no major findings recorded. These outcomes demonstrate the effectiveness of hazardous substance management practices and confirm the robustness of control measures implemented in 2023.
Fatigue Management Program	Full implementation of the Fit 2000 fatigue-prediction technology was done in 2025. A complementary mobile phone application is also available, enabling employees to conduct spot checks of their fatigue levels throughout the day while safely performing their duties.

Employee Wellness Support

We foster a safe working environment by partnering with Lyra Botswana to provide psychosocial support for employees, contractors and their families. Services include access to an onsite counsellor, online and telephone counselling, and specialized training including Financial Literacy, Managerial Consultancy, and a Student Support program.

The wellness team further supports employee health through on-site counselling provided by a dedicated counsellor and full-time psychologist, with additional confidential services available in Letlhakane and via a 24-hour toll-free line. The team also partners with regional health authorities to deliver public health campaigns and services including HIV testing and health education. In November 2025, Lucara hosted a Wellness Week promoting physical and mental well-being through medical screenings, counselling, health education, and community-focused initiatives, reinforcing the link between well-being, safety, and performance.

During the reporting period, we continued the integration of the requirements of ISO 45003:2021 – Psychological Health and Safety at Work into our existing ISO 45001 management system to strengthen our focus on mental well-being. Psychosocial risks were also incorporated into our internal OHS reporting statistics, enabling structured monitoring and management oversight.

Karowe Diamond Mine Clinic

The on-site Karowe Diamond Mine Clinic provides comprehensive healthcare services to employees and contractors, including through our ongoing Employee Assistance Program, such as 24-hour emergency response, mental health support, curative and preventative care, and occupational health services.

All medical services are provided with strict respect for patient confidentiality. Personal health information is securely managed and disclosed only in accordance with applicable legal and ethical requirements, ensuring a safe, supportive environment that prioritizes worker well-being, dignity, and trust. Participation in clinic services or the Employee Assistance Program is voluntary, and engagement or non-engagement is not used to advantage or disadvantage any worker in employment-related decisions.

Lucara employees at the Karowe Diamond Mine Clinic

UGP Safety Achievement

As the final blast echoed through the ventilation shaft at the Karowe UGP, Lucara marked the remarkable milestone of 2,000 consecutive days without a lost-time injury (LTI). This achievement reflects a steadfast commitment to safety, underpinned by discipline, teamwork, and a shared culture that places the well-being of every employee at the centre of operations. It is a testament to the collective vigilance, responsibility, and proactive engagement of employees, supervisors, contractors, and partners, working together to ensure that every task is performed safely and responsibly.

The milestone was celebrated on-site with employees, community representatives, and operational partners, highlighting how every procedure and critical control protects lives while demonstrating that Lucara's success is built on safe, responsible practices that support people and the environment.

This achievement also exemplifies how safety and operational excellence contribute to broader development goals. It aligns with Botswana's Vision 2036 and SDG 9: Industry, Innovation, and Infrastructure, highlighting how safe, responsible operations contribute to sustainable and inclusive growth. A safe workforce drives stronger industries, sustainable growth, and opportunities that extend well beyond the mine gates.

COMMUNITY ENGAGEMENT & PARTNERSHIPS

50 traditional Kgotla meetings with **19** villages

2 community grievances

$0.4 million community investment

Completed construction of the Makgaba Primary School

Completed Remote Area Dwellers Plan

Approach to Community Engagement & Partnerships

Lucara is committed to building lasting, mutually beneficial relationships with local communities by responsibly managing our impacts and creating shared value. We recognize the opportunity to generate meaningful positive contributions through local employment, procurement, and socio-economic investment. At the same time, we acknowledge that our operations may have unintended or adverse impacts and are committed to avoiding or mitigating them wherever possible. Meaningful and ongoing engagement is central to building trust, preventing disruptions, and identifying opportunities for collaboration and shared benefit. Our approach is guided by our Responsible Mining Policy, Corporate Social Responsibility Charter, Human Rights Policy, Community Social Investment (CSI) Policy, and Stakeholder Engagement Plan.

Community Relations

In 2025, Lucara Botswana continued to advance inclusive and sustainable community development by investing in education, health and well-being, livelihoods, and social cohesion. Our community relations activities are guided by our Stakeholder Engagement Plan and respect for traditional governance systems. We also continued the implementation of actions arising and the Site-Induced Migration Management Plan to manage social impacts and support sustainable community development. We also continued the implementation of actions from the Vulnerability Assessments carried out in 2024, which led to the development and implementation of the Remote Area Dwellers (RAD) Plan with ongoing monitoring and reporting. The RAD Plan ensures that there is protection and inclusion of vulnerable communities in our zone of influence.

Kgotla meetings

In line with Botswana's traditional consultative process, Kgotla meetings serve as a platform to share information, discuss community issues, and make collective decisions. Ongoing engagement with host communities* remained central to Lucara's approach to community relations. Quarterly Kgotla meetings were held across all 19 host villages, ensuring transparent communication, inclusive participation, and effective grievance management. Discussions during the Kgotla meetings included updates on Lucara's operations, progress of the UGP, local procurement opportunities, progress on action plans such as the RAD Plan, community health, safety and security updates, grievance mechanism information, and updates on our CSI programs.

Stakeholders engaged during the reporting period include local village leadership, government officials, youth, NGOs, business leaders, vulnerable groups such as the elderly, women and single parent families, orphans, people living with disabilities, and Remote Area Dwellers. Traditional leadership capacity was further supported through a year-end village leadership workshop, reinforcing ethical leadership and collaborative community development planning while strengthening collaboration between traditional leaders and the Lucara team. Additionally, targeted inclusion initiatives were implemented through the Bahumagadi women's group workshop and vulnerable groups workshops, prioritising women and youth. These engagements supported leadership development, social inclusion, and equitable access to opportunities.

* Host communities are defined as those people who live within the vicinity of our operations, who have been or could be directly affected by our exploration, construction or operational activities, and have a reasonable expectation of Lucara's duties and obligations.

Community Grievance Management

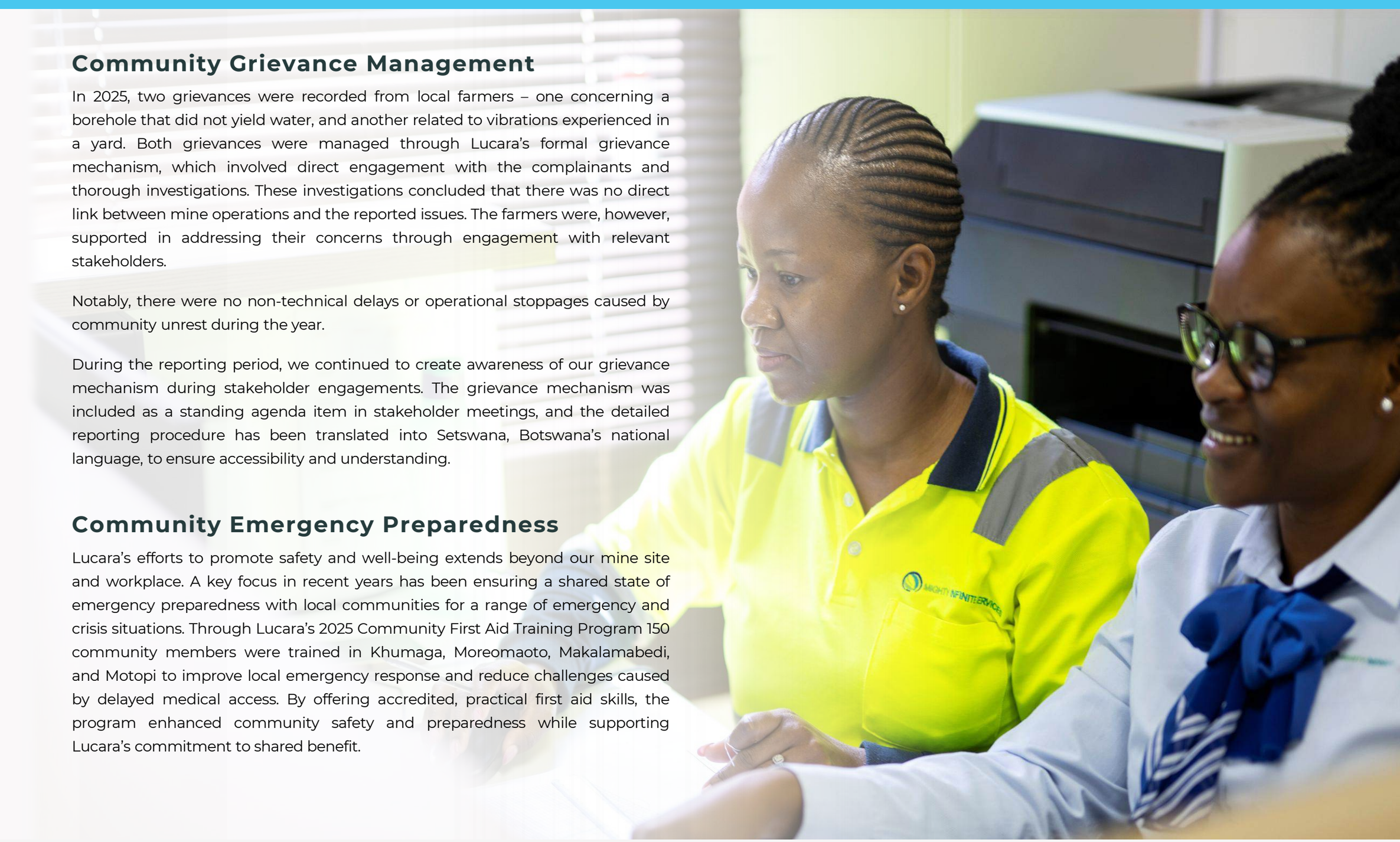
In 2025, two grievances were recorded from local farmers – one concerning a borehole that did not yield water, and another related to vibrations experienced in a yard. Both grievances were managed through Lucara's formal grievance mechanism, which involved direct engagement with the complainants and thorough investigations. These investigations concluded that there was no direct link between mine operations and the reported issues. The farmers were, however, supported in addressing their concerns through engagement with relevant stakeholders.

Notably, there were no non-technical delays or operational stoppages caused by community unrest during the year.

During the reporting period, we continued to create awareness of our grievance mechanism during stakeholder engagements. The grievance mechanism was included as a standing agenda item in stakeholder meetings, and the detailed reporting procedure has been translated into Setswana, Botswana's national language, to ensure accessibility and understanding.

Community Emergency Preparedness

Lucara's efforts to promote safety and well-being extends beyond our mine site and workplace. A key focus in recent years has been ensuring a shared state of emergency preparedness with local communities for a range of emergency and crisis situations. Through Lucara's 2025 Community First Aid Training Program 150 community members were trained in Khumaga, Moreomaoto, Makalamabedi, and Motopi to improve local emergency response and reduce challenges caused by delayed medical access. By offering accredited, practical first aid skills, the program enhanced community safety and preparedness while supporting Lucara's commitment to shared benefit.



Local Employment

Lucara is committed to maximizing employment opportunities for local communities, contributing to job creation, skills development, and broader socio-economic growth. As at the end of 2025, Botswana nationals represented 97% of Lucara Botswana's total workforce. Lucara Botswana directly employed 600 employees, comprising 460 local men, 140 local women, and 18 expatriates (17 men and 1 woman).

In 2025, the broader Karowe workforce expanded primarily due to the UGP. To facilitate skills transfer and build capacity in UGP operations, the number of expatriates increased from four to eighteen during the reporting period.

Looking forward, we continue to prioritize local employment by providing tailored training programs and resources.

Local Employment:

	Number	% Nationals
Lucara Botswana employees	600	97%
Karowe workforce (employees and contractors)	1,646	93%

Local Procurement

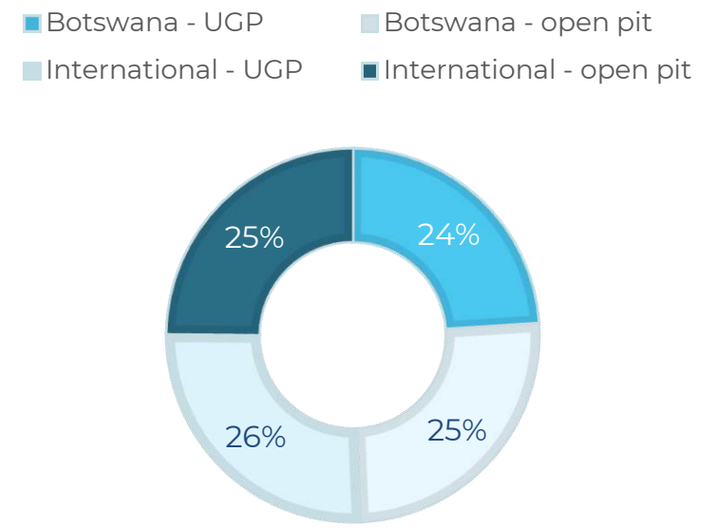
Local procurement supports job creation, income generation, and supply chain resilience, while strengthening the Company's social license to operate. In 2024 the Procurement Policy was revised to align better with requirements of Botswana's Citizen Economic Empowerment Program (CEEP) and define the support Lucara Botswana offers to the Local suppliers. In December 2025 the revised Procurement Policy was approved, and it has provision for margin of preference outlined as an intentional decision to ensure that the local suppliers and contractors may fully participate and compete with both the Botswana registered foreign owned companies and international suppliers. The Policy will be implemented at the beginning of 2026.

Recent regulatory changes in Botswana, including the *Economic Inclusion Act* (2021) and proposed adjustments to the *Mines and Minerals Act*, further support these efforts by encouraging greater local participation in procurement and employment.

Lucara Botswana's procurement spend in 2025 was $96.4 million (2024: $195 million). Spending on goods and services procured locally in Botswana accounted for 49% of the total procurement cost, a decrease from 59% in 2024. The decrease is due to the procurement of high-value specialized equipment required for the UGP, sourced from foreign suppliers.

Despite this, the Company continues to prioritise local procurement through policy, supplier support, and alignment with national frameworks, contributing to SDG 8: Decent Work and Economic Growth and SDG 17: Partnerships for the Goals.

Procurement spend:



Local Procurement Initiatives

To help us improve our local spend wherever possible, Lucara implements the following ongoing initiatives:

Initiative	Comments
Citizen Economic Empowerment Program (CEEP)	The Lucara Botswana Procurement Policy was approved in December 2025 and it includes a provision for a margin of preference for Botswana citizen-owned companies.
Mapping local competitive advantage	In 2025 our annual assessment of local supplier capacity identified 80 specific goods and services that can be reserved for local suppliers, where they hold a competitive advantage in terms of cost, skills, infrastructure, and equipment. The list is reviewed annually to ensure its continued relevance and effectiveness, and we actively monitor performance and support the development of local suppliers.
Vendor database expansion	Following the 2024 expansion, 900 suppliers had applied to join the database, with 99 onboarded and a further 217 undergoing registration. The process includes compliance checks and third-party fraud verification to ensure integrity. Applicants who did not meet the requirements were provided with guidance to support future participation, with another application opportunity planned for 2026.
Procedural support and engagement for financing	We support local suppliers' access to financing, by verifying purchase orders and contracts, enabling more efficient funding from third parties, including banking institutions and the Citizen Entrepreneurial Development Agency (CEDA).
Continuous improvement	In 2025, structured performance reviews of all major service providers showed full compliance, with an average score of 80% against our scorecard, which evaluates performance across service, cost, social, and SHE dimensions. No grievances required escalation, and any issues raised during the reviews were resolved and documented through formal action logs. This review process is standardized under our Vendor Management Procedure.
Labour broker rates and conditions	Standardized rates and conditions improved contractor welfare and created growth opportunities for Boteti-based suppliers.

Community Development

Supporting the development of prosperous and resilient communities in our operating areas is integral to our business success and as a responsible neighbour, we are committed to fostering sustainable and inclusive local development.

We work in partnership with local communities to identify and implement impactful, needs-based community investment projects. Through financial contributions and in-kind support, we empower local organizations to address community priorities and strengthen long-term resilience.

Following the completion of the 2024 Community Needs Assessment, Lucara revised its Community Social Investment (CSI) Plan in 2025. The revision was guided by assessment insights and the Company's Community Investment Framework. This alignment ensures that the CSI Plan addresses the most pressing social and economic needs of the communities surrounding the operations, while supporting long-term, sustainable development outcomes.

The revised plan prioritizes initiatives across education, health, livelihoods, and local economic development, reflecting both the immediate needs highlighted by the assessment and the strategic objectives of Lucara's community engagement efforts. By focusing resources on these priority areas, the Company seeks to maximize impact, foster community resilience, and build partnerships that empower local stakeholders.

Makgaba Primary School

A major milestone during the year was the completion of the Makgaba Primary School in Makgaba Village, a Remote Area Dweller (RAD) community, significantly improving access to education in the local area. Prior to the construction of the school, students either walked approximately 13 kilometres to the nearest primary school or resided in a boarding hostel from a young age, exposing them to safety risks and social challenges. Approximately 200 pupils from Standard 1 to Standard 7, the national curriculum for primary school students in Botswana, currently attend the school. The establishment of a local primary school enables children to learn within their community, supporting early childhood development, learner retention, and overall well-being, while reducing inequality in access to education in line with SDG 4: Quality Education.

The construction of Makgaba Primary School was supported in part through the General Manager's Cycling Challenge, a fundraising initiative that mobilized internal and external stakeholders around a shared social development objective (see Promoting Sports, Arts, and Culture highlight story). This initiative strengthened collaboration and demonstrated how partnerships can translate collective action into tangible outcomes, contributing to SDG 17: Partnerships for the Goals and reinforcing the Company's commitment to education and child well-being under SDG 4: Quality Education.

Makgaba Primary School

Letlhakane Sports Complex

The Letlhakane Community Sports Complex is fully operational, representing a long-term investment in community well-being and social development by providing inclusive and accessible spaces for sport, recreation, and community activities.

The facility benefits residents of Letlhakane and surrounding villages through structured sporting programs, youth leagues, school competitions, and community events. By providing a safe and well-maintained environment for physical activity, the facility supports improved physical fitness, mental well-being, and healthy lifestyles.

Beyond recreation, the complex supports youth development by encouraging positive engagement, teamwork, discipline, and leadership skills, while offering a constructive outlet that helps reduce anti-social behaviour, strengthen social cohesion, and foster inclusivity and a shared sense of community.

This initiative aligns with SDG 3: Good Health and Well-being, by promoting active lifestyles and mental resilience, and contributes more broadly to safer, more vibrant, and resilient communities, reinforcing Lucara's commitment to sustainable community development and long-term social impact.

Advancing Sustainable Water Access in Host Communities

Lucara has consistently prioritized access to safe and sustainable water as a cornerstone of its community development initiatives. Recognising that water is fundamental to health, education, and livelihoods, the Company has invested in drilling and equipping numerous solar-powered, reliable boreholes across its host communities over the years, including drilling and equipping boreholes in the villages of Mosu, Borolong, Gweta, Bogogobo, and Tsoonyane, all in the Boteti District.

In 2025, Lucara also supported the Selokolela community by equipping an existing borehole, further enhancing access to water.

These initiatives align directly with SDG 6: Clean Water and Sanitation. By expanding safe water access, Lucara strengthens community resilience, improves health and well-being, and contributes to the sustainable development of the regions in which it operates.

Letlhakane Sports Complex

Karowe Village Initiatives

Our flagship Karowe Village Initiatives (KVI) Program remained a key initiative in 2025. The program is designed to respond to needs identified directly by local communities, ensuring that interventions are relevant, practical, and aligned with local development priorities. Through the KVI Program, Lucara supports sustainable income-generating projects across Botswana, with a deliberate focus on strengthening livelihoods and building long-term economic resilience.

During 2025, the KVI Program focused on capacity building for project managers and community representatives. Training and mentorship initiatives were implemented to strengthen financial management, reporting, leadership, and operational planning capabilities. Ongoing engagement with host communities reinforced governance, accountability, and stakeholder buy-in, enhancing the durability and impact of supported initiatives and positioning the program as a catalyst for sustainable livelihoods, community empowerment, and long-term socio-economic development..

Kolonkwaneng Horticulture Farm

Launched in December 2022, the Horticulture Farm was developed to address vegetable shortages in the Kgalagadi area. In 2023, the farm transitioned to community ownership, and it now employs five individuals (one man and four women).

As of the end of 2025, the project had received a total investment of $70,000, generating a total revenue of $10,000 and a profit of $6,000 to date. The project is part of our contribution to advancing SDG 3: Good Health and Well-being, and SDG 8: Decent Work and Economic Growth, as well as Botswana's UNSDCF Outputs 2.3 and 3.3.

Mokubilo Integrated Farm

Mokubilo Integrated Farm

Launched in 2018, the Mokubilo Integrated Farm supports local food security and education through its school feeding program. The project employed five people in 2025, and supports ninety-six beneficiary shareholders, four schools, and one Remote Area Dwellers hostel, providing a total of 8,192 students with an adequate supply of nutritious food.

As of the end of 2025, the project had received a total investment of $175,000, earning $275,000 in revenues and generating a profit of $33,000 to date. The farm is contributing to reduced malnutrition among school children in the area and is a key part of our contribution to SDG 3: Good Health and Well-being, SDG 8: Decent Work and Economic Growth, and Botswana's UNSDCF Output 2.3.

Mokubilo Integrated Farm

Mmadikola Hardware Store

Opened in 2022, the Mmadikola Hardware Store is a community-owned hardware store that improves access to building materials for the village's 1,004 residents, eliminating the need for costly travel to Letlhakane Village, 134 km away. The store is operated by a multi-purpose cooperative, consisting of 34 shareholders, and it provides training in customer service for employees.

As of the end of 2025, the project had received a total investment of $51,000, generating a total revenue of $98,000 and a profit of $3,000. This initiative helps us contribute to advancing the SDG 8: Decent Work and Economic Growth and Botswana's UNSDCF Outputs 4.2 and 4.3.

Khwee Small Stock and Fodder Production Farm Community Project

Established in 2022, this project aims to improve small stock breeding and enable access to affordable fodder for local farmers. The farm transitioned to community ownership in 2023. The farm now employs six people (four men and two women), and benefits 49 shareholders.

As of the end of 2025, the project had received a total investment of $120,000, generating a total revenue of $11,000 and a profit of $4,000. The project is an example of our efforts to contribute to SDG 3: Good Health and Well-being, and SDG 8: Decent Work and Economic Growth, as well as Botswana's UNSDCF Output 3.3.

Khwee Small Stock and Fodder Production Farm Community Project

GM's Cycling Challenge – A Decade of Community Impact

On 27 July 2025, Lucara marked a decade of its annual GM's Cycling Challenge. The 2025 event in Letlhakane brought together hundreds of cyclists, corporate partners, and community members to support education initiatives in the Boteti region and beyond.

Over the years, the initiative has raised several million Pula, enabling the purchase and donation of 68 desktops and 34 printers to schools across the Boteti District. In addition, a partnership with a local internet service provider (AbariCom) facilitated internet access to schools in the region. Further contributions include the donation of two porta-cabin classrooms, fully equipped with desks, chairs, air conditioning, and solar lighting, to Masunga Primary School in the North East District and Danega Primary School in the Okavango District.

The 2025 event raised several million pula to complete the Makgaba Primary School project and plans were announced to build a community health clinic with next year's proceeds. The event was a celebration of partnership, perseverance, and purpose, with contributions from committed sponsors, and riders of all ages, including a six-year-old cyclist, showing that this cause resonates across generations.

As Mr. Mchive, Lucara's General Manager, said, "If we come together and build an inclusive ecosystem, we can do great things and that is what we've done." For Lucara, the GM's Cycling Challenge initiative demonstrates the impact of partnerships in supporting education and community development.

GM's Cycling Challenge

Promoting Inclusive Sports and Celebrating Exceptional Athletes

Lucara is a proud sponsor of the Botswana National Sports Commission (BNSC) award category for Sportsperson with Disability in both male and female divisions, which highlights the importance of celebrating individuals who embrace their differences to achieve excellence.

In 2025, the awards honoured Edwin Masuge and Gloria Majaga, who have both represented Botswana internationally, including participation in the Tokyo 2020 Paralympic Games. Gloria Majaga secured Botswana's first medal at the World Para Athletics Championships, setting a precedent for achievement and inspiring a generation of athletes with disabilities.

Through this sponsorship, Lucara supports inclusive sport and reinforces its commitment to diversity, equity, and opportunity.

Botswana National Sports Commission awards

Gender-Based Violence

Gender-based violence (GBV) remains a challenge in our operating context, and Lucara is committed to addressing this issue in the Boteti area. Our efforts focus on engaging both women and men in GBV prevention initiatives, within the Company and in surrounding communities, to strengthen awareness and promote positive change. In 2025, we continued to promote gender equality and social inclusion through participation in Denim Day, raising GBV awareness and reinforcing a culture of respect and safety.

Additionally, we hosted the Moot Court and Public Speaking competition, for the fourth year running and attracting 42 students in 2025. This event empowers junior and senior students in the Boteti region by promoting debate on legal cases, including GBV-related topics. The initiative encourages open dialogue, helps dismantle traditional norms, and equips young people with the knowledge to advocate for change and respect for human rights.

Lucara Managing Director, Naseem Lahri, at a Denim Day initiative, raising awareness for GBV

From Moot Court to High Court

Maatla Selo's journey reflects the impact of youth empowerment initiatives. As a Form 4 student at Letlhakane Senior School in 2022, Maatla participated in the Rare Gems Competitions hosted by Lucara, earning the Best Orator Award.

She went on to represent Botswana at the Orate Africa Open in Tanzania, competing against participants from across the continent. At this competition she secured First Runner-Up positions in both Public Speaking and Moot Court.

In 2023, she returned to compete in Moot Court with Theon Ikgopoleng, achieving First Runner-Up and receiving the Best Memorial Award for excellence in legal research and written argument. These experiences inspired Maatla to pursue a career in law.

Today, Maatla is a second-year Law student at the University of Botswana and the author of *Undiscovered Gemstone*, a book encouraging young people to recognise their potential. Her story illustrates how initiatives like the Rare Gems Competition help unlock talent, build confidence, and create pathways for young people to pursue their ambitions.

Maatla Selo with her award

Cultural Heritage

At Lucara, we recognize the importance of culture and cultural heritage in the communities where we operate. Communities around KDM help guide our actions and engagement approaches to ensure they are culturally appropriate and support equitable, mutually beneficial outcomes. We are committed to respecting cultural, customary, and traditional rights, as well as protecting both tangible and intangible cultural heritage.

The status of land and resource rights for the Cultural Heritage Management Plan at Karowe Diamond Mine is grounded in legally recognized tenure arrangements and regulatory compliance frameworks that define ownership, access, and use of land and associated resources. These rights are typically held under government-issued mining licenses, with obligations to respect any overlapping community, tribal, or customary land uses. The Plan establishes clear procedures to identify, assess, and manage cultural heritage resources within the mining lease area, ensuring that any activities likely to affect such resources are preceded by appropriate surveys, stakeholder consultations, and permitting processes. By integrating national heritage legislation and international best practices, the Plan seeks to avoid or minimize adverse impacts on cultural heritage, safeguard sites of historical or cultural significance, and ensure that all operations remain compliant with applicable legal and regulatory requirements while promoting meaningful engagement with affected communities, recognizing and respecting their cultural values and traditional knowledge systems, and facilitating equitable access to information and decision-making processes.

Our Chance Find Procedure ensures we properly handle any archaeological areas which may be identified during activities. Fencing and demarcating are used to protect sites. Archaeological and burial sites have previously been identified in the KDM area and access road corridor, including some Early Stone Age, Late Stone Age, and Iron Age stone artifacts, as well as pieces of pottery, bones and glass objects.

In 2025, archaeological assessment and monitoring was conducted in the area where a burrow pit has been dug to harvest sandstone for the construction of the wall raise of the Fine Residue Dam 2. The survey identified no new archaeological findings.

In 2024, we developed our first Cultural Heritage Management Procedure. Aligned with our Chance Find Procedure, it establishes clear processes for managing cultural heritage at Karowe, with the aim of avoiding or minimizing impacts on cultural heritage resources. The procedure ensures compliance with applicable legal requirements, including Botswana's *Monuments and Relics Act* (2001) and the *Environmental Assessment Act* (2010), while supporting our commitment to the IFC Performance Standard 8 on Cultural Heritage.

In 2025, efforts focused on creating awareness of the procedure across the operation to ensure that employees, contractors and the community understand the requirements and their responsibilities in identifying, protecting, and appropriately managing cultural heritage resources.

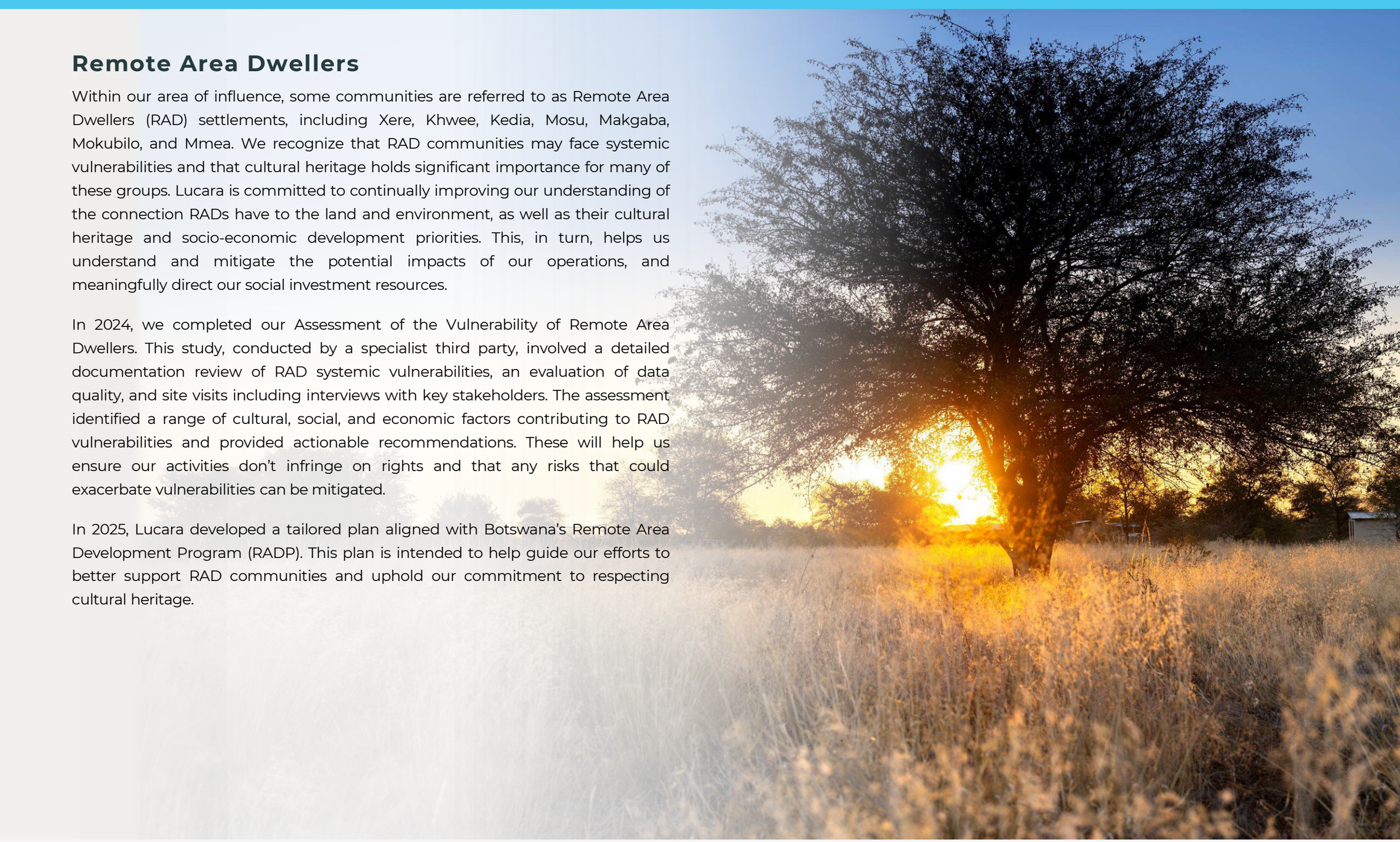
Mafitlhakgosi performing a traditional dance at the Lucara Naming Competition Grand Finale

Remote Area Dwellers

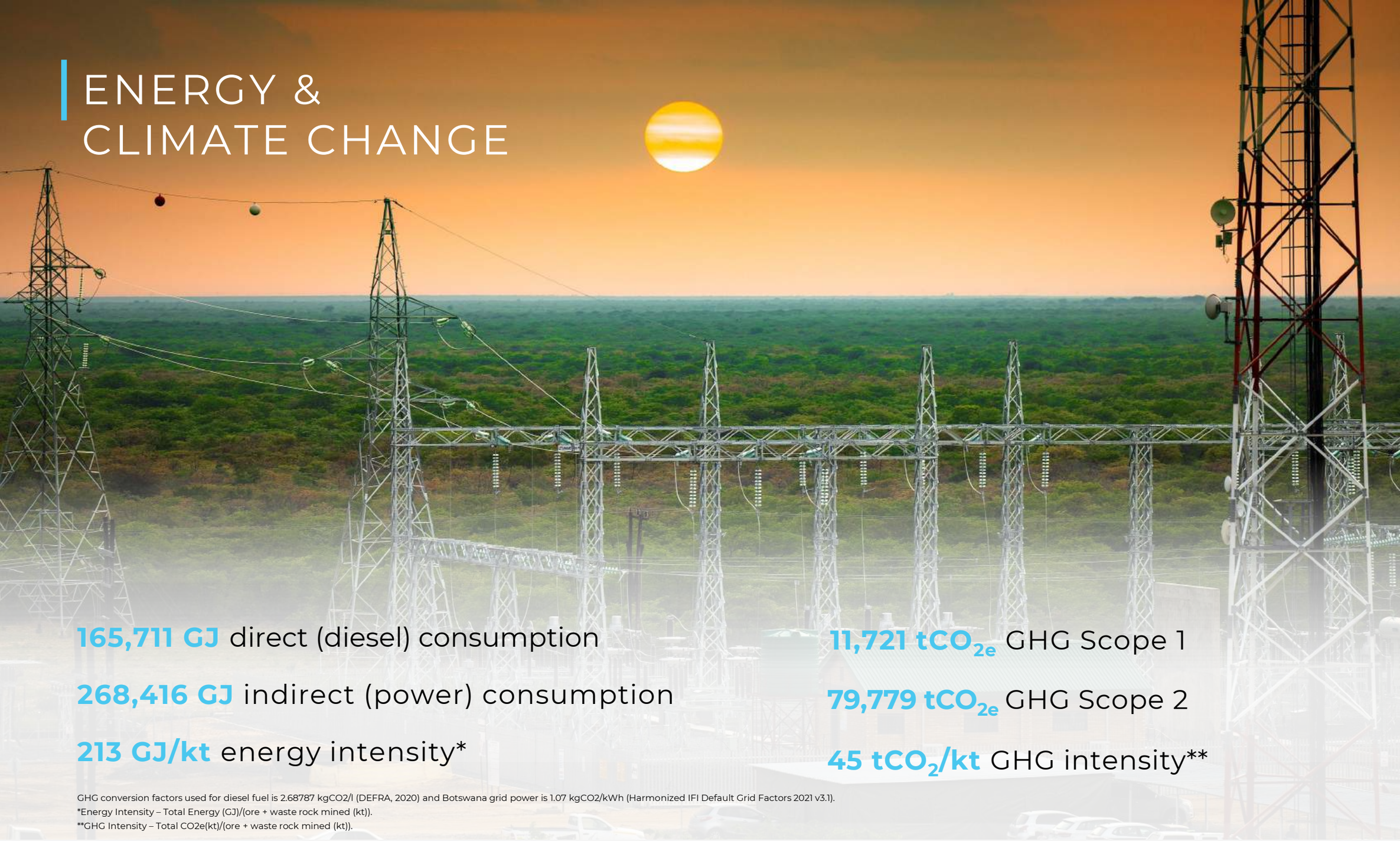
Within our area of influence, some communities are referred to as Remote Area Dwellers (RAD) settlements, including Xere, Khwee, Kedia, Mosu, Makgaba, Mokubilo, and Mmea. We recognize that RAD communities may face systemic vulnerabilities and that cultural heritage holds significant importance for many of these groups. Lucara is committed to continually improving our understanding of the connection RADs have to the land and environment, as well as their cultural heritage and socio-economic development priorities. This, in turn, helps us understand and mitigate the potential impacts of our operations, and meaningfully direct our social investment resources.

In 2024, we completed our Assessment of the Vulnerability of Remote Area Dwellers. This study, conducted by a specialist third party, involved a detailed documentation review of RAD systemic vulnerabilities, an evaluation of data quality, and site visits including interviews with key stakeholders. The assessment identified a range of cultural, social, and economic factors contributing to RAD vulnerabilities and provided actionable recommendations. These will help us ensure our activities don't infringe on rights and that any risks that could exacerbate vulnerabilities can be mitigated.

In 2025, Lucara developed a tailored plan aligned with Botswana's Remote Area Development Program (RADP). This plan is intended to help guide our efforts to better support RAD communities and uphold our commitment to respecting cultural heritage.



ENERGY & CLIMATE CHANGE



165,711 GJ direct (diesel) consumption

268,416 GJ indirect (power) consumption

213 GJ/kt energy intensity*

11,721 tCO_{2e} GHG Scope 1

79,779 tCO_{2e} GHG Scope 2

45 tCO_2/kt GHG intensity**

GHG conversion factors used for diesel fuel is 2.68787 kgCO2/l (DEFRA, 2020) and Botswana grid power is 1.07 kgCO2/kWh (Harmonized IFI Default Grid Factors 2021 v3.1).
*Energy Intensity – Total Energy (GJ)/(ore + waste rock mined (kt)).
**GHG Intensity – Total CO2e(kt)/(ore + waste rock mined (kt)).

Approach to Energy & Climate Change

Lucara recognizes the importance of transitioning to a low-carbon economy and acknowledges the mining industry's potential impact on climate change. The Company also considers the potential impacts of climate-related risks to our operations and value chain. Our approach focuses on improving energy efficiency, reducing emissions, and strengthening our understanding of climate-related risks and opportunities. We assess our operational impacts and evaluate potential climate-related risks to support resilient, long-term performance aligned with international sustainability frameworks.

In addition to reporting our annual emissions data, this section covers our energy use, key climate-related priorities, and planned actions, organized under the TCFD's four pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Karowe UGP at night

Climate Governance at Lucara

The Lucara Diamond Board is the highest governing body responsible for overseeing climate-related policies, strategies, and performance targets.

Lucara's executive management team provides regular updates to the Lucara Diamond Board on site-level progress toward climate-related goals and targets, typically on a quarterly basis. Further details, including a diagram of our governance structure, can be found in the Corporate Governance section of this report.

To support effective oversight, Lucara has established several internal controls, including:

- Conducting comprehensive climate risk assessments every 3-5 years to identify and evaluate emerging risks.
- Embedding our climate risk register within our broader, established risk reviews and processes.
- Maintaining a clear governance framework that defines roles, responsibilities, and accountability for climate risk management.
- Monitoring and reporting on the effectiveness of our risk management practices to ensure continuous improvement.
- Communicating climate risk information to stakeholders in a transparent and timely manner, supported by formal Board approval processes for climate-related disclosures and integration into quarterly risk reporting.
- Conducting independent internal and external audits to validate our risk management processes.
- Ensuring compliance with relevant national laws and regulations, including those related to climate change.
- Providing targeted training programs to enhance employee awareness and understanding of climate-related risks and their management.

Climate Governance at Lucara

The Lucara Botswana Board, comprising representatives from both Lucara Diamond and Lucara Botswana management, approves operating and capital expenditures related to our climate action strategy and reviews quarterly progress. The Board also approves the Climate Action Plan, which guides our approach to managing climate change risks and impacts at KDM.

Lucara's internal Climate Change Working Group, a cross-functional team of site-level personnel is responsible for climate risk assessments, strategy development, defining metrics and KPIs, and monitoring performance against plans, targets, and budgets. The Working Group oversees day-to-day efforts related to energy efficiency, carbon reduction initiatives, and climate change awareness across the Company.

Executive management from Lucara Diamond and Lucara Botswana is kept informed of climate-related progress through regular reporting, which may occur monthly, quarterly, or annually, depending on the metrics. Management and the Working Group also participate in training programs, webinars, conferences, and summits to stay updated on climate-related issues and best practices.

Climate Change Strategy

Lucara recognizes that both physical and transition risks associated with climate change may affect our operations. These risks are dynamic and may evolve over time as climate conditions, regulatory frameworks, and market expectations change. To support effective strategic planning, we have assessed climate-related risks and opportunities across three-time horizons:

- Short-term: up to 2027
- Medium-term: from the commencement of underground mining in 2028 through to around 2040
- Long-term: beyond 2040, post-mine closure

Lucara has developed a detailed climate risk assessment, evaluated physical and transition risks, as well as identified potential opportunities and developed a corporate climate risk registry. Further detail is found in the Risk Management sub-section.

Lucara's detailed climate risk assessment considered, the Intergovernmental Panel on Climate Change's (IPCC's) shared Socioeconomic Pathway 2 (SSP2) scenario, which represents a "middle-of-the-road" global development pathway. This scenario informs our understanding of future climate conditions and supports resilience planning.

Physical Risks

Representative Concentration Pathway (RCP) 2.6, one of the climate scenarios the IPCC uses to model future climate change impacts, represents a highly ambitious mitigation pathway that limits global temperature rise to below 2°C, while RCP 4.5 represents an intermediate emissions pathway, with projected warming of approximately 2–3°C by 2100. These scenarios were selected to reflect contrasting optimistic and pessimistic climate futures. The following physical risks were identified:

- Flooding: Flood risk is projected to triple by approximately 2040 compared to 2020 levels under both RCP 2.6 and RCP 4.5.
- Wildfires: Wildfire risk could increase by approximately 35% by 2040 relative to 2020 across both scenarios.
- Heatwaves: Heatwave risk is expected to increase by approximately 50% by 2035 compared to 2020 levels under both scenarios.
- Drought: Precipitation is estimated to decrease. However, storms with extreme rainfall (five-day storm events) risk is expected to double by 2040 compared to 2020.
- Soil moisture: Soil moisture levels are projected to decline by approximately 50% by 2040 compared to 2020 under both RCP scenarios.

Transition Risks

Transition risks were assessed using three IPCC Shared Socioeconomic Pathways: SSP1*, SSP2**, and SSP3***.

The following transition risks were identified:

- Increased operating costs arising from the potential introduction of carbon taxation in Botswana, both directly and indirectly due to the country's high reliance on coal in the energy mix.
- Heightened litigation risk associated with stricter climate-related laws and regulatory requirements.
- Increased compliance costs resulting from more stringent climate-related regulations and reporting obligations.
- Higher insurance costs driven by the increasing frequency and severity of extreme weather events over time.
- Reduced demand for high–GHG-intensity diamonds due to evolving consumer preferences and growing demand for lower-carbon products.

*SSP1 reflects a sustainable development pathway characterized by inclusive growth, strong institutions, and respect for environmental boundaries.
**SSP2 represents a continuation of historical social, economic, and technological trends, often referred to as a "middle-of-the-road" pathway.
***SSP3 depicts a fragmented world marked by rising nationalism and regional conflicts, with limited global cooperation.

Climate Risk Mitigation & Management

Our climate risk registry provides a centralized resource for tracking and understanding how our physical and transition risks may evolve under varying global conditions. The registry serves as a critical resource for long-term strategic planning, enabling us to adapt our strategies as new risks and opportunities emerge.

Lucara's approach to climate risk assessment and management has been developed to align with the TCFD recommendations, ensuring we employ a robust and transparent approach to identifying, evaluating, and managing climate-related risks.

Assessment Methodology

Our climate risk assessment evaluated both the likelihood and impact of each identified risk, using a five-point ordinal scale for both likelihood and impact. Our risk matrix evaluates key dimensions such as impact, likelihood, vulnerability, and speed of onset, providing a comprehensive view of potential risks. Impact is assessed across multiple dimensions: revenue, costs, safety and health, environment, regulatory compliance, public and stakeholder relations, and socioeconomic factors.

Our assessment of Lucara's transition risks was informed by researching global trends in diamond mining and various climate change regulations that might translate into risks or opportunities for the Company. For example, we considered Botswana's 2021 Climate Change Policy and the country's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), published in 2019. Such documents provide insights into national climate priorities, including national-level scenario planning and recommended adaptation measures.

As part of our climate risk assessment process, we held dedicated sessions engaging Lucara's corporate team and KDM site personnel to discuss emerging climate trends, associated risks, and conducted a ranking exercise to prioritize the most pressing concerns. We reviewed and ranked transition-related risks under multiple scenarios, to develop a detailed understanding of their potential impacts.

Risk Management Processes

Climate-related risks at Lucara are managed on a day-to-day basis by HoDs and process owners, who are supported and guided by the Climate Change Working Group, previously mentioned in the Climate Governance at Lucara section. This collaborative management approach is helping us ensure that our climate risks are integrated into our operational decision-making processes.

In 2025, we focused on completing the development of our climate change strategy, which included the integration of the climate risks and mitigation into our overall ERM framework to manage our climate-related risks in a holistic and coordinated manner, aligned with other operational and strategic risks. This integration has enhanced our ability to anticipate, mitigate, and adapt to the evolving challenges posed by climate change. For a detailed overview of Lucara's overall risk management approach, please refer to the Risk Management section of this report.

Metrics & Targets

This year, we have made progress in better understanding our climate-related physical and transition risks as part of our commitment to climate action. Moving forward, we plan to establish specific science-based goals and targets to enhance our risk management practices. At the same time, Lucara remains dedicated to the ongoing monitoring and transparent disclosure of our direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, which are detailed in the following section.

GHG Emissions

Since 2012, Lucara has been committed to estimating and disclosing its GHG emissions, encompassing both direct (Scope 1) and indirect (Scope 2) emissions. Scope 1 emissions originate from energy sources owned or controlled by the Company, primarily driven by diesel consumption for mining activities such as drilling, hauling, and loading. Scope 2 emissions arise from the generation of purchased electricity consumed by our operations, occurring at the source of electricity production.

To ensure accuracy and consistency, our emissions calculations align with the GHG Protocol. For Scope 2 emissions, we utilize the International Financial Institution (IFI) Harmonized IFI Default Grid Factors 2021 v3.1.

Energy consumption and intensity:

Lucara Botswana	2025	2024	2023
Energy use (GJ)	434,127	500,339	518,315
Energy Intensity (GJ/ ore + waste rock mined (kt))	213	127	89
Energy Intensity (GJ/ revenue)	2,718	2,454	2,921

GHG emissions and intensity:

Lucara Botswana	2025	2024	2023
Scope 1 (tCO_{2e})	11,721	16,090	20,504
Scope 2 (tCO_{2e})	79,779	80,871	67,600
GHG Intensity (CO_{2e}(kt)/ore + waste rock mined (t))	45	25	15
GHG Intensity (tCO_{2e}/1,000 carats produced)	258	249	223

GHG conversion factors used for diesel fuel is 2.68787 kgCO2/l (DEFRA, 2020) and Botswana grid power is 1.07 kgCO2/kWh (Harmonized IFI Default Grid Factors 2021 v3.1).

In 2025, Lucara's Scope 1 and Scope 2 greenhouse gas (GHG) emissions at KDM totalled 91,500 tonnes of carbon dioxide equivalent (CO_2e). Between 2024 and 2025, Scope 1 emissions decreased by approximately 37.3%, from 16,090 tonnes CO_2e to 11,721 tonnes CO_2e, primarily due to reduced tonnage mined leading to lower diesel consumption. Scope 2 emissions decreased slightly by 1.37%, from 80,871 tonnes CO_2e to 79,779 tonnes CO_2e, reflecting continued optimisation of electricity use.

Over the period 2023–2025, the Company recorded an increase in energy intensity and associated GHG emissions, primarily driven by the transition from open pit to underground mining operations. Key contributing factors include reduced total mined tonnes, increased energy demand associated with underground activities, and a shift from diesel-based energy (Scope 1) to grid electricity consumption (Scope 2). Additional energy demand is linked to the commissioning of underground infrastructure, including winders, the bulk air cooling plant, compressors, and chillers. These changes have increased overall electricity consumption and influenced the emissions profile.

Lucara will continue pursuing energy efficiency initiatives in support of Botswana's 2030 Scope 1 and Scope 2 emissions reduction targets. While Scope 1 and Scope 2 emissions have been a focal point of our GHG reporting, we recognize the importance of addressing Scope 3 emissions, which encompass indirect emissions across our value chain. In 2025, we commenced Scope 3 emissions data collection in alignment with the GHG Protocol Standard, covering key categories.

In 2026, Lucara will continue collecting Scope 3 emissions data in alignment with the GHG Protocol Standard, with a focus on improving data quality, completeness, and accuracy. We plan to expand Scope 3 coverage beyond the initial categories to include additional material value-chain categories. In parallel, Lucara will advance the development of its Scope 1 and Scope 2 decarbonisation roadmap, including the identification and prioritisation of energy efficiency initiatives and emissions reduction opportunities to support delivery of Botswana's 2030 targets.

Energy Management

Lucara's GHG intensity, measured per total materials mined, increased from 25 in 2024 to 45 in 2025. The increase in GHG emissions intensity recorded during the reporting period is primarily attributable to a reduction in total tonnage mined, which declined from 3,945,810 tonnes in 2024 to 2,037,143 tonnes in 2025. While total material mined decreased, total milled tonnage remained relatively stable, at 2,850,631 tonnes in 2024 and 2,788,244 tonnes in 2025, indicating consistent processing throughput and relatively unchanged operational energy demand.

As we advance the UGP and increase our load on the supply line, it continues to provide good operational stability. Additionally, we have enhanced the stability of our energy supply through the installation of power factor correction equipment, including two energy filters. These improvements have optimized power system efficiency by enhancing voltage stability and minimizing harmonic distortions.

We welcome the Botswana government's approval of the Renewable Energy Support and Access Accelerator (RESA) Project, which aims to transform the country's energy landscape. This project sets ambitious targets to increase renewable energy to 30% of Botswana's energy mix by 2030 and 50% by 2036. The initiative presents a significant opportunity for Lucara to reduce its Scope 2 emissions by incorporating renewable energy sources, such as solar power, into our operations.

Decarbonization at Karowe

We remain committed to advancing our energy efficiency initiatives at the process plant. This includes the ongoing replacement of traditional lighting with energy-efficient light-emitting diodes (LEDs) across the site, as well as the continued transition of non-critical lighting from daylight sensors to timed switches through circuit separation. These adjustments ensure that non-essential lights are automatically turned off during daylight hours and activated only at night, further optimizing energy use.

Another key focus is the conversion of process water pumps and slime disposal pumps from Direct-On-Line (DOL) to Variable Frequency Drives (VFDs), which was completed in 2025. By design, DOL starters draw high inrush currents during motor start-up, contributing to elevated maximum demand on the electricity grid, which is predominantly supplied by coal-fired power generation. In contrast, VFDs enable soft starting and speed control, significantly reducing peak demand. This results in lower stress on the power system and contributes to reduced associated CO_2 emissions from coal-fired electricity generation.

Moving forward, we are still exploring the feasibility of integrating electric vehicles (EVs), including both light and heavy-duty, into our operations.

BIODIVERSITY & LAND MANAGEMENT

1,523 Ha lease area representing modified habitat

First **avifauna assessment** at Karowe, in partnership with Birdlife Botswana

Invasive alien plant species survey in Karowe lease area completed

Approach to Biodiversity & Land Management

Lucara recognizes that mining activities can impact biodiversity and natural ecosystems. Biodiversity loss disrupts ecosystem balance and poses risks to both people and the environment. We are committed to responsible environmental stewardship, working to minimize our ecological footprint and support ecosystem resilience wherever possible, with the aim of leaving a positive legacy for local communities. Central to our efforts are our Biodiversity Working Group and our Biodiversity Management Plan (BMP), which aligns with Botswana's National Biodiversity Strategy & Action Plan. The BMP enables alignment with key frameworks, including the RJC Code of Practices (2019) requirements.

Biodiversity Management

At KDM, we operate within a 1,523-hectare lease area that is surrounded by livestock grazing and farming, as well as other diamond mining operations. The lease area is home to a diverse range of wildlife, including kudus, antelopes, warthogs, guineafowl, and other mammals and birds, which extend beyond the perimeter fence.

The mine licence area is classified as Modified Habitat. The nearest conservation area is Orapa Game Park, located approximately 30 km from KDM, where established biodiversity hotspots are situated within protected areas. Lucara's mining operations involve non-acid-generating kimberlites and host rocks, meaning they do not produce acid rock drainage (ARD) that could negatively impact surrounding ecosystems.

None of our proved or probable reserves are within sites with protected conservation status, nor are any critical habitat triggers applicable in the operating area. However, our proven and probable reserves are near regions identified as endangered species habitat, based on our biodiversity surveys and International Union for Conservation of Nature (IUCN) Red List classifications. Two endangered species are occasionally observed near the KDM site, but their rare occurrence poses minimal risk to their protection or ecological integrity.

Although these areas lack formal conservation status, we recognize their ecological importance.

Lucara has established an Environmental Stewardship Policy, an Environmental Management Plan, and a Biodiversity Management Plan, which is intended to provide guidance on addressing potential impacts of mining on biodiversity and applies a mitigation hierarchy through avoidance, minimization, restoration and offsets to manage these risks. In 2025, our biodiversity monitoring involved the following activities:

- Avifauna monitoring within the mine lease area and surrounding communities of interest.
- Engagement with communities and farmers on biodiversity management, including protection of endangered species.
- Alien and invasive species assessments and mapping.
- Employee awareness sessions on biodiversity conservation.
- Ongoing mammal population monitoring, including warthogs, which are of particular interest due to their high-pitched alarm calls, which may help deter elephants from certain areas.

In 2025, we conducted a readiness assessment in line with the TNFD requirements. This was followed by an assessment of physical, transition, and systemic risks linked to biodiversity loss and ecosystem degradation as a result of our mining activities. The results of the risk assessment will inform the review of the BMP and associated mitigation actions, which will progress into 2026.

Performance measured against the MAC TSM Biodiversity Protocol has been externally verified, with the last assessment achieving AAA ratings in two key indicators and an AA rating in Biodiversity Conservation Reporting.

Biodiversity Monitoring

Lucara's biodiversity monitoring activities focus on supporting the conservation and preservation of endangered and vulnerable species, or those with special conservation status, in particular International Union for Conservation of Nature (IUCN) Red List and Botswana Red Data Book listed species, which may be encountered in the mine lease area.

Activities requiring vegetation removal or clearing undergoes an internal process of evaluation and permit approval. Flora search is conducted in collaboration with relevant government authorities, such as the Department of Forestry and Range Resources. Archeological assessments are conducted for any excavations.

These searches aim to proactively identify and relocate any endangered or vulnerable flora species to a protected habitat within the mine lease area. Additionally, they support our efforts to control the growth of identified alien and invasive plant species: *Cupressus sp.*, *Nicotiana glauca Graham*, and *Verbesina encelioides*.

IUCN Red List and Botswana Red Data Book Species Identified at KDM and associated infrastructure:

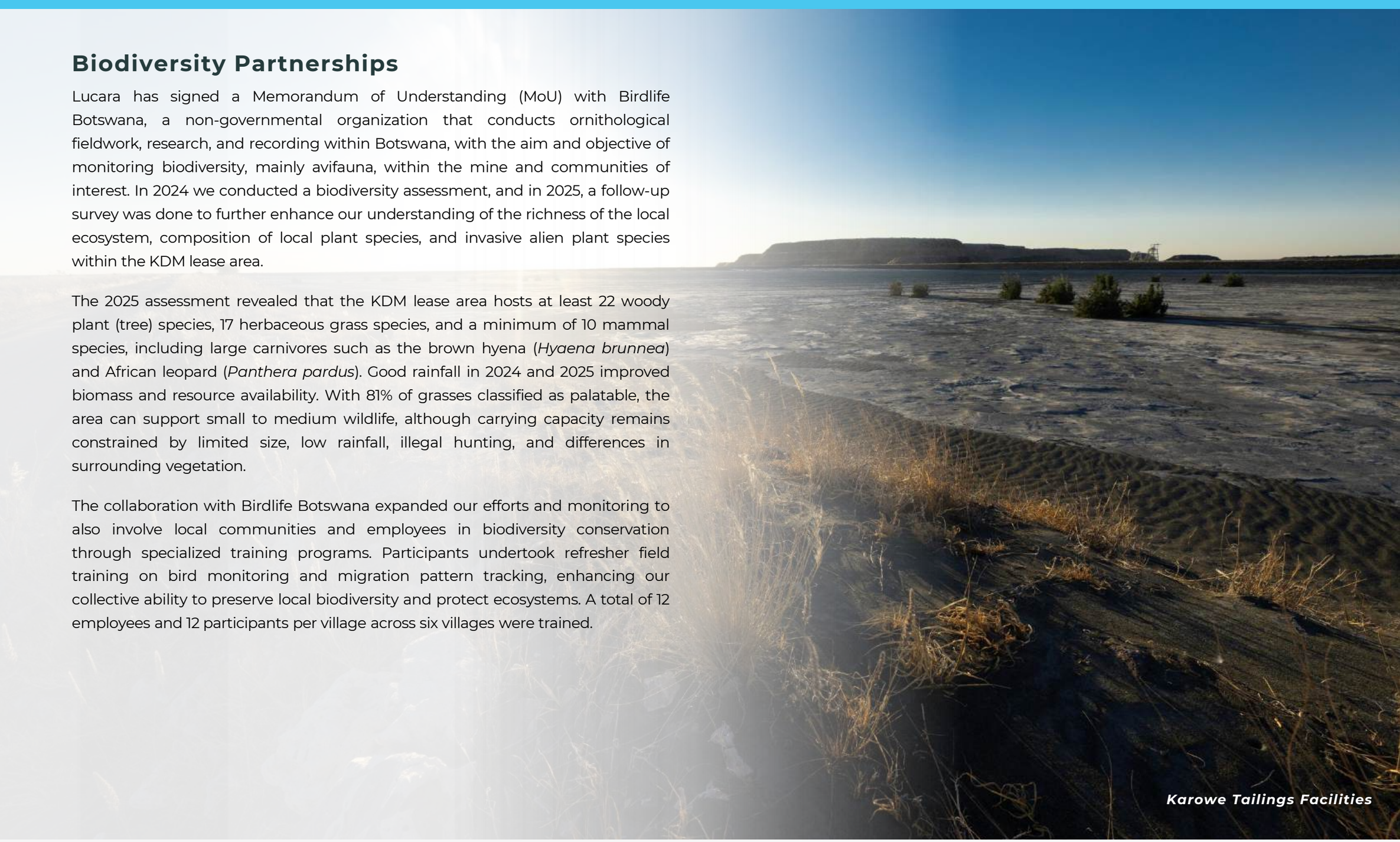
Conservation status	IUCN Red List	Botswana Red Data Book	Comments
Critically Endangered	1	1	Nests of White-backed vulture (*Gyps africanus*) were last observed in 2021, 1.6 km from the new Transmission Line. The range of the endangered vulture extends across large portions of the African continent. The footprint area of the transmission line does not represent critical habitat.
Endangered	1	1	African Elephant (*Loxodonta Africana*) Rarely observed within the mine license area, with the last recorded sightings in 2012 and 2020.
Threatened	0	2	Devils claw (*Harpagophytum procumbens*) and Hoodia (*Hoodia currorii*) observed outside the mine license area.
Vulnerable	5	4	Ground pangolin (*Smutsia temminckii*), Lion (*Panthera leo*), Cheetah (*Acinonyx jubatus*), Small Spotted Cat (*Felis nigripes*), Leopard (*Panthera pardus*), rarely seen within or near licensed area.

Biodiversity Partnerships

Lucara has signed a Memorandum of Understanding (MoU) with Birdlife Botswana, a non-governmental organization that conducts ornithological fieldwork, research, and recording within Botswana, with the aim and objective of monitoring biodiversity, mainly avifauna, within the mine and communities of interest. In 2024 we conducted a biodiversity assessment, and in 2025, a follow-up survey was done to further enhance our understanding of the richness of the local ecosystem, composition of local plant species, and invasive alien plant species within the KDM lease area.

The 2025 assessment revealed that the KDM lease area hosts at least 22 woody plant (tree) species, 17 herbaceous grass species, and a minimum of 10 mammal species, including large carnivores such as the brown hyena (*Hyaena brunnea*) and African leopard (*Panthera pardus*). Good rainfall in 2024 and 2025 improved biomass and resource availability. With 81% of grasses classified as palatable, the area can support small to medium wildlife, although carrying capacity remains constrained by limited size, low rainfall, illegal hunting, and differences in surrounding vegetation.

The collaboration with Birdlife Botswana expanded our efforts and monitoring to also involve local communities and employees in biodiversity conservation through specialized training programs. Participants undertook refresher field training on bird monitoring and migration pattern tracking, enhancing our collective ability to preserve local biodiversity and protect ecosystems. A total of 12 employees and 12 participants per village across six villages were trained.



Karowe Tailings Facilities

Mine Closure & Rehabilitation

Lucara takes a proactive approach to mine closure planning, grounded in scientific research, environmental protection, and sustained engagement with stakeholders. The Mining License for KDM was extended in December 2020 for 25 years and provides for both open pit and underground mining activities until January 2046. Open pit mining is expected to continue to mid-2026, with the UGP extending mine life until at least 2038. As of December 31, 2025, the estimated reclamation liability is approximately $43.1 million on an undiscounted basis ($39.4 million in fiscal 2024).

2025 marked meaningful progress in strengthening our closure preparedness from both an environmental and social perspective. Lucara has initiated a comprehensive update of its Mine Closure and Rehabilitation Plan, targeted for completion in mid-2026. The updated plan will incorporate revised disturbance footprints, regulations, updated financial provisioning, stakeholder inputs, and enhanced technical methodologies. Importantly, it will introduce a structured Five-Year Closure Schedule aimed at kick-starting progressive rehabilitation, reducing end-of-life liabilities, and embedding closure considerations into life-of-mine planning.

Beyond physical rehabilitation, the updated closure framework also integrates social transition planning. This includes early engagement with employees, contractors, local authorities, and host communities to identify post-mining land use opportunities, economic diversification pathways, and workforce transition strategies. By incorporating social transition measures into closure planning, Lucara seeks to mitigate potential socio-economic impacts associated with mine closure and support community resilience beyond the life of the operation.

In parallel, during the year, Lucara initiated and completed the design for the closure and rehabilitation of Landfill Cell 1. The design has been reviewed and approved by the relevant regulatory authorities and is scheduled for implementation in 2026. This represents a proactive step toward ensuring that waste management facilities are decommissioned responsibly, in line with environmental compliance requirements and best practices.

Land Disturbance

In 2025, the disturbed land within the mine lease area increased by 4.34 hectares, bringing the total disturbed area to 907 hectares. This increase was primarily due to the expansion of the coarse tailings stockpile and the burrow pit for the construction of the wall raise of Fine Residues Dam (FRD 3). No land was rehabilitated in 2025.

Karowe wetlands project

Soil Remediation and Pollution Management

Our onsite soil treatment facility continues to handle and treat hydrocarbon-contaminated soils generated from mine operations. Commissioned in 2024, the facility is operated by a specialized third party, with progress and updates submitted to the regulator for monitoring. Regular soil monitoring and inspections are conducted across operational areas to identify any pollution. Where hydrocarbon contamination is detected, such as from a spill, the affected soil is excavated and transported to the bioremediation facility for treatment. Most contamination during the year resulted from minor operational incidents (Levels 1 and 2), which required the contaminated soil to be scooped and removed for remediation.

The remediation process at the facility applies bioremediation techniques, using enzymes to break down hydrocarbons in contaminated soil. Treatment typically takes between three and six months, depending on contaminant concentrations. During 2025, the facility received 23.01 cubic metres of contaminated soil, of which 60.4% had been successfully treated by year-end. Treatment of the remaining volume was delayed due to heavy rainfall experienced at the end of the year.

Karowe soil remediation facility

NOISE & AIR QUALITY

Compliant ambient noise monitoring at the nearest receptors

Compliant dust fallout results

Approach to Noise & Air Quality

Operational activities such as fuel combustion, blasting, drilling, material hauling and handling are essential to our mining processes, but they can affect air quality and generate noise that may impact our workforce and nearby communities. Lucara is committed to minimizing these impacts through technological improvements, the use of appropriate personal protective equipment (PPE), and continuous operational enhancements. Our efforts focus on reducing dust emissions and monitoring noise levels to protect the health and well-being of our employees and surrounding communities. Lucara complies with applicable air quality standards and we are guided by our Environmental Policy and Environmental Management Plan.

Dust & Air Quality

At KDM, some operational activities generate non-GHG air emissions, including particulate matter, sulphur oxides (SOx), and nitrogen oxides (NOx). To mitigate dust generation, we employ dust filtering and extraction technology at material transfer points in our process plant and conduct daily dust suppression using water.

Our monitoring program at Lucara enables us to ensure air quality compliance. Monthly dust level assessments are conducted around KDM and along the 15 km access road to Letlhakane village. We also employ PM2.5 and PM10 air quality monitors within the mine lease area to measure fine particulate matter. In 2024, we expanded our monitoring capabilities by installing five new stations, bringing the total to sixteen. Monitoring results consistently show dust deposition rates well below Botswana's residential and industrial limits of 1200 mg/m² per day, as well as compliance with local non-residential standards. In the coming year a second PM2.5 and PM10 ambient air quality station will be installed on the southwest of the mine to expand monitoring.

Some SASB air quality metrics, such as mercury (Hg), lead (Pb), and volatile organic compounds (VOCs), are not material to our diamond mining operations, and so they are not measured. In 2025, no community concerns or grievances related to dust or air quality were reported. Moving forward, our focus remains on exploring NOx and SOx estimation options and maintaining our monitoring efforts to uphold our environmental performance and community relations commitments.

View of Karowe from the UGP viewing area

Noise & Vibration

Lucara implements a structured Noise and Vibration Management Program designed to protect the health and well-being of employees and minimise impacts on surrounding communities. Monitoring is conducted regularly in both workplace and environmental areas to ensure compliance with regulatory requirements and internal standards.

Preventative controls include noise suppression and equipment maintenance, controlled blasting techniques to manage vibration, and measures to manage exposure, supported by a hearing conservation program for employees. To further mitigate potential noise impacts on employees and surrounding communities, key processing facilities such as the Recovery Plant, XRT Sort House, and Mega Diamond Recovery Screening Plant have been enclosed with corrugated iron sheeting to contain operational noise. In addition, anti-vibration springs are installed on all screens to reduce vibration transmission and associated noise. These measures form part of the company's broader commitment to responsible environmental management and the protection of employee health and community well-being through continuous monitoring and improvement.

In 2025, we carried out environmental noise monitoring at the nearest receptors, and the noise levels were all compliant with Botswana standards (BOS 575). The monitoring is conducted around the mine lease perimeter fence and the nearest sensitive receptors. The 2025 assessment revealed that background noise levels at the plant, when non-operational, remained within both daytime (70dBA) and nighttime (60dBA) limits. However, operational noise levels slightly exceeded these thresholds within the mine, with environmental noise levels ranging between 77.9dBA and 57.9dBA.. Our hearing conservation program has been implemented to mitigate against the risks associated with occupational exposure to employees and contractors.

No community grievances were recorded regarding excessive noise from our operations. However, one grievance was received and closed, relating to ground vibrations experienced at a yard on a farm near the mine. Refer to the Community Grievance Management section for further details.

Trucks in the Karowe open pit

WATER MANAGEMENT

Zero effluent discharge

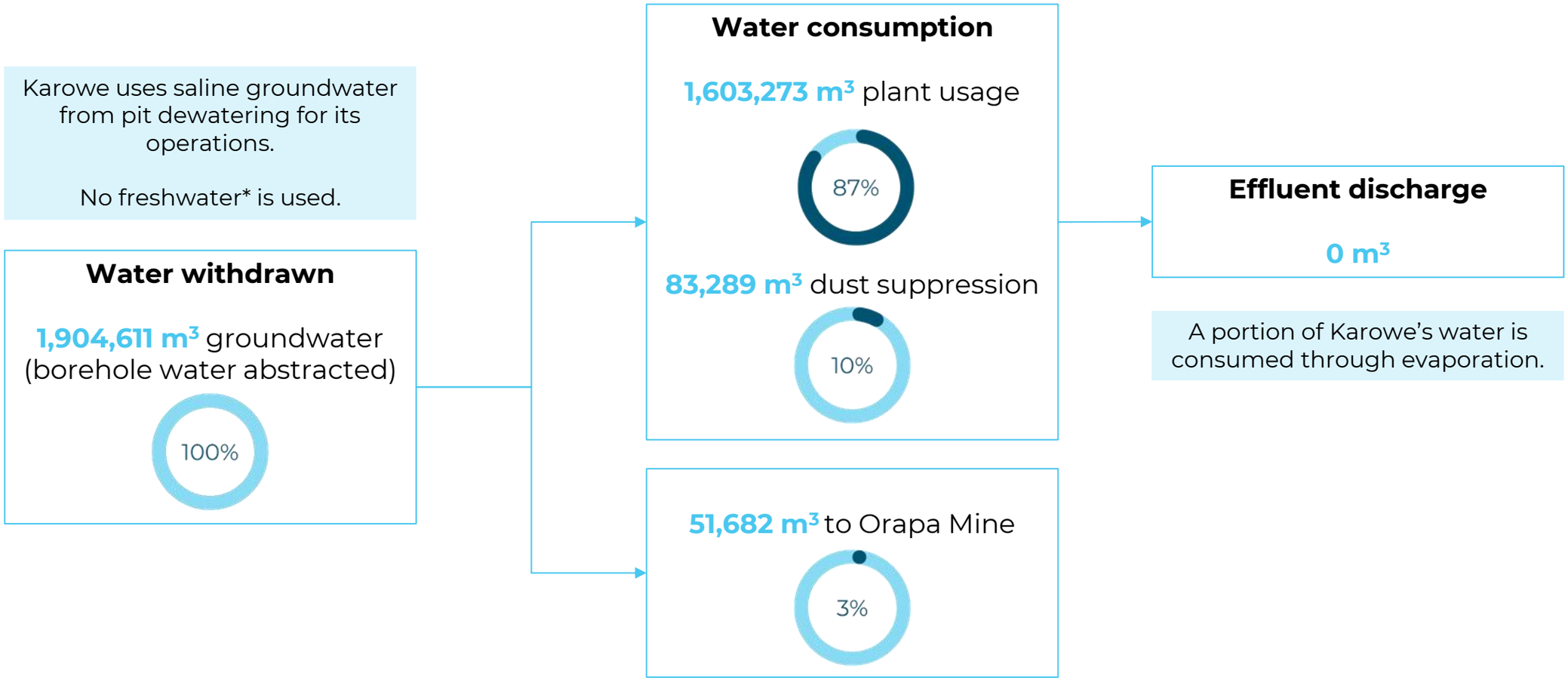
No reportable spills

900,007 m³ of water was recycled

51,682 m³ of water sent to Orapa Mine

Approach to Water Management

Water is a vital resource for communities, ecosystems, and our operations. Lucara recognizes the importance of responsible water stewardship and is committed to minimizing and mitigating potential impacts on water quantity or quality. At Karowe, we prioritize the use of saline groundwater extracted through pit dewatering processes. Water is also recycled within our operations to improve efficiency and reduce overall demand. We regularly monitor groundwater quality and engage with nearby communities and local authorities to support sustainable water management. Our approach is guided by our Responsible Mining Policy, Environmental Policy, and Environmental Management Plan.



* Water with concentration of total dissolved solids equal or below to 1,000 mg/L.

Water Risk at Karowe

The Boteti District in Botswana, where KDM operates, has a semi-arid to arid climate with hot, wet summers and cold, dry winters. The region is characterized by “Medium-high” baseline water stress*, which drives us to prioritize minimizing our water footprint. Our climate risk assessment, described in the Energy and Climate Change section, highlights water scarcity as an important physical risk. Near KDM, there are no permanent water bodies, and local communities rely on shallow aquifers (approximately 50 to 100 meters deep) for domestic, agricultural, and livestock needs. The mine’s pit dewatering activities extract water from deeper aquifers (>100 meters depth), which are abundant in central Botswana.

Responsible Water Use

Using the deeper aquifer water from our pit dewatering for operational needs at KDM helps us avoid impacts on community freshwater sources, particularly nearby farm wells. Water from pit dewatering exhibits high salinity, with total dissolved solids (TDS) ranging from 2,000 mg/l to over 15,000 mg/l—far exceeding the 1,000 mg/l threshold for freshwater. This salinity makes it unsuitable for other water users, ensuring our operations do not compete with local freshwater resources.

Most of KDM’s water use supports processing activities, with additional consumption for the 200-person mine camp. Municipal water use in our Gaborone and Vancouver offices, along with approximately 120 Company-sponsored houses in Letlhakane and nearby villages, accounts for less than one percent of our total water footprint and is not routinely monitored.

In 2025, there were no incidents of non-compliance with water quality permits, standards, or regulations, and no grievances related to water management were reported. Our water management policies and procedures remain current.

Water Monitoring

Lucara monitors groundwater levels and quality around the mine and nearby private farm boreholes against established baselines. Quarterly monitoring is conducted at pit perimeter and regional boreholes, supported by a SCADA system that tracks real-time abstraction to ensure compliance with permitted water rights, with withdrawals remaining well below licensed limits.

Regional boreholes show stable water levels, while localized declines near the pit reflect controlled dewatering, with minimal impact on surrounding aquifers due to natural geological barriers. Groundwater quality remains consistent, although elevated TDS is associated with deeper underground mining. Rising levels near Fine Residue Deposits indicate seepage, while landfill monitoring confirms no contamination.

Underground Project Water Planning

As development of the UGP advances, increasing volumes of saline water are expected to be encountered. To prevent discharge to the environment, a saline water management project was initiated in 2024, incorporating lined evaporation ponds and blending tanks. Mechanical evaporators will be introduced progressively as volumes increase with the first of these coming online in 2026.

The blending tanks are currently used to mix high-salinity underground water with low-TDS aquifer water in the sandstone system (135-245 metres below ground level) to reduce the concentration of dissolved solids to an acceptable level for operational use. The treated water will then be transferred to Debswana’s Orapa Mine to be used in processing. Construction of the evaporation pond and placement of two mechanical evaporators were completed in 2025. The UGP has not yet intercepted large volumes of water that need to be discharged to the evaporation pond.

* According to the World Resources Institute Aqueduct water risk tool, which identifies and evaluates water risks around the world.

Recycling & Water Loss

Groundwater abstraction for pit dewatering varies with mining and hydrogeological conditions, with main losses occurring through evaporation and water retained in tailings. Water is actively decanted from Fine Residue Deposits and reused in processing to reduce seepage and protect groundwater quality. During the year, 900,007 m^3 of water was recycled, exceeding the previous year's volume (2024: 884,043 m^3). In line with previous years, we continued our collaboration with the Water Utilities Corporation and Debswana to supply our surplus water to Debswana's Orapa Mine for their operational use. Groundwater from pit dewatering supplied from Karowe Mine to Orapa Mine decreased significantly in the last few years, from 60,391 m^3 in 2024 to 51,682 m^3 in 2025. This decline is attributed to reduced overall water pumping, increased water demand for processing weathered ore at KDM, and declining efficiency of boreholes around the site.

Additionally, 83,289 m^3 of water was used for dust suppression on the KDM access road, supporting our efforts to reduce dust pollution.

Wastewater Treatment Plant

Central to our domestic wastewater management is our activated sludge treatment plant, which processes sewage from all operational areas, including the UGP camp. The system is complemented by a constructed wetland, originally commissioned in late 2021 and now fully operational, serving as a natural polishing phase after initial treatment. Utilizing natural organisms and filtration processes, the wetland ensures that effluent meets surface water discharge standards. This innovative approach not only supports a consistent and compliant sewage treatment process but has also delivered cost savings for the Company.

The final treated effluent is reused onsite for irrigating lawns and gardens, eliminating the need for offsite discharge. Solid waste from the treatment process is either incinerated or stored for use as fertilizer in future land restoration projects.

The wastewater treatment plant is due for licensing in early 2026.

Karowe Wetland Project

TAILINGS & WASTE MANAGEMENT

2,785,747 tonnes tailings produced

96,191 tonnes waste rock mined

846 tonnes non-mineral waste generated

Successful annual tailings review

124 tonnes hazardous waste generated

41 tonnes hazardous waste recycled

Approach to Tailings & Waste Management

At Lucara, responsible waste management is central to our commitment to environmental stewardship and the safety of our workforce and surrounding communities. Our operations generate several types of waste, including tailings, waste rock, and non-mineral waste, such as industrial and domestic waste. We work to minimize non-mineral waste by extending product lifecycles, promoting recycling, and seeking innovative waste reduction solutions. Where waste cannot be recovered or recycled, it is disposed off responsibly and in full compliance with local and international regulations.

Our tailings management approach focuses on ensuring safe tailings management throughout the mining lifecycle and was developed in accordance with the TSM Tailings Protocol and the Global Industry Standard on Tailings Management (GISTM). Our overall waste management approach is guided by our Environmental Policy, Environmental Management Plan, and Responsible Mining Policy.

Tailings Governance

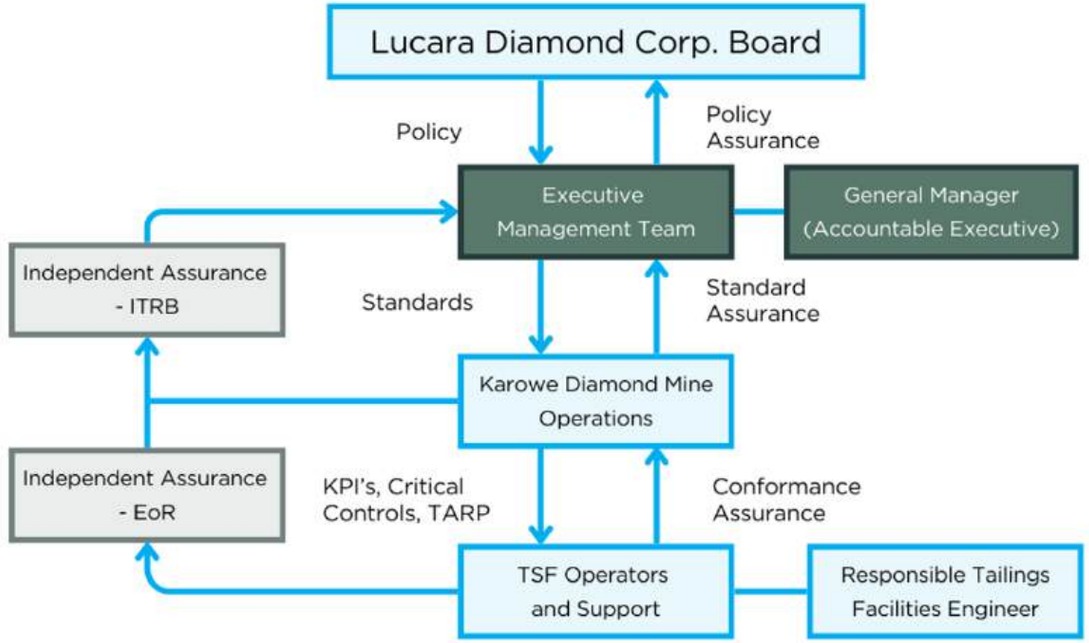
Lucara has established a robust governance structure to safely manage tailings, an important by-product of our mining activities, across the mining lifecycle. Our design, disclosure, and ongoing management approach has been developed to ensure we adhere to GISTM requirements. This integrates rigorous internal and independent oversight, including the clear assignment of roles such as the Engineer of Record (EOR), Accountable Executive, Responsible Tailings Facility Engineer (RTFE), and responsibility for the annual International Tailings Review Board (ITRB) reviews.

In 2025 the design for FRD 2, approved through the same framework, was recognized by the Consulting Engineers South Africa for a commendation under Best International Project of the Year.

We are honoured to have been appointed by the Botswana Chamber of Mines as Chair of the Sub-committee on Tailings Management in 2024. Involvement in this Sub-committee is an important part of our efforts to support continuous improvement at an industry level nationwide. In 2025 we chaired two meetings for the sub-committee, advancing responsible tailings management practices through this group across Botswana's mining industry.

Tailings Governance Structure

The following governance framework outlines the lines of accountability for tailings throughout the Company.



Lucara's Independent Tailings Review Board

The ITRB conducted its annual review in November 2025, concluding that Lucara continued to make strong progress in increasing its compliance levels with the GISTM. While identifying some progress on Lucara's GISTM adoption, the ITRB highlighted some minor areas for improvement, which are being addressed. The next ITRB review is scheduled for November 2026.

Tailings Management at KDM

Located in a flat, semi-arid to arid region with high evaporation rates and minimal precipitation, our tailings facilities at KDM are assessed as posing no risk to permanent surface water bodies or nearby communities. We manage two types of tailings at the site: coarse and fine. Coarse tailings, in the form of dry gravel, are dry-stacked at the Coarse Residue Deposit (CRD) without the need for impoundment walls or dams. Fine tailings, or "slimes" are pumped as a slurry to our Fine Residue Deposit (FRD) facilities, where deposition is optimized to maximize water capture and recycling back to the process plant. KDM operates one CRD and two FRD facilities. The design for a third FRD was completed in September 2024, with construction expected to be finalized by the end of 2028. Additionally, plans for a fourth FRD are currently in the design stage. Further information about our tailings facilities can be found on our website.

In 2025, there were no incidents related to our tailings facilities, including any related to non-compliance with permits, standards, or regulations. No grievances related to tailings management were reported.

Tailings Management System

In 2025 we approved and implemented a framework for an integrated Tailings Management System (TMS) with interlinkages to our Environmental and Social Management System. The TMS is designed to align with the MAC TSM Tailings Protocol, the GISTM, and Botswana's *Mines, Quarries, Works, and Machinery Act* CAP 44:02. In 2024, in our third-party TSM verification, we achieved triple AAA scores on four of the five indicators under the MAC TSM Tailings Protocol.

Aerial view of Karowe Tailings Facilities

Fine Residue Deposit Management

FRD 1:

FRD 1 was designed prior to the publication of the GISTM. Its design criteria were based on the South African National Standards (SANS 10286). After reaching full capacity in April 2023, a closure and rehabilitation plan for FRD 1 was completed by October 2024, in alignment with GISTM requirements. Inspections continue to be conducted in compliance with Botswana's Mines, Quarries, Works, and Machinery Act, including internal and independent external reviews.

FRD 2:

FRD 2 is located south of and adjacent to FRD 1 and has been in active use since 2023, post completion of construction of the first wall lift. The facility is designed in accordance with the GISTM, the SANS 10286 standard, and international best practices. This active facility maintains its purpose to accommodate fine tailings for the remaining life of the open pit. The embankment is currently undergoing a buttress wall raise for FRD 2, which will be completed in Q1 of the year 2026.

FRD 3:

Following the 2023 feasibility study for a third FRD, we completed site selection and designs in September 2024. This includes a detailed climate assessment during the design phase. Construction scheduling is underway, with early works planned to support operations from 2030 to 2040. Biodiversity and archaeological assessments are expected, and the development of the facility will also require the relocation of the explosives magazine.

Tailings Training and Professional Development

EoR training at KDM is conducted annually in accordance with the GISTM requirements. The EoR training in 2025 focused on providing the tailings operators and support team with the understanding, knowledge, and skills to manage tailings facilities throughout the lifecycle: planning, designing, construction, operation, and closure in a safe and responsible manner.

Tailings Monitoring

KDM prioritizes the long-term safety and integrity of its Tailings Storage Facilities (TSFs) through a continuous comprehensive surveillance and assurance program that integrates advanced monitoring systems and rigorous inspection. Our approach ensures that all facilities remain within established design parameters to safeguard our employees, local communities, and the environment.

In 2025 we continued to maintain constant oversight of structural stability and environmental performance using advanced monitoring instruments to track critical indicators, such as vibrating wire piezometers, water monitoring boreholes and Interferometric Synthetic Aperture Radar (InSAR). We conducted enhanced risk assessments to identify potential risks to proactively manage and mitigate any potential risks.

The technical data from the monitoring instruments and assessments was complemented through physical inspections conducted by the Karowe operations team on a daily (two-hour intervals), weekly basis, and the EoR team performing monthly and quarterly site inspections to verify performance against design intent.

The following indicators are some of the tracked performance indicators that demonstrate the effectiveness of our monitoring program at Karowe.

Tailings Performance Indicators:

Performance Indicator	Target/ metric
Factor of Safety (FoS)	Minimum FoS ≥ 1.2 (for stable slopes)
Phreatic Surface Level	Monitoring height of water table relative to design limits
Poor Pressure Thresholds	Monitoring water pore pressure on the embankment relative to design limits
Inspection Completion Rate	% of daily bi-hourly inspections completed on schedule
Freeboard Availability Slimes Capacity	Vertical distance remaining to handle 1:10,000-year storm events
Rate of Rise	Monitoring the rate of rise of deposited material in the dam

Our surveillance and assurance ensure compliance with best-practice standards, such as the GISTM, by transitioning from reactive to proactive, data-driven, and continuously monitored tailings management. Continuous expansion of monitoring technologies across our facilities is envisaged in the near future and this will emphasize our commitment to continuous improvement and alignment with global safety tailing management. This will effectively reduce the risk profile of our tailings facilities.

Tailings Emergency Preparedness

As outlined in the Emergency Preparedness and Response section of this report, Lucara has developed an EPRP and a Crisis Management Plan, both of which consider tailings-related emergencies.

In 2025, we conducted a simulation focusing on areas that would experience the highest impact in the event of a dam breach. High-risk inundation zones were identified around the open pit, processing plant, and administration block. The objectives of the simulation were to test the effectiveness of evacuation procedures, assess evacuation routes, and evaluate evacuation timelines – particularly from the open pit as mining progresses to greater depths. Overall, the objectives were met; however, opportunities for improvement were identified regarding the evacuation time of machinery from the open pit. Corrective actions are currently being implemented to address the identified gaps.

External engagement and collaboration has been a focus in our tailings management efforts during this reporting period. Our tailings team participated in our year-end community consultation session with representatives from the villages in our zone of influence. The sessions covered topics such as the community grievance mechanisms, updates on the studies undertaken for FRD 1 closure, performance of our tailings storage facilities in line with GISTM, local regulations and the established emergency preparedness and response procedures.

Tailings Inventory Table

SASB Disclosure	Coarse Tailings Facility	Fine Residue Deposit 1	Fine Residue Deposit 2
(1) Facility name	KDM Coarse Tailings Facility (CRD)	Fine Residue Deposit (FRD) Facility: Slimes Dams 1	Fine Residue Deposit (FRD) Facility: Slimes Dams 2
(2) Location	• KDM • Botswana Central District • Latitude -21.50982323 • Longitude 25.48119270	• KDM • Botswana Central District • Latitude -21.51444556 • Longitude 25.47089352	• KDM • Botswana Central District • Latitude -21.5208336 • Longitude 25.470556 • (South of and adjacent to FRD 1)
(3) Ownership status	Lucara Botswana- Active 100% owned	Lucara Botswana- Active 100% owned	Lucara Botswana- Active 100% owned
(4) Operational status	Active	Inactive. Closure and Rehabilitation planning in progress.	Active
(5) Construction method	Drystack; material stands at natural angle of repose	Downstream; four cells known as “paddocks” were progressively raised to provide additional storage capacity over time	Downstream; two cells known as “paddocks”
(6) Maximum permitted storage capacity	14,333,824 m^3 Note: Estimated Life of Facility (LOF) is Life of Mine (LOM) (2040)	6,326,085 m^3 Note: Estimated LOF 2024; measures approximately 830m by 850m; constructed with an initial height of 3m; final height of 15m	FRD 2: 8,716,965 m^3 FRD 3:13,430,706 m^3 LOM 20,290,617 m^3 Note: Estimated LOF is LOM (2040); measures approximately 500m by 1000m; constructed with an initial height of 3m; expected final height of 15m
(7) Current amount of tailings stored (metric Tonnes)	9,631,096 m^3	5,526,548 m^3 (No deposition was ongoing in 2024-2025)	1,953,591 m^3
(8) Consequence classification (as per GISTM)	Medium Hazard Facility • Population at Risk (PAR): 10-100 • Potential Loss of Life (PLL): 1-10 (Possible)	Very High Hazard Facility • Population at Risk (PAR): 100-1000 • Potential Loss of Life (PLL): 10-100 (Likely)	High Hazard Facility • Population at Risk (PAR): 10-100 • Potential Loss of Life (PLL): 1-10 (Possible)
(9) Date of most recent independent technical review	November 2025 by the Independent Tailings Review Board	November 2025 by the Independent Tailings Review Board	November 2025 by the Independent Tailings Review Board
(10) Material findings*	No	No	No
(11) Mitigation measures	None.	None.	None.
(12) Site-specific EPRP	Yes	Yes	Yes

* Material change is defined as significant variations (increase or decrease) from expected production volumes, expected particle size distribution, expected material characterization, or the expected water-to-solid ratio of slimes..

Non-Mineral Waste

In alignment with our Environmental Management Plan, Lucara has implemented rigorous waste segregation practices at both Karowe and our Gaborone offices, ensuring all waste is disposed of in compliance with Botswana's environmental regulations. At Karowe, we manage and maintain four licensed waste management facilities within the mine lease area: a landfill, a sewage treatment plant, a salvage yard, and a fixed incinerator primarily utilized for the safe disposal of clinical waste and oily rags.

Recycling Initiatives and Partnerships

At Lucara, we promote responsible waste management practices through strategic partnerships. Currently, we collaborate with a local recycling company to recycle print paper and cardboard. We recycle hazardous waste materials, including batteries and waste oil, through specialized channels. There were no reportable incidents related to hazardous waste management during the year.

Lucara is sensitive to the growing challenge of electronic waste disposal. The Company continues to work on the development of electronic waste disposal policy in line with the guidelines of the Department of Environmental Protection and the *Waste Management Act* (1998).

Landfill Management

Our landfill is designed with an impermeable lining to prevent environmental contamination and is used exclusively for small volumes of domestic waste. In 2025, we commenced the design and planning for Landfill Cell 1 and the implementation is expected to start in 2026. Additionally, we successfully renewed the operating licenses for our landfill and salvage yard in 2025.

Managing Paper Usage at Karowe

In line with its commitment to environmental stewardship and operational efficiency, Lucara continues to advance the adoption of green technologies to reduce resource consumption and support sustainable business practices.

During 2025, the company initiated a phased program to replace legacy printers with modern, energy-efficient devices, with full deployment scheduled for 2026. These upgraded systems incorporate secure "follow-me" printing functionality, whereby print jobs are only released when users are physically present at the device. This measure is expected to significantly reduce unnecessary printing and paper waste.

In addition, the implementation of enhanced printer management software will enable detailed monitoring and reporting of both energy usage and paper consumption. This data-driven approach will support improved resource management, accountability, and continuous performance tracking going forward.

Complementing these efforts, Lucara progressed several internal digitalisation initiatives aimed at reducing reliance on paper-based processes. In 2025, projects to automate forms and streamline document circulation were initiated, including enhancements to enable more efficient digital workflows.

At the Underground Project, specialized document management and workflow software is already in use, improving collaboration, enhancing productivity, and supporting a paperless working environment. These initiatives are expected to be further expanded and finalized in 2026.

Collectively, these actions demonstrate Lucara's ongoing commitment to reducing its environmental footprint through innovation, digital transformation, and responsible resource management, in alignment with GRI principles on resource use and operational efficiency.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein and elsewhere constitute “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", “assumes”, "anticipates", "believes", “budgets”, “forecasts”, “goals”, "intends", "estimates", “plans”, “projects”, "potential", "possible", “scheduled”, “strategy” and similar expressions, or statements that certain actions, events, conditions or results "will", "may", "could" or "should" 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 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, including risks related thereto. 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 accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this Sustainability Report may contain forward looking information pertaining to the following: the Company’s sustainability initiatives; long- and short-term sustainability goals, strategy, and targets; the expected benefits and outcomes of our innovative Safe Start® program; our expectations around the long-term impacts of our community investment projects; projects related to minimizing our ecological footprint and water stewardship; our ability to manage our tailings facilities in a safe and environmentally responsible way; possible outcomes of the Company’s decarbonization efforts; the estimates of the Company’s mineral reserves and resources; estimates of the Company’s production and sales volumes for KDM; estimated costs for capital expenditures related to KDM; production costs; the project schedule and capital costs for the Karowe UGP; that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Karowe UGP; expectations that the Karowe UGP will extend mine life; forecasts of additional revenues; future production activity; reclamation costs; the Company’s ability to meet its obligations under its senior secured bond financing terms, expectation of future demand for rough and polished diamonds, and the associated prices and expected top-up values payable under the supply agreement with HB; changes to foreign currency exchange rates; assumptions and expectations related to the development of an underground mining operation at KDM, including associated capital costs, financing strategies and timing; the continued use of the Clara Platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; the potential impacts of economic and geopolitical risks and the resulting indirect economic impacts that any strict economic sanctions may have; government regulation of operations; environmental risks and compliance obligations; and other risks and uncertainties described under the heading “Risks and Uncertainties” section in the Company’s most recently filed management’s discussion and analysis (“MD&A”) and Annual Information Form for the year ended December 31, 2025, available on the SEDAR+ website at **www.sedarplus.ca**.

There can be no assurance that any forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "Risks and Uncertainties” in the Company's most recently filed MD&A and Annual Information Form available on the SEDAR+ website at **www.sedarplus.ca**. Risks and uncertainties that could influence actual results include, but are not limited to: changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough and polished diamonds, the ability of the Company to maintain obligations or comply with its debt facilities agreements, the potential increase of capital costs relating to the development of the UGP and changes in the project parameters or schedule as plans continue to be refined, costs of power and diesel, acts of foreign governments, including changes in laws and delays in the receipt of government approvals, and the outcome of legal proceedings, risks associated with the consequence of climate change, natural disasters and adverse weather conditions, costs of compliance with environmental and other laws and regulations, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), the future operation and financial performance of the Company generally, and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, industrial disturbances or other job actions, and unanticipated events relating to health safety and environmental matters).Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive.

Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Accordingly, readers should not place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them after the date of this document to reflect new events or circumstances, except as may be required under applicable securities laws.

All currencies mentioned in the Sustainability Report are in United States Dollars (“US$”) unless otherwise mentioned. Qualified Persons: Dr. Herman Grütter (Ph.D., P.Geol.) of SRK Consulting is the independent Qualified Person as defined by NI 43-101 responsible for the KDM Mineral Resource Estimate, and Mr. Brandon Chambers of JDS Energy and Mining Inc. is the Independent Qualified Person as defined by NI 43-101 responsible for the KDM Mineral Reserve Estimate. The most recent Mineral Resource and Mineral Reserve estimations are set out in the 2025 Annual Information Form for the year ended December 31, 2025, dated March 31, 2026, which can be found on the Company’s website and under its profile on SEDAR+ at **www.sedarplus.ca**.

Technical Reports: For further details regarding the Karowe Underground Project and Qualified Persons as defined by NI 43-101, please refer to the technical report publicly filed on January 30, 2026 with an effective date of September 30, 2025, titled “Karowe Diamond Mine – 2025 Feasibility Study Technical Report”, posted to the Company’s website and under its profile on SEDAR+ at **www.sedarplus.ca**.

LUCARA
DIAMOND

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