LUCARA

DIAMOND

ANNUAL INFORMATION FORM

(FOR THE YEAR ENDED DECEMBER 31, 2024)

DATED: MARCH 31, 2025

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DEFINITIONS

In this Annual Information Form all units are expressed in metric units unless otherwise noted and references to 'we', 'our', 'us', 'Lucara' or 'the Company' mean Lucara Diamond Corp. and its subsidiaries unless the context otherwise requires.

AIF means this Annual Information Form dated March 31, 2025

AK6 Kimberlite means the Kimberlite ore body that is located at the Karowe Mine

AK6 Project is the name of the project that was developed and resulted in the Karowe Mine in Botswana

BCBCA means the *Business Corporations Act* (British Columbia)

Board means the Company's Board of Directors

BWP means Botswana Pula

CAD or **C$** means Canadian dollars

CFPO means the *Corruption of Foreign Public Officials Act* (Canada)

CIM means the Canadian Institute of Mining, Metallurgy and Petroleum

CIM Guidelines means the "CIM Definition Standards on Mineral Resources and Mineral Reserves" adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on May 10, 2014, and as subsequently amended

Clara means Clara Diamond Solutions Limited Partnership, Clara Diamond Solutions B.V., and Clara Diamond Solutions GP collectively, previously wholly owned subsidiaries of the Company

Clara Platform means the digital platform for the sale of rough diamonds owned by Clara

CORA means a cost overrun reserve account of $61,700,000 which must be funded by June 30, 2025 and which is subject to certain restrictions, as defined in the Facilities Agreement

cpht means carats per hundred tonnes

Debenture means the unsecured debenture that was issued by the Company to Nemesia in November 2023 when the Company drew $15,000,000 from Nemesia's liquidity support guarantee

DMS means dense media separation

EIA means environmental impact assessment study

EMA means the *Environmental Assessment Act of 2011* (Botswana)

EMP means environmental management plan

EM/PK(S) means the Eastern Magmatic/Pyroclastic Kimberlite (South) unit of the AK6 South Lobe

ESG means environmental, social, and governance

Facilities means the Project Facility and the Working Capital Facility, collectively

Facilities Agreement means the loan documentation signed on July 12, 2021, consisting of the Facilities, as amended and restated on July 19, 2023, and as further amended on January 9, 2024

Financial Close means September 2, 2021, being the date of satisfaction of certain conditions precedent under the Facilities Agreement

FRD means fine residue deposit

FS means feasibility study

GEMDL means the De Beers Group Exploration Macro-diamond Laboratory in Johannesburg, South Africa

GHG means greenhouse gas

GISTM means the Global Industry Standard on Tailings Management

ha means hectares

HB means HB Trading BV, as part of the HB Group out of Antwerp, Belgium

HQ means drill core diameter of 63.5 mm

IASB means the International Accounting Standards Board

IFC means the International Finance Corporation

IFRS means International Financial Reporting Standards

IT means information technology

JDS means JDS Energy & Mining, Inc., a company duly incorporated under the laws of British Columbia, Canada

Karowe Mine means the development and mining of the Kimberlite located in the Orapa/Letlhakane district of Botswana, formerly known as the AK6 Project

Karowe Technical Report means the updated NI 43-101 technical report for the Karowe Mine, titled "Karowe Mine – Botswana 2023 Feasibility Study Technical Report", with an effective date of June 30, 2023

Kimberley Process means the international certification scheme that regulates trade in rough diamonds with the intent of removing conflict diamonds from the global supply chain

Kimberlite is a type of igneous rock known for its potential to contain diamonds

LDDH means large diameter drill hole

LGD means laboratory-grown diamonds, also colloquially known as 'synthetic' diamonds

LHS means the proposed "bottom-up" Long Hole Shrinkage mining method

Lobes means the three geologically distinct Kimberlite pipes that coalesce at surface and form the Kimberlite body of AK6 and **Lobe** means any one of them, whether North, Centre or South

LOM means Life-of-Mine

Lucara Botswana means Lucara Botswana Proprietary Limited, an indirect, wholly-owned subsidiary of the Company and the 100% owner of the Karowe Mine

M/PK(S) means the Magmatic/Pyroclastic Kimberlite (South) unit of the AK6 South Lobe

masl means meters above sea level

mbs means metres below surface / shaft collar

MD&A means Management's Discussion and Analysis

MI 61-101 means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* adopted by the Canadian Securities Administrators

MLAs means the mandated lead arrangers, comprised of Africa Finance Corporation, African Export-Import Bank, ING Bank N.V., Natixis, and Société Générale S.A. (SocGen) London Branch

mm means millimetres

Mt/a means million metric tonnes per annum

Nemesia means Nemesia S.a.r.l. a private company controlled by trusts settled by the late Adolf H. Lundin.

NDSA means the New Diamond Sales Agreement, a 10-year diamond sales agreement with HB Antwerp concluded in February 2024, effective retroactively from December 1, 2023, for all qualifying diamonds produced by the Karowe Mine in excess of 10.8 carats in size

NI 43-101 means National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* adopted by the Canadian

Securities Administrators

NI 52-110 means National Instrument 52-110 – *Audit Committees* adopted by the Canadian Securities Administrators

NPV means net present value

NQ means drill core diameter of 47.6 mm

OKF means Orapa Kimberlite Field

Project Facility means the senior secured term loan facility in the principal amount of up to $190,000,000

PwC means PricewaterhouseCoopers LLP

QA/QC means quality assurance/quality control

Rebase Amendments means the amendments to the Facilities Agreement dated January 9, 2024 to adjust the quantum of the Facilities and the repayment profile in line with the rebase schedule on the Underground Project released July 17, 2023

RJC means the Responsible Jewellery Council, the trading name of the Council for Responsible Jewellery Practices Ltd., a global membership and standards body for responsible jewellery throughout the entire supply chain

SEDAR+ means the System for Electronic Document Analysis and Retrieval, being an electronic filing system that allows listed companies to report their securities-related information with the Canadian Securities Administrators

SFD means size frequency distribution

Shareholder Undertaking means a limited standby undertaking of up to $63,000,000 provided by Nemesia under the Facilities Agreement

SOFR means the Secured Overnight Financing Rate

Specials means any single diamond that weighs more than 10.8 carats (irrespective of colour and quality)

SRK means SRK Consulting (Canada) Inc., a company duly incorporated under the laws of British Columbia, Canada

Tomra means TOMRA Sorting GmbH, a company duly incorporated under the laws of Germany

TSX means the Toronto Stock Exchange

Underground Project means the underground development project at the Karowe Mine

Underground Project Debt Financing means the Facilities, a senior secured project financing debt package of $220,000,000 comprised of the Project Facility and the Working Capital Facility

Union means the Botswana Mine Workers Union

US$** or **$ means United States dollars

Working Capital Facility means the senior secured revolving credit facility in the principal amount of up to $30,000,000

XRT means the X-Ray Transmission bulk sorting

Capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the CIM Guidelines.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made in this AIF and in documents incorporated by reference constitute "forward-looking information" and "forward-looking statements" as defined in applicable securities laws (collectively referred to as forward-looking statements). Generally, any statements that express or involve discussions with respect to plans, predictions, expectations, beliefs, projects, objectives, assumptions or future events or performance and often (but not always) using forward-looking terminology such as "anticipates", "assumes", "believes", "budgets", "estimates", "expects", "goals", "intends", "forecasts", "objectives", "plans", "possible", "potential", "projects", "predicts", "scheduled", "strategy" and similar expressions, or statements that actions, events, conditions or results "will", "may", "could", "would", "might" or "should" occur, be taken, or be achieved (or the negative of any of these terms and similar expressions) are statements that relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements.

In particular, forward-looking statements may include, but are not limited to, statements concerning:

- *forecast production, anticipated production grades or diamond size distribution;*
- *the diamond sales, projection and future outlook disclosures, and expectations regarding top-up values;*
- *the impact of supply and demand of rough or polished diamonds, and our expectations regarding global diamond market or price growth;*
- *capital costs, operating costs, unit costs, and other expenditures;*
- *expectations regarding the open-pit mine operation, including the cost and timing of the development of the deposit;*
- *the Company's ability to successfully transition from open-pit mining to underground operations;*
- *the Underground Project schedule and capital, construction and sustaining costs, and the ability of the Company to complete the Underground Project;*
- *the timing, scope and cost of additional grouting events at the Underground Project;*
- *production capacity, planned production levels and future production of our operations, including as envisioned*

following completion of the Underground Project;

- *lateral development contract for the Underground Project, and the budget, costing and scheduling estimations;*
- *the use of existing and new infrastructure at the Karowe Mine;*
- *expectations regarding equipment deliveries;*
- *future prices and price volatility for oil, natural gas, petroleum products and other products required for the operation of the Karowe Mine and the development of the Underground Project;*
- *expectations regarding sustaining capital and existing project expenditures and the related focus areas;*
- *that expected cash flow from operations, combined with proceeds from external financing will be sufficient to complete construction of the Underground Project;*
- *that the estimated timelines to achieve mine ramp-up and full production from the Underground Project can be achieved;*
- *the economic potential of ore stockpiles and that sufficient stockpiled ore will be available to generate revenue prior to the achievement of commercial production from the underground operations at the Karowe Mine;*
- *the expected mine life of our operations and our expectation of an extended mine life to be delivered through the Underground Project or otherwise;*
- *the continued availability and cost of our Facilities, and the Company's ability to maintain the Underground Project Debt Financing prior to maturity;*
- *the Company's ability to comply with the terms of the Facilities used to partially finance construction of the Underground Project, including meeting funding requirements to the CORA;*
- *requirements for and availability of additional capital and access to financing;*
- *our estimates of the quantity and quality of our Mineral Reserves and Mineral Resources;*
- *the economic potential or realization of Mineral Reserve estimates, and the conversion of Mineral Resources to Probable Mineral Reserves;*
- *expected submission and receipt of any future regulatory approvals and the expected timing;*
- *permitting timelines and our expectations regarding the Company's ability to maintain all existing licences, permits and leases;*
- *negotiations and agreements among the Company and the Union, the Company's ability to negotiate a new labour agreement and expectations regarding the associated costs;*
- *financial assurance requirements related to the Underground Project and related agreements;*
- *our planned capital expenditures and capital spending and timing for completion of the Underground Project and other capital projects;*
- *our estimates of reclamation and other costs related to environmental protection;*
- *proposed or expected changes in regulatory frameworks and their anticipated impact on our business;*
- *environmental risks and the Company's ability to comply with environmental and other regulatory requirements;*
- *expectations regarding the Company's ability to dispose of excess water in an environmentally-sensitive manner and any related capital requirements;*
- *the Company's expectations regarding the timing, regulatory and funding of the opportunities to reduce energy use and GHGs;*
- *limitations on insurance coverage;*
- *currency exchange rates;*
- *title matters including disputes or claims and the impact of potential disputes in foreign jurisdictions;*
- *the completion of transactions and timing and possible outcome of litigation;*
- *our environmental, community, health and safety initiatives and procedures;*
- *our long- and short-term sustainability goals and strategies;*
- *the impacts of product traceability and diamond provenance;*
- *expected benefits of the NDSA with HB Antwerp;*
- *our ability to optimize the overall sales strategy for diamonds less than 10.8 carats in size;*
- *the Company's strategies, objectives and goals, including our financial and operating objectives;*
- *information or statements with respect to the Company's ability to continue as a going concern and ensure sufficient liquidity;*
- *risks facing our operations, projects and business as a whole and our expectations regarding planned activities for*

2025; and
- *general business and economic conditions.*

By their nature, forward-looking statements are based on the opinions, assumptions 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 or assumptions 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. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Readers and investors are cautioned not to place undue reliance on such forward-looking information included in this AIF.

Assumptions regarding the costs and benefits of the Underground Project include assumptions that:
- *the Project is constructed, commissioned and operated in accordance with current expectations;*
- *expectations regarding the scheduling of activities for Underground Project in 2025;*
- *estimations around capital costs, the timing, scope and cost of grouting events;*
- *that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Underground Project;*
- *that the estimated timelines to achieve mine ramp up and full production from the Underground Project can be achieved;*
- *the economic potential of mineralized areas; and*
- *expectations that the Underground Project will extend mine life.*

Statements regarding the availability of our Facilities and Underground Project Debt Financing are based on assumptions around:
- *the Company's ability to continue as a going concern;*
- *that we will be able to satisfy the conditions for borrowing at the time of a borrowing request;*
- *the Company's ability to meet its obligations under the Rebase Amendments with its Lenders;*
- *the Company's ability to fill the CORA; and*
- *that the facilities are not otherwise terminated or accelerated due to an event of default.*

Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters, including:
- *that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts or supplies, labour disturbances, interruption in transportation or utilities, or adverse weather conditions; and*
- *that there are no material unanticipated variations in the cost of energy or supplies.*

Further assumptions have also been made regarding, among other things, present and future business strategies and the environment in which we will operate in the future, including assumptions that:
- *demand for diamonds recovers and stabilizes;*
- *anticipated costs and ability to achieve our goals;*
- *forecasts of additional revenues;*
- *future production activity;*
- *that depletion and amortization expense on assets will be affected by both the volume of carats recovered in any given period and the reserves that are expected to be recovered;*
- *that customers and other counterparties perform their contractual obligations;*
- *the impact of the HB and Clara sales arrangements on the Company's projected revenue and sales channels and HB's ability to meet its payment obligations to the Company;*
- *expectations regarding top-up values;*
- *the Company's ability to carry on its production and development activities;*
- *the Company's ability to meet its obligations under property agreements;*
- *the timing and results of drilling programs;*
- *the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting;*

- *construction and operation of the Company's projects, including the Company's ability to continue operating;*
- *the costs of operating and exploration expenditures;*
- *the Company's ability to operate in a safe, efficient and effective manner;*
- *the Company's ability to obtain and retain financing as and when required and on reasonable terms;*
- *dilution and mining recovery assumptions;*
- *assumptions regarding stockpiles;*
- *the success of mining, processing and development activities;*
- *the accuracy of geological, mining and metallurgical estimates;*
- *no significant unanticipated operational or technical difficulties impacting the Company's operations or the Underground Project;*
- *maintaining good relations with the communities where our mine is located;*
- *no significant events or changes impacting the Company relating to regulatory, environmental or health and safety matters;*
- *certain tax matters, including the outcome of tax assessments and the likelihood of recoverability of tax payments made; and*
- *general economic conditions or conditions in the financial markets (including foreign exchange rates, interest rates, the fair value of derivative financial instructions, and inflation rates).*

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Certain risks and uncertainties are beyond our ability to predict or control which may cause actual results to differ materially from those expressed or implied by the forward-looking statements contained in this AIF, including, among others:

- *general global geopolitical, financial and economic conditions;*
- *the potential impacts of economic and geopolitical risks, including potential impacts from the ongoing world conflicts, and the resulting indirect economic impacts, such as strict economic sanction, increased prices for fuel and other commodities, increased volatility in the prices achieved in the rough and polished diamond markets, supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats, a sustained slowdown in growth or demand in some markets not offset by reduced supply or increased demand from other regions;*
- *our continued ability to successfully manage challenges including high inflation and the possibility of a global recession on the Company's business and operations;*
- *acts of the governments where Lucara's offices and operations are located;*
- *risks generally encountered in the permitting and development of mineral properties, ground control problems, adverse weather conditions, process disruptions, equipment malfunctions or technology failures;*
- *future market prices for diamonds;*
- *the supply and demand for rough and polished diamonds and in particular, the demand for rough diamonds greater than +10.8 carats and the polished outcome from diamonds of this size;*
- *ability to maintain obligations or comply with the Facility Agreement;*
- *ability to access capital and liquidity risk;*
- *risks associated with financing requirements;*
- *the potential increase of capital costs relating to the development of the Underground Project and changes in the project parameters or schedule as plans continue to be refined;*
- *the assumptions raised in the updated Karowe Technical Report related to the Underground Project, including the expected development costs, start-up timing, development plans, projected tax benefits and/or expected operational costs;*
- *the successful mitigation of issues inherent in the mining of diamonds, such as theft and diamond damage and breakage;*
- *reliance on HB to polish and sell a significant percentage of the Karowe production (by value);*
- *estimations of Lucara's production and sales volume for the Karowe Mine;*
- *inherent hazards and risks associated with mining operations, places of work, and within Lucara's supply chain;*
- *operational costs, including costs of power, diesel and labour;*

- *operational difficulties, including power failures, failure of plant, equipment or processes to operate in accordance with specifications or expectations and labour disputes;*
- *recovered grade, size distribution and quality of diamonds;*
- *obtaining, maintaining and renewing governmental approvals and permits including but not limited to mining licenses and land-use permits;*
- *the dependence on transportation facilities, infrastructure and information technology systems;*
- *environmental and other regulatory requirements, including changes in the same and ability to obtain all necessary regulatory approvals in the time-frame required;*
- *risks associated with climate change including the impact of extreme weather events on mining operations;*
- *fluctuations in inflation and interest rates, foreign currency exchange rates and tax rates;*
- *the Company's ability to protect its intellectual property, including in foreign jurisdictions;*
- *variation in Mineral Resources and estimation of Mineral Resources, including the continuity of grade, size and value distributions;*
- *risks associated with the production and increased consumer demand for gem-quality LGDs;*
- *dependence on management and technical personnel;*
- *industrial job disturbances;*
- *the failure to recruit and retain skilled employees and maintain key relationships with financing partners, local communities and other stakeholders;*
- *conflicts of interest;*
- *risks associated with volatility in the securities market;*
- *volatility of the trading price for the common shares;*
- *sales of a significant number of common shares in the public markets, or the perception of such sales, could depress the market price of the common shares;*
- *potential dilution of the common shares and existing shareholders;*
- *the availability of an active liquid trading market for the common shares;*
- *investors may lose their entire investment;*
- *global financial conditions that can reduce prices of the common shares and limit access to financing;*
- *competitiveness in the mining industry in general, and the diamond industry in particular;*
- *risks related to property titles;*
- *the Company is required to carry uninsurable risks and the risk that the Company's insurance does not cover all risks;*
- *risks relating to failure to comply with anti-corruption and anti-bribery laws;*
- *risks associated with current and future legal proceedings; and*
- *risks associated with serious diseases and pandemics.*

*Certain of these risks are discussed in Item 5 – "**Risks and Uncertainties**" in this AIF. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and readers are cautioned that other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements due to a variety of risks, uncertainties, and other factors.*

*Readers are therefore cautioned not to place undue reliance on forward-looking statements and the Company disclaims any obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations, or opinions should change, except as required by law. You should also carefully consider the matters discussed under "**Risks and Uncertainties**" in this AIF and in the "**Cautionary Statement on Forward-Looking Statements**" section of our Management's Discussion and Analysis for the year ended December 31, 2024, and subsequent filings, which can be found under our profile on SEDAR+ (www.sedarplus.ca).*

ITEM 1 INTRODUCTION

1.1 DATE OF INFORMATION

All information in this AIF is as of December 31, 2024 unless otherwise indicated.

1.2 CURRENCY

The Company reports its financial results and prepares its financial statements in United States dollars. Unless otherwise indicated, all references in this AIF to "**dollars**", "**US$**", or to "**$**" are to United States dollars. Lucara operates in various jurisdictions and may make references to Canadian dollars as "CAD" or "C$", or Botswana Pula as "BWP". The following table sets forth the daily average exchange rate effective at the close of each such period for one U.S. dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

Year Ended December 31,		
2024	**2023**	**2022**
1.4389	1.3226	1.3592

1.3 ACCOUNTING POLICIES AND FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this AIF is presented in accordance with IFRS as issued by the IASB and as outlined in Part 1 of the CPA Canada Standards and Guidance Collection.

1.4 CLASSIFICATION OF MINERAL RESERVES AND MINERAL RESOURCES

Mineral Resource and Mineral Reserve definitions in this AIF are consistent with those set out in the CIM Definition Standards for Mineral Resources & Mineral Reserves, as required under NI 43-101. Lucara's Mineral Resources and Mineral Reserves are prepared in accordance with the CIM Best Practices General Guidelines and the Best Practice Guidelines for estimating Mineral Resources and Mineral Reserves for rock-hosted diamonds.

According to the CIM definitions:

A Mineral Resource is "*a concentration or occurrence of solid material of economic interest in or on the earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction*".

An Inferred Mineral Resource is "*that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration*".

An Indicated Mineral Resource is "*that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve*".

A Probable Mineral Reserve is "*the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve*".

This AIF is not intended for use in the United States of America and does not necessarily conform to the US SEC rule S-K 1300 which came into effect in January 2021. This rule improved alignment of disclosure requirements with global standards and industry practices. However, investors are cautioned that differences do exist between the CIM rules and guidelines and US SEC rule S-K 1300 and, therefore, should read this report within the Canadian reporting framework.

1.5 SCIENTIFIC AND TECHNICAL INFORMATION

Lucara's Mineral Resource and Mineral Reserve Estimates were prepared by independent Qualified Persons: Dr Herman Grutter of SRK is responsible for the Mineral Resource Estimate (see *Item 4.3.9 – "**Mineral Resource and Reserve Estimates**"* in this AIF) and Brandon Chambers of JDS is responsible for the Mineral Reserve Estimate (see *Item 4.3.9 – "**Mineral Resource and Reserve Estimates**"* in this AIF). Figures presented in this AIF represent depletions of the Resource and Reserve models which formed the basis of the NI 43-101 Technical Report for the Karowe Mine: "*Karowe Mine – Botswana, 2023 Feasibility Study Technical Report*" with an effective date of June 30, 2023, which was made public in March 2024. Ore depletions between 1 July 2023 and 31 December 2024 account for the revised volumes and tonnages reflected in the current Mineral Resource and Reserve Estimates, effective 31 December 2024. Diamond pricing was also updated to reflect current market conditions.

Except where specified otherwise, the disclosure contained in this AIF of a scientific or technical nature has been summarized or extracted from the relevant NI 43-101 compliant technical report(s) describing the Company's mineral properties. Readers are cautioned that the summary of technical information in this AIF should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Technical Report(s) and the summary provided herein is qualified in its entirety by such Technical Report(s). The most recent NI 43-101 Technical Report for the Karowe Mine: "*Karowe Mine – Botswana, 2023 Feasibility Study Technical Report*" with an effective date of June 30, 2023, was compiled and prepared by JDS and authored by: Dr. John Armstrong (Ph.D., P. Geo.), Brandon Chambers (P. Eng), Gord Doerksen (FEC, P. Eng.), William Joughin (Pr. Eng, FSAIMM, FSANIRE), Houmao Liu (Ph.D., PE), , Kelly McLeod (P. Eng.), Matt Moss (P. Eng.), Mehrdad Nazari (MBA, MSc), Cliff Revering (P. Eng.), Justin Teixeira (Pr. Eng.), Lehman van Niekerk (Pr. Eng.), and Kimberley Webb (P. Geo), all of whom are Qualified Persons within the meaning of this term in NI 43-101.

Scientific and technical information in this AIF was reviewed by Dr. Lauren Freeman (Ph.D., P. Geo.), an employee of the Company and a Qualified Person for Mineral Resources under NI 43-101.

ITEM 2 CORPORATE STRUCTURE

2.1 INCORPORATION AND REGISTERED OFFICE

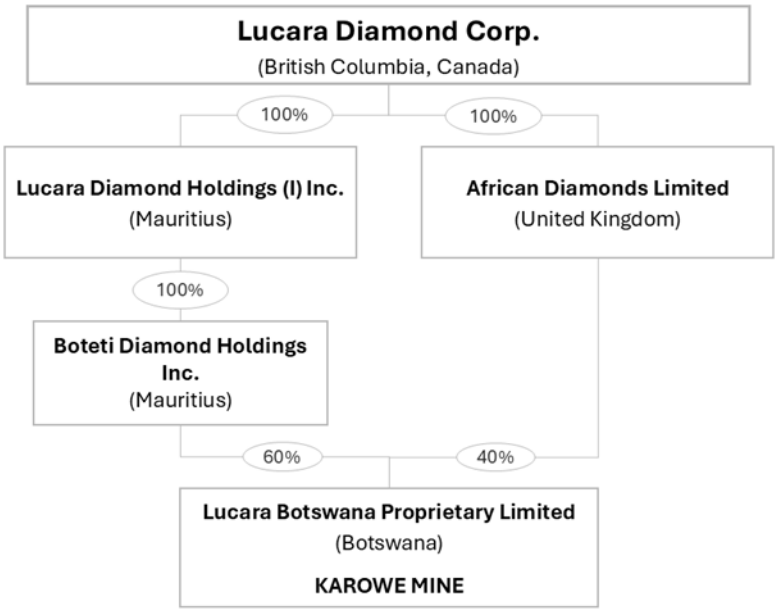
Lucara was incorporated by Articles of Incorporation on July 31, 1981, under the laws of the State of Colorado, USA as "Le/O Oil & Gas, Inc." and subsequently changed its name to "Le/O Enterprises, Inc." on June 3, 1986. In November 1986, the Company acquired all the issued and outstanding shares of Tellis Gold Mining Company, a Colorado corporation. In December 1986, the Company merged with its then wholly-owned subsidiary, Tellis Gold Mining Company, and changed its name to "Tellis Gold Mining Company, Inc.". On January 18, 2002, the Company changed its name to "Bannockburn Resources, Inc.". On April 2, 2004, the Company changed its name to "Bannockburn Resources Limited" and issued 1 new share for every 4 old shares.

On February 25, 2004, the Company domesticated into the State of Wyoming and on August 12, 2004, continued from the State of Wyoming into the Province of British Columbia under the *Business Corporations Act* (British Columbia). On August 14, 2007, the Company changed its name to "Lucara Diamond Corp." and effective as of the same date, the Company issued 5 new shares for 1 old share.

The Company's registered and records office is located at 1133 Melville Street, Suite 3500, Vancouver, British Columbia, Canada V6E 4E5.

2.2 INTERCORPORATE RELATIONSHIPS

Substantially all of Lucara's business is carried on through its various subsidiaries. The following chart illustrates the Company's main subsidiaries, including the jurisdiction of incorporation or organization, and the Company's direct and indirect voting interest in each of these subsidiaries as of December 31, 2024. All these subsidiaries are wholly owned by the Company.



ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

3.1 GENERAL

Lucara supplies rough diamonds to the global market from production generated by its wholly-owned Karowe Mine located in Botswana. Lucara's Provenance Claim is published on our website at www.lucaradiamond.com, and details the origin, verification of source, and traceability of our diamonds, stating that 100% of the diamonds sold by Lucara are natural, untreated, ethically-sourced and originate from the Karowe Mine. In September 2021, an investment to extend the mine life to 2040 through the development of an underground project was approved by the Company's Board. In July of 2023, the Company announced an increase in the expected capital costs associated with the Underground Project as well as an impact to the project schedule, moving the expected commercial production from the Underground Project to H1 2028. In October 2024, Lucara announced the sale of its 100% interest of Clara. In December 2024, Lucara announced its intention to delist the Company's shares from Nasdaq Stockholm Main Market and to simultaneously apply to be listed on the Nasdaq First North Growth Market.

3.2 THREE YEAR HISTORY – MAJOR DEVELOPMENTS

Recent Developments Subsequent to 2024

- On January 21, 2025, the Company recovered a 1,476 carat non-gem diamond, bringing the number of single stones weighing over 1,000 carats that have been recovered from Karowe Mine since operations began to seven (7).
- On January 31, 2025, Lucara began trading on the Nasdaq First North Growth Market following its transition from Nasdaq Stockholm Main Market. The Company had announced its intention to delist from Nasdaq Stockholm and apply for the new listing on December 20, 2024. The last day of trading on Nasdaq Stockholm was January 30, 2025.

- Effective February 21, 2025, Melissa Harmon joined the Board of Directors, bringing with her a wealth of technical expertise and experience relating to both open pit and underground mining operations.

2024

- Alex Tong was appointed as Vice President, Finance on June 1, 2024, following the departure of Jennifer Harmer. Lauren Freeman was appointed as Vice President, Mineral Resources on July 1, 2024.
- On January 9, 2024, the Company executed the Rebase Amendments with respect to the Facilities Agreement to adjust the quantum of the Facilities and the repayment profile in line with the rebase schedule on the Underground Project released July 17, 2023. Parties to the Facilities remained Lucara Botswana as the borrower and the MLAs syndicate as the lenders.
- On February 18, 2024, Lucara entered into a multi-year NDSA with HB, effective retroactively from December 1, 2023, for all qualifying diamonds recovered in excess of 10.8 carats. Under the terms of this agreement, the purchase price paid for +10.8 carat rough diamonds is based on the mutual agreement of the estimated initial polished value, determined through state-of-the-art scanning and planning technology, together with external benchmarks and more than a decade of Lucara's special stone sales data. A top-up is paid to the Company by HB if the actual achieved polished sales price exceeds the estimated initial polished value. A repayment, or “top-down payment”, is made from Lucara to HB if the actual achieved polished sales price is below the initial estimated polished value.
- On March 13, 2024, the Company announced the filing of the Karowe Technical Report for the updated FS, with an effective date of June 30, 2023, prepared by JDS in accordance with NI 43-101 on the Underground Project. The Karowe Technical Report provides an update to the 2019 Underground Project FS and 2021 financed base case to reflect changes to duration, capital expenditure, and technical updates to the Underground Project.
- On August 21, 2024, Lucara recovered a 2,488 carat diamond, subsequently named Motswedi. This was shortly followed by the recovery of a 1,094 carat diamond, subsequently named Seriti, on September 15, 2024.
- On October 4, 2024, the Company sold its 100% interest in Clara. The Company received $3.0 million in cash, less working capital adjustments and the return for cancellation of 10,000,000 Lucara common shares as consideration for the sale. This transaction further eliminated a share issuance obligation of 13,400,000 Lucara common shares tied to certain sales performance metrics, EBITDA performance targets or a change of control of Clara. Under the terms of the definitive sales agreement, the buyers acquired 100% ownership of Lucara's interests in Clara, including all intellectual property rights, commercial contracts, and operating assets. Lucara retains a 3% net profit interest on Clara's net earnings. The Company has granted Clara a 5-year rough diamond supply agreement for stones meeting the size and quality specifications historically sold through the Clara platform. This supply agreement may be terminated after the second anniversary or as otherwise mutually agreed between the parties.
- A total of 807 Specials were recovered, representing 7.6% of total carats recovered by weight, with 32 diamonds greater than 100 carats including seven diamonds greater than 300 carats.
- In 2024, the plant processed a record 2.9 million tonnes of ore and recovered 389,017 carats. Ore and waste of 3.0 million tonnes and 0.9 million tonnes, respectively, for the full year.
- During 2024, a total of 399,215 carats of rough diamonds from the Karowe Mine were sold, generating revenue of $203.9 million, including the sale of the Sethunya, a 549 carat Type IIA white gem quality diamond and the Eva Star, a 1,080 carat Type IIA diamond, for a combined $44.0 million in revenue net of fees, excluding royalties.
- During 2024, the Company invested a total of $82.1 million in the Underground Project, including capitalized borrowing costs. The following milestones were achieved:
    - Shaft sinking and lateral development for the production and ventilation shafts continued to be a focus in 2024. 702 metres were sunk consisting of 375 metres in the production shaft and 327 metres in the ventilation shaft. A total of 464 metres of lateral development was completed, connecting the two shafts at the 670-level and 470-level. Each level is equivalent to a metre above sea level.
    - By December 31, 2024, the production shaft reached 731 mbs of a planned 770 mbs, while the ventilation shaft reached 671 mbs of a planned 722 mbs.
    - Further activities included the construction and pre-commissioning of permanent bulk air coolers, and continued construction of the permanent man and materials winder.

2023

- The Company announced the appointment of William Lamb as President and Chief Executive Officer, effective August 17, 2023, and Glenn Kondo as Chief Financial Officer, effective January 1, 2024, with Eira Thomas and Zara Boldt departing during 2023. Jennifer Harmer was appointed Vice President, Finance in November 2023.
- On July 17, 2023, Lucara announced an updated Underground Project budget and schedule, with a 28% increase in the duration of construction, extending the anticipated commencement of production from the underground from H2 2026 to H1 2028. The revised forecast of costs at completion was $683.4 million, a 25% increase to the May 2022 estimated capital cost of $547 million.
- In August 2023, Lucara recovered a 1,080 carat Type IIa white gem quality diamond, subsequently named the Eva Star, followed by a recovery of a 692 carat Type IIa diamond later in the month. The Eva Star was the fourth +1,000 carat stone recovered from the Karowe Mine.
- In September 2023, Lucara terminated the amended definitive sales agreement with HB due to a material breach of financial commitments by HB, and the parties entered into the NDSA in February 2024, effective retroactively from December 1, 2023.
- In 2023, the plant processed a record 2.8 million tonnes of ore and recovered 395,134 carats. Ore and waste of 2.74 million tonnes and 3.1 million tonnes, respectively, for the full year.
- A total of 602 Specials were recovered, representing 5.3% of total carats recovered by weight, with 22 diamonds greater than 100 carats including five diamonds greater than 300 carats.
- During 2023, a total of 379,287 carats of rough diamonds from the Karowe Mine were sold, generating revenue of $172.4 million.
- During 2023, the Company invested a total of $101.3 million in the Underground Project, including capitalized borrowing costs. The following milestones were achieved:
    - Shaft sinking and grouting programs were the focus in both the ventilation and production shafts in 2023. At the end of 2023, the production and ventilation shafts were both at 348 mbs, or 666 masl. Lateral development commenced in the fourth quarter of 2023 and the process of establishing the first shaft stations and lateral connection between the two shafts (670-level) had commenced.
    - During 2023, the ventilation shaft sank 169 metres, the 718 slinging cubby was completed, the 670-level station was established, and the lateral station development commenced. Total lateral development in 2023 was 97 metres.
    - Production shaft activities included sinking a total of 216 metres and establishing the 670-level station, catwalk and initiating lateral development. A total of 30 metres of lateral development was completed. Further activities revolved around the commissioning of temporary and permanent bulk air coolers as well as the detailed engineering and fabrication of the permanent winders.

2022

- In July 2022, Lukas H. Lundin, the founder and former chairman and director of Lucara, passed away. He had retired from the Board of Directors in May 2022.
- In September 2022, Clara, with the Company as guarantor, entered into a $4.0 million revolving credit facility agreement with FirstRand Bank Limited (acting through its Rand Merchant Bank division) which was used to finance the purchase of additional rough diamond supply for sale on the Clara Platform. Effective July 2024, this Clara revolving credit facility was fully released and cancelled.
- In November 2022, the HB definitive sales agreement was extended for ten years, effective until December 31, 2032. Under this 2022 agreement, Lucara's +10.8 carat production were sold at prices based on the estimated polished outcome of each diamond, determined through scanning and planning technology, with a top-up paid on actual achieved polished sales thereafter, less a fee and the cost of manufacturing.
- During 2022, a total of 327,028 carats from the Karowe Mine were sold generating revenue of $203.8 million.
- The plant processed 2.8 million tonnes of ore in 2022 and recovered 335,769 carats. Ore and waste mined in 2022 was 3.3 million tonnes and 1.5 million tonnes respectively.

- In 2022, 795 Specials were recovered, representing 7.2% of total carats recovered weight including 34 diamonds greater than 100 carats and 9 diamonds greater than 200 carats.
- An investment of $113.1 million in the Underground Project was made in 2022, including capitalized borrowing costs. Several significant milestones were achieved in 2022 including:
    - Substantial completion of surface civil works, including headgear erection and winder installation on time and within budget.
    - Main shaft sinking activities started in both the ventilation and production shafts to depths of 179 mbs and 132 mbs, respectively.
    - Commencement of grouting programs in each shaft during December 2022.
    - Completion and energization of the bulk power upgrade consisting of a 29 km, 132kV power line and the Letlhakane and Karowe substations.
    - Procurement of underground mobile equipment and the signing of a contract for construction and supply of a bulk air cooler.

3.3 PROJECT FINANCING

On July 12, 2021, the Company announced that it had signed the Facilities Agreement in relation to a previously announced Underground Project Debt Financing. On January 9, 2024, the Company's wholly owned subsidiary, Lucara Botswana, with Lucara as the sponsor and the guarantor, amended its debt package that was originally entered into in 2021. While the total quantum of the Facilities has not changed, the repayment profile has been extended in line with the rebase schedule released July 17, 2023. The Facilities, comprised of the Project Facility and the Working Capital Facility, are made available to Lucara Botswana by way of a senior secured term loan facility in the principal amount of up to $190.0 million, the Project Facility, ($170.0 million prior to amendment) and a senior secured revolving credit facility in the principal amount of up to $30.0 million, and the Working Capital Facility, ($50.0 million prior to amendment). As is typical for a facility of this type, Lucara Botswana paid for all pre-agreed fees and expenses reasonably incurred by the MLAs, as well as customary commitment and other fees in connection with making the Facilities available to Lucara Botswana.

The Project Facility may be used to fund the development, construction costs and construction phase operating costs of the Underground Project as well as financing costs in relation to the Facilities. The Project Facility matures on June 30, 2031, with quarterly repayments commencing on September 30, 2028. The Project Facility bears interest at a rate of Term SOFR plus a margin of 6.5% annually for the period until the Underground Project completion date, and 6.0% annually from the Underground Project completion date to June 30, 2029, and 7.0% annually thereafter, with commitment fees for the undrawn portion of the facility of 35.0% of the margin on the average daily available commitment. Under the terms of the Project Facility, Lucara Botswana was required to complete an interest rate swap on 75% of the principal amount of the Project Facility available to manage its exposure to floating interest rates. On December 14, 2021, Lucara Botswana entered into interest rate swap agreements structured around the initial expected Project Facility drawdown schedule in 2021, swapping a LIBOR variable rate interest payment stream for a 1.682% fixed rate interest payment stream on up to $127.5 million on a quarterly basis. The initial interest rate swaps were due to mature on March 31, 2028. Effective June 30, 2023, the interest rate swaps were amended to replace LIBOR with Term SOFR plus a credit adjustment spread.

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

The Working Capital Facility is being used for working capital and other general corporate purposes of Lucara Botswana and is available until June 30, 2031. The Working Capital Facility matures on June 30, 2031, and bears interest at a rate equal to Term SOFR plus margin of 6.5% annually until the Underground Project completion date, 6.25% from project completion to June 30, 2029, and 7.25% annually thereafter; with commitment fees of 35.0% of the margin per annum applicable to the Working Capital Facility on the available commitment for the Working Capital Facility. The outstanding balance must be repaid in full at least once every twelve months for a minimum of five (5) business days.

Following the Rebase Amendments, the Company is required to place $61.7 million in the CORA as a condition of the Facilities Agreement prior to June 30, 2025. The Facilities Agreement includes specific provisions for how and when these funds may be released from the CORA. The CORA balance was $49.1 million as at December 31, 2024. The Company is required to fund the remaining balance with the proceeds from the sale of exceptional stones and excess cashflow from operations. The Facilities are secured by a suite of first ranking security customary for a financing of its nature in Botswana, including security over all assets of Lucara Botswana, subordination of shareholder loans to Lucara Botswana, and a guarantee from the Company and each of its intermediary holding companies located between the Company and Lucara Botswana. The Company's obligations under the guarantee will fall away upon the achievement of the completion of the Underground Project.

Under the terms of the Rebase Amendments, the Company's largest shareholder, Nemesia, provided a Shareholder Undertaking of up to $63.0 million. The Shareholder Undertaking consists of two components: i) a $28.0 million component to support the requirement to fill the CORA to $61.7 million by June 30, 2025, and ii) a $35.0 million component for funding shortfall support occurring up to project completion. As of the date of this AIF, no amounts have been drawn under the Shareholder Undertaking.

In connection with the Rebase Amendments, Nemesia also provided a liquidity support guarantee of up to $15.0 million, in exchange for the Company issuing the Debenture, in the event the Company's cash balance decreased below $10.0 million while discussions with the MLAs were ongoing in 2023. During 2023, the liquidity support guarantee of $15.0 million was fully drawn, and Nemesia was issued a total of 900,000 common shares consisting of 450,000 common shares as consideration for providing the liquidity support guarantee and 450,000 common shares for the Company drawing down on the aforesaid guarantee. In terms of the Debenture, for each $500,000 drawn down under the liquidity support guarantee, the Company is required to issue, subject to the receipt of all required regulatory approvals, 7,500 common shares per month to Nemesia until the amounts borrowed are repaid. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement to the Debenture agreement in terms of which common shares would be issued to Nemesia on a quarterly, instead of a monthly basis. The Debenture matures on August 29, 2029. As at December 31, 2024, a total of 3,952,500 common shares have been issued under the Debenture, which includes the interest payments of 3,052,500 common shares.

In January 2024, with the effectiveness of the Rebase Amendments, $15.0 million was drawn from the Project Facility and contributed to the CORA.

3.4 SIGNIFICANT ACQUISITIONS

Lucara did not make any significant acquisitions during the financial year ended December 31, 2024 that would require the Company to file a Form 51-102F4 Business Acquisition Report under Part 8 of National Instrument 51- 102 – *Continuous Disclosure Obligations*.

ITEM 4 BUSINESS OF LUCARA

4.1 GENERAL

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Diamond Mine in Botswana. The Karowe Mine has been in production since 2012 and is the focus of the Company's operations and development activities. The Karowe Mine recovered a total of 389,017 carats in 2024. More detailed information regarding the Karowe Mine can be found under *Item 4.2* – "***Description of Diamond Mining Business***".

The Company mines high quality rough diamonds from its Karowe Mine in Botswana. The Company sorts the rough diamonds into internationally recognized sales assortments according to a set of criteria (including size, colour, clarity, expected polished yield and value). After valuing the rough diamonds, they are sold from Botswana into various international diamond markets via three sales channels: a sealed bid tender process; through the Clara Platform; or pursuant to the terms of the NDSA with HB.

Karowe's large, high value diamonds that exceed +10.8 carats in size have historically accounted for approximately 60% to 70% of Lucara's annual revenues. In July 2020, Lucara announced its first partnership agreement with HB, entering into a definitive sales agreement for the remainder of 2020, for all diamonds recovered that exceeded +10.8 carats. In April 2021, this agreement was subsequently extended and amended to be effective from January 1, 2021 to December 31, 2022. In the 2021 agreement extension, changes to the payment terms were amended to better reflect the timing of mine production and the manufacturing process. In addition, the amended agreement provided that all +10.8 carat non-gem quality diamonds and all diamonds less than 10.8 carats in weight which did not meet the criteria for sale on Clara would be sold through a quarterly tender. In November 2022, this definitive sales agreement was further extended for a ten-year period to December 31, 2032.

On September 27, 2023, the Company announced the termination of the amended definitive sales agreement between Lucara, Lucara Botswana and HB, due to a material breach of financial commitments by HB. Following extensive negotiations, the parties entered into a 10-year NDSA in early 2024, effective retroactively from December 1, 2023. Under the terms of the NDSA with HB, the purchase price for +10.8 carat rough diamonds shall be based on the mutual agreement of the estimated initial polished value, determined through state-of-the-art scanning and planning technology, together with external benchmarks and more than a decade of Lucara's special stone sales data. A top-up paid to the Company if the actual achieved polished sales price exceeds the estimated initial polished value. A repayment occurs if the actual achieved polished sales price is below the initial estimated polished value.

All +10.8 carat non-gem quality diamonds and all diamonds less than 10.8 carats in weight which did not meet the criteria for sale on the Clara Platform are sold as rough through a quarterly tender process. In 2024, four tenders were held with viewings of the rough diamonds taking place in both Antwerp, Belgium and Gaborone, Botswana. Each tender lasts between seven (7) and ten (10) working days, during which time customers view the assortments and place a confidential electronic bid on desired parcels of their choice, and upon conclusion of the tender, the highest bidder wins the parcel. The Company's rough diamond clients are international diamond buyers based in the major diamond cutting and polishing centres across the globe.

In 2018, the Company purchased Clara. Clara matches individual, scanned rough diamonds to the buyers' optimal polished requirements creating a sale. On October 4, 2024, the Company sold its interest in Clara, including all related intangible assets, but continues to sell stones on Clara that meet the size and quality specifications historically sold through the Clara platform, as agreed in the 5-year rough diamond supply agreement that was also concluded in October 2024. Revenue from Clara sales typically accounts for 2% to 3% of total annual revenue.

The Company will continue to augment its overall sales strategy for Karowe diamonds sized less than 10.8 carats through a combination of Clara and its regular tender process, with the objective of achieving the highest possible price for all diamonds sold.

4.2 DESCRIPTION OF DIAMOND MINING BUSINESS

4.2.1 Specialized Skill and Knowledge

The Company's success at marketing its diamonds depends on the services of its key employees, marketing agents, use of specialized technology in the manufacturing process, and the development and continued relationships with certain third parties, including HB and other diamantaires. The Company employs contractors at its Karowe operation to manage its mining and shaft sinking activities and who are responsible for ensuring that the engineers, skilled miners required to mine Karowe's diamond production are hired. As disclosed in this AIF, the assistance of external experts, such as SRK and JDS, is also retained to complete analytical tests, drilling programs and economic assessments.

4.2.2 Diamond Market

The long-term outlook for natural diamond prices remains cautiously optimistic despite current challenges. While the influx of Angolan rough diamonds and the subdued demand for polished diamonds, especially from China, have led to price corrections, particularly in smaller sizes, the industry sentiment suggests that the market may have reached its bottom

during Q4 2024. A gradual recovery is expected to be driven by increasing demand for larger diamonds due to reduced production, and the overall long-term demand for natural diamonds.

While the diamond market is navigating a period of adjustment, it presents opportunities for strategic adaptation and growth. Indian diamond manufacturers are actively responding to evolving demand dynamics, exploring new markets and product segments, while prices of laboratory-grown diamonds continued to decrease in 2024 with production outweighing demand for these products. Although De Beers and Alrosa's recent price adjustments have not yet spurred a significant uptick in demand, they demonstrate a commitment to market responsiveness and price stability. As the industry moves into 2025, buyers are exercising prudent inventory management while holding firm on polished prices, which could lead to a healthier and more sustainable market in the long run.

See also: *Item 5 – **"Risks and Uncertainties – Global Economic and Geopolitical Risk"**.

4.2.3 Competition

The diamond market has a limited number of suppliers selling to a relatively small number of manufacturers and distributors. Sale prices for diamonds are often kept confidential as there is no widely quoted market for rough diamonds. The prices can be significantly impacted by a single major supplier due to the small number of suppliers.

4.2.4 Production

Lucara is a leading producer of diamonds larger than 10.8 carats, commonly known as Specials. Since 2012, a total of 395 diamonds greater than 100 carats have been recovered, with 27 diamonds greater than 100 carats recovered in 2024 alone. Since 2012, 133 diamonds in excess of 200 carats, and 67 diamonds in excess of 300 carats were recovered. In 2024, 10 diamonds greater than 200 carats, and 5 diamonds in excess of 300 carats were recovered.

Since 2015, seven (7) diamonds larger than 1,000 carats have been recovered from the Karowe Mine, including the 2,488 carat Motswedi and the 1,094 carat Seriti, both discovered in 2024, and a 1,476 carat stone recovered in January 2025. Lucara consistently achieves average diamond prices well above the current industry average ($80 to $90/ct according to WWW International Diamond Consultants, and $112/ct according to Paul Zimnisky) due to the coarse stone size distribution of the Karowe production. In 2024, Lucara achieved an average diamond price of $630 per carat (2023: $452/carat) from revenues received during the year from all three sales channels: a sealed bid tender process, through the Clara Platform and pursuant to the terms of the NDSA with HB.

During 2024, Karowe Mine's twelfth full year of production, 361,673 carats were recovered from 2,850,631 tonnes of ore processed, with an average ROM grade of 12.71 cpht. Ore provenance from South Lobe was 78% of MPKS and 22% of EMPKS. Reprocessing of historical recovery tailings yielded an additional 27,344 carats, bringing the total recovered carats during 2024 to 389,017 carats.

During 2024, a total of 807 Specials (>10.8ct) weighing 27,502 carats were recovered from the Karowe Mine with an average stone size of 34 carats per stone. Overall, Specials accounted for 7.6% weight percent of the total 2024 production from direct milled ore.

4.2.5 Environmental Protection

Lucara is committed to best practices in the areas of sustainable development and environmental stewardship. A description of these commitments can be found in section 4.4 entitled "***Social and Environmental Policies***" in this AIF. A copy of our Responsible Mining Policy, adopted in 2021 and most recently reviewed in August, 2024, can be found in Schedule C of this AIF and on our website at www.lucaradiamond.com.

For a discussion on environmental risks and their potential impact on the Company see "***Environmental and Other Regulatory Requirements***" and "***Uninsured Risks and Insurance Coverage***" under *Item 5* – "***Risks and Uncertainties***" of this AIF.

4.2.6 Employees

At the end of 2024, Lucara had approximately 569 employees in primarily Botswana and Canada. Approximately 1,827 contractors' employees are responsible for ongoing mining operations at the Karowe Mine in Botswana, 516 of whom are involved in the Underground Project. 99% of contractor employees working in the open pit of the Karowe Mine and 73% of contractor employees working in the Underground Project are citizens of Botswana.

The majority of Lucara's employees are located at the Karowe Mine and approximately 99% of the employees who work in the open pit of the Karowe Mine and 93% of the employees who work on the Underground Project are also citizens of Botswana.

4.2.7 Rough Diamond Sales Platform Business

In 2024 and going forward under the 5-year rough diamond supply agreement, the Company uses the Clara Platform to sell a selection of rough diamonds between 1 and 10.8 carats in size from the Company's Karowe Mine that meet specific criteria.

4.3 DESCRIPTION OF MINING PROPERTY – KAROWE MINE, BOTSWANA

Details of the mining license held by Lucara Botswana are set out in the below table:

Project	Interest	Type and No.	Date of Grant	Renewal or Expiry	Area (km^2)
Karowe Mine	100%	Mining License	October 2008 (Updated May 2011, January 2021)	January 2046	15.3

4.3.1 General

Other than the adjustments for production and pit depletion under *Item 4.3.9* – "***Mineral Resource and Reserve Estimates***", updated information related to construction regarding the power supply, production, permit and license extensions and the environmental management plan information under "***Infrastructure, Permitting and Compliance Activities***", updates under "***Exploration, Development and Production***", updates regarding the termination of open pit mine operations under "***Mining Operations***" and 2024 capital and operating cost and annual cash flow information under "***Capital and Operating Costs***", the information in this section which is of a scientific or technical nature has been derived from the following technical report:

NI 43-101 Technical Report for the Karowe Mine: "*Karowe Mine – Botswana, 2023 Feasibility Study Technical Report*" with an effective date of June 30, 2023, compiled and prepared by JDS and authored by: Dr. John Armstrong (Ph.D., P. Geo.), Brandon Chambers (P. Eng), Gord Doerksen (FEC, P. Eng.), William Joughin (Pr. Eng, FSAIMM, FSANIRE), Houmao Liu (Ph.D., PE), , Kelly McLeod (P. Eng.), Matt Moss (P. Eng.), Mehrdad Nazari (MBA, MSc), Cliff Revering (P. Eng.), Justin Teixeira (Pr. Eng.), Lehman van Niekerk (Pr. Eng.), and Kimberley Webb (P. Geo), all of whom are Qualified Persons within the meaning of this term in NI 43-101.

A copy of the above-mentioned technical report is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

In January 2021, the mining license for the Karowe Mine was extended for 25 years, from its initial expiry in October 2023 to January 2046. The extension of the mining license is sufficient to cover the remaining open-pit life, currently planned to 2026, and the expected life of the Underground Project, currently planned to 2040. Please refer to "***Licenses, Permits and Approvals***" under *Item 5* – "***Risks and Uncertainties***".

4.3.2 Project Description

The Karowe Mine is an existing open pit mine and processing facility located in Central Botswana. The Karowe Mine began commercial operations in July 2012 and currently operates at circa 2.7 Mt/a of feed to the processing plant.

The in-situ open pit reserve is planned to be fully depleted by Q4 2025. The Karowe Mine currently has 10.68 million tonnes of Kimberlite stockpiled on surface, 8.4 million tonnes of which are in the 2024 Mineral Reserve Estimate (see *Item 4.3.9 – "**Mineral Resource and Reserve Estimates**"* in this AIF). The updated FS evaluates extending the LOM by establishing underground mining production after depletion of the open pit. Surface ore stockpiles are planned to bridge the production gap between the closing of the open pit and the start of underground production. Stockpiles are also used opportunistically through the mine life to balance feed to the processing plant.

The expansion in the underground is summarized as follows:

- Mining:
  - Extraction of the South Lobe only as the extensions, at depth, of the North and Centre lobes are of insufficient tonnage and value to support underground mining below the open pit;
  - Blind sinking an 8.5-metre diameter, concrete lined, production shaft approximately 740 m deep equipped to hoist a nominal 7,400 tonne per day of ore and additional development waste;
  - Blind sinking a 6 m diameter, concrete lined, unequipped ventilation shaft; Bulk stoping utilizing mass long hole shrinkage mining – a form of fully assisted "caving";
  - Hoisting of 37 Mt of underground ore mined at a grade of approximately 14.2 cpht providing 5.2 Mct recovered (underground only); and
  - Extraction of approximately 400 m vertical of the South Lobe of the AK06 Kimberlite from 310 masl (or 700 mbs) to the bottom of the depleted open pit (approximately 710 masl or 300 mbs).
- Processing ore through the existing processing plant at a throughput of 2.7 Mt/a;
- An eight-year underground construction period beginning 2020 and ending in 2027; and
- 15 years of planned underground mining operations from 2028 through 2042.

4.3.3 Location, Access and Ownership

Karowe Mine encompasses approximately 1,523 ha in the Central District of Botswana, 23 km west of the idle Letlhakane diamond mine and 25 km south of the operating Debswana Orapa diamond mine.

The geographic coordinates of the Karowe Mine are 25° 28' 13" E / 21° 30' 35" S.

The Karowe Mine is accessed via a well maintained, 15 km all-weather gravel road from the paved A14 Highway connecting Serowe to Orapa. Letlhakane is the closest village located at the junction of the mine road with the A14 Highway and can be accessed from the major cities of Gaborone and Francistown by paved roads. The closest airport that is serviced by limited commercial flights is in Francistown, approximately 200 km away or a 2.5-hour drive. Several international commercial flights per day, mainly from Johannesburg and Cape Town utilize the airport in Maun which is about 350 km (4-hour drive) from the Karowe Mine. There is also an airstrip within the nearby Debswana controlled Orapa Township. The Karowe Mine has its own operational 1,500 m gravel airstrip but does not support international flights at the time of this AIF.

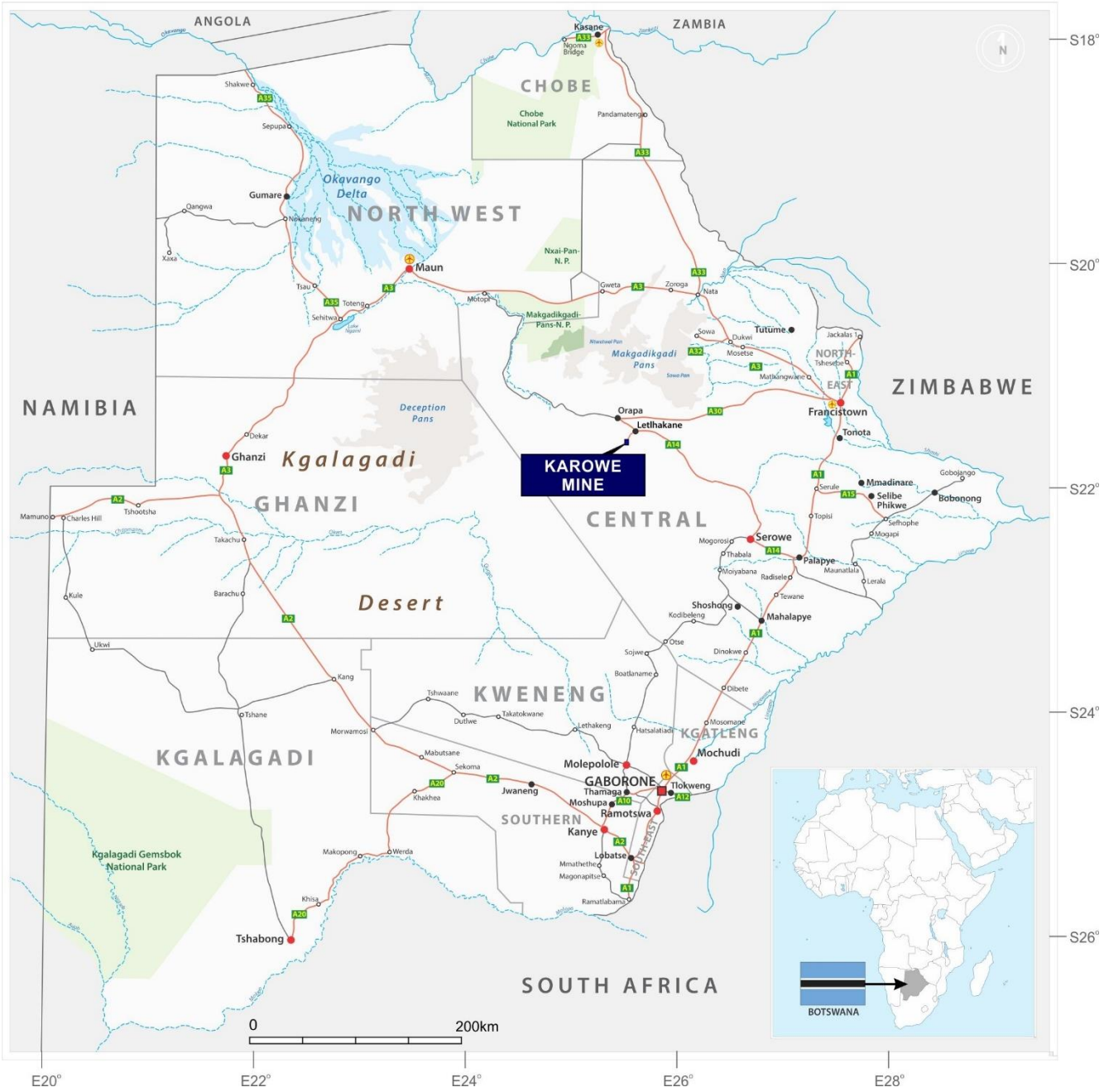
Mineral Rights in the Republic of Botswana are held by the State. Commercial mining occurs under mining licenses issued by the Ministry of Mineral Resources, Green Technology and Energy Security. Lucara has a 100% interest in the Karowe Mine through its indirect, wholly owned subsidiary, Lucara Botswana, and operates under Mining License 2008/6L. In January 2021, the mining license for the Karowe Mine was extended to January 2046; the extension provides for the operation of an underground mine at the mine site.

Lucara Botswana has obtained common law land rights for the surface area of the mining license and for the access road.

These rights will expire concurrently to the expiry of Mining License 2008/6L.

There are no known significant or anomalous factors or risks that may affect access, title or the right or ability to perform work on the Karowe Mine. Current environmental liabilities comprise those to be expected of an active mining operation. These include the open pit, processing plant, infrastructure buildings, a tailings dam and waste rock storage facilities. Please refer to "***Licenses, Permits and Approvals***" under *Item 5* – "***Risks and Uncertainties***".

Location of the Karowe Mine in Botswana:



4.3.4 History

The AK6 Kimberlite was discovered by De Beers Botswana Mining Company (Pty) Ltd. (together with its affiliate, De Beers Prospecting Botswana (Pty) Ltd., "De Beers") in 1969 during part of the same exploration program that, between 1967 and 1970, discovered the Orapa Kimberlite (named AK1) and the Letlhakane Kimberlites (DK1 and DK2). This program led to a series of other Kimberlite discoveries in the Orapa region. Commercial production at Karowe Mine was achieved in July 2012 and the mine has operated continuously since that date.

Little data from the initial discovery and evaluation of the AK6 Kimberlite is available, but it is known that the discovery was made from the interpretation of an aeromagnetic survey. In April 2000, De Beers was granted a prospecting licence, PL 13/2000, covering an area of 9.95 km^2 over the AK6 Kimberlite. Results from three small diameter percussion boreholes indicated the existence of the North and Central Lobes for the first time. In December 2003, De Beers started a program of five 12¼" boreholes intended to collect a 100-tonne bulk sample which yielded encouraging results. The drilling was completed in February 2004.

On April 17, 2004, a joint venture heads of agreement was entered into between Kukama Mining and Exploration (Pty) Ltd. and De Beers for seven prospecting licenses in the Orapa area, including prospecting licence, PL 13/2000 and AK6. A twelve-month work program was carried out per the agreement, which resulted in the signing of a formal joint venture agreement on October 20, 2004, and the incorporation of Boteti Mining (Pty) Ltd. ("Boteti"), later renamed to Lucara Botswana. Mining Licence 2008/6L was issued effective from October 28, 2008.

Lucara purchased a 70.268% interest in Boteti from De Beers in November 2009 for $49 million. Approval by the Government of Botswana, which, under the Mines and Minerals Act Section 50, was a condition precedent for this transaction, was given on December 18, 2009. In April 2010, African Diamonds Limited ("African Diamonds") exercised its option to increase its interest by 10.268% at a cost of $7.3 million. In addition, African Diamonds acquired Wati Ventures and its interest of 1.351% to bring their total shareholding in Boteti up to 40%. On December 20, 2010, Lucara secured a 100% interest in the AK6 Project pursuant to an arrangement which combined the Company with African Diamonds under a British court-approved scheme of arrangement.

In November 2010, a plan was approved for the construction of the Karowe Mine with full commissioning targeted for early 2012. In December 2011, the AK6 Project was renamed the Karowe Mine and construction of the mine was substantively completed by the end of March 2012. The first production diamonds were recovered in April 2012. The commencement of full commercial production at the Karowe Mine was declared as of July 1, 2012, and by August 2012 the mine had ramped up to full production.

4.3.5 Exploration

Early evaluation and advanced exploration work done on the AK6 Kimberlite from 2003 until 2008 is summarized in the Karowe Technical Report. All advanced exploration work was carried out by De Beers, the previous operator, and Boteti (now, Lucara Botswana).

In 2016 and 2017, two core drilling programs were conducted on the AK6 Kimberlite by Lucara Botswana. The combined 12,272 metres drilled provided additional pierce points and geological information for the deeper portion of the South Lobe.

In 2018 and 2019, a combined geotechnical and delineation drill program to support the FS was conducted by Lucara Botswana with 37 drill holes for a total of approximately 22,000 metres being drilled.

4.3.6 Drilling

Beginning in late 2003, extensive drilling works were undertaken on the AK6 Kimberlite. The drilling can be assigned to three main categories: (i) core drilling to delineate the extent of the Kimberlite and to map its internal geological domains and their respective densities; (ii) LDDH to obtain large Kimberlite samples to support estimates of diamond grade and value; and (iii) pilot core drilling adjacent to LDDH to confirm the geology and Kimberlite units sampled.

Two drill programs were completed in 2017 to support further evaluation of the deeper portion of the South Lobe between

400 and 600 masl, and to provide geotechnical information on host rock stratigraphy and physical properties. A total of 12,272 metres were completed from 15 drill holes. For certain holes survey of azimuth and dip could not be completed (5 holes) to the base of the hole due to hole collapse and compression. Survey of azimuth and dip also produced highly irregular results in two holes. These drill holes with unreliable survey data were not used to support geological modelling.

During 2018 and 2019, a total of 37 core holes were drilled for geotechnical and delineation purposes. The drilling provided geological information below 400 masl within the South Lobe to support further evaluation and geotechnical data in connection with the Underground Project. Drilling was also conducted to provide geotechnical information on host rock stratigraphy and geotechnical data on potential underground infrastructure locations.

A shaft geotechnical drilling program took place in 2020. It consisted of two vertical diamond core drill holes designed to trace the proposed underground mine shaft alignments along their entirety. Drill hole VS_GT_DD001 was collared at the approximate centre of the proposed ventilation shaft and was drilled to a final depth of 746.5 metres and drill hole PS_GT_DD001 was collared at the approximate centre of the proposed production shaft and was drilled to a final depth of 768 metres.

The below table illustrates the historical exploration programs:

Program	Work Completed	Duration
Early Evaluation	- 5 x 12¼" large diameter drillholes totalling 679 m, 97 t bulk sample - DMS and diamond recovery - Geophysical surveys	2003 - 2005
Phase 1 Advanced Exploration	- 44 x 6½" percussion holes for delineation totalling 4,575 m - 12 x cored boreholes (NQ) as LDDH pilots, totalling 2,980 m - 17 x inclined boreholes (NQ) for delineation totalling 6,904 m - 13 x 23" LDDH totalling 3,699 m - DMS processing and diamond recovery from 1,775 t	2005 - 2006
Phase 2 Advanced Exploration	- 11 x cored boreholes (NQ) as LDDH pilots totalling 4,181 m - 29 x inclined boreholes (NQ) for delineation totalling 8,679 m - 12 x 23" LDDH totalling 4,265 m - Trench bulk sampling at surface - DMS processing and diamond recovery from 2,235 t	2006 - 2008
Delineation and Geotechnical Drilling	- 15 x cored borehole (HQ and NQ) totalling 12,272 m - 916 microdiamond samples (7,315 kg)	2016 - 2017
Delineation and Geotechnical Drilling	- 37 x cored boreholes (HQ and NQ) totalling 23,958 m - 153 microdiamond samples (1,232.8 kg)	2018 - 2019
Shaft Investigation	- 2 x cored boreholes (NQ) totalling 1,514 m	2020 - 2021

A third phase of delineation and geotechnical drilling in South Lobe will commence in Q2 2025, including 18 planned drillholes (approx. 8,400m HQ), primarily targeting areas of long-term infrastructure around the underground extraction level. Whilst the main objective of this drilling program is to acquire additional geotechnical information, the drilling program was designed to also contribute to the understanding of the distribution and orientations of the minor units within the main Resource domains (which may potentially affect ground stability), and to increase confidence in geological continuity in areas of the pipe where drillhole coverage is sparser.

The bulk of the drillholes in this new phase of drilling will be collared within the current open pit, to maximise Kimberlite coverage and to provide the required pierce points and country rock intersections for underground infrastructure placement. Drilling from within the open pit, where current mining operations will be ongoing, will pose certain scheduling challenges. These have been built into the program schedule and will not affect mining operations. Approximately half of the drillholes are expected to be completed in 2025, and the remainder in 2026.

New drillhole core will be systematically sampled for petrographic studies and the 2019 geological models will be updated on completion of the program and associated geological studies. Additional microdiamond analyses (MiDA) have not been budgeted for 2025/6 and, pending results of the petrographic studies, a decision will be made regarding any future MiDA campaigns.

4.3.7 Geological Setting, Mineralization and Deposit Types

Local and Regional Geology

The Karowe Mine is mining the AK6 Kimberlite which is part of the Orapa Kimberlite Field ("OKF") in the Central District of Botswana. The OKF includes at least 83 Kimberlite bodies of post-Karoo age. Three of these (AK1, BK9, and AK6) have been or are currently being mined and four (BK1, BK11, BK12 and BK15) are recognized as potentially economic deposits.

The country rock at the Karowe Mine is sub-outcropping flood basalt of the Stormberg Lava Group, underlain by a condensed sequence of Upper Carboniferous to Triassic sedimentary rocks of the Karoo Supergroup, below which is the granitic basement. The Jurassic (180 Ma) basalts, which are very extensive and underlie much of central Botswana, lie unconformably on the sedimentary succession but are stratigraphically part of the Karoo Supergroup.

Rocks close to surface are typically extensively calcretized and silcretized due to prolonged exposure on a late Tertiary erosion surface (the African Surface) which approximates to the present-day land surface. There are few outcrops in the Letlhakane area, as the bedrock is concealed by several metres of aeolian sand of the Kalahari Group, reflecting the area's position on the edge of the Tertiary Kalahari Basin. To the south and west of the OKF, the bedrock may be overlain by up to 40 metres of Kalahari Group sediments.

The OKF lies on the northern edge of the Central Kalahari Karoo Basin along which the Karoo succession dips very gently to the SSW and off-laps against the Precambrian rocks which occur at shallow depth but are seldom exposed within the Makgadikgadi Depression. The condensed Karoo succession has a total thickness of around 600 m and is best preserved in WNW-ESE oriented grabens.

Property Geology

Country rock stratigraphy consists of a sequence of almost flat lying sedimentary and volcanic units, the thicknesses and depths from surface of which are tabulated below:

Depth from Surface (m)	Stratigraphic Unit
Surface - ~8m	Kalahari Group
~8m - 135m	Karoo Group
135m - 255m	Lebung Group
255m - 360m	Tlhabala Formation
~360m - ~480m	Tlapana Formation
>480m	Granitic Basement

Source: Modified after McGeorge et al. (2010)

Kimberlite Geology

AK6 is a roughly north-south trending elongate Kimberlite body with a surface expression of ~3.3 ha and maximum area of ~8 ha at approximately 120 m below surface. It comprises three geologically distinct, coalescing pipes known as the North, Centre and South Lobes that taper with depth into discrete root zones. The North and Centre Lobes taper quite sharply, whereas the South Lobe is more cylindrical at depth. The South Lobe is the largest of the three lobes and makes up the bulk of the resource. The Karowe Mine is one of the world's most significant producers of large and high-value diamonds including Type IIa and coloured diamonds.

The Kimberlite in each lobe is different, in terms of its textural characteristics, relative proportion of internal country rock dilution, degree of weathering and alteration, as well as the characteristics of mantle-derived components including the diamond populations. The South Lobe is distinctly different from the North and Centre Lobes which are similar in terms of their geological characteristics. The South Lobe is broadly massive and more homogeneous than the North and Centre Lobes which exhibit greater textural complexity and more variable and higher proportions of internal country rock dilution.

The Kimberlite in each lobe has been grouped into mappable units based on its geological characteristics and interpreted grade potential, including separation of material with very high-country rock xenolith dilution (historically referred to as breccias). This is based primarily on extensive drill core logging and core photo review, supported by petrographic studies of representative samples, as well as historical analysis and interpretation of groundmass spinel composition and whole-rock geochemical analysis (Stiefenhofer and Hanekom, 2005; Hanekom et al., 2006; Tait and Maccelari, 2008; MSC18/005R; SRK, 2019). The main geological features of each unit are summarized below. Unless otherwise stated, the Kimberlite terminology and olivine and country rock xenolith size and abundance descriptors used are from Scott Smith et al. (2013, 2018). Note that historical unit names have been maintained for consistency with previous reporting. Minor new units identified in the South Lobe since 2017 are denoted by nongenetic, numbered codes (e.g., KIMB1).

Note that the upper calcretized and weathered horizons in each lobe have now been mined out. Zones of high-country rock dilution (breccias) are present in each lobe; they appear to be largely restricted to the upper weathered, now-depleted portion of the South Lobe, whereas in the Centre and North Lobes they extend to greater depths.

The below table shows the Kimberlite units identified in the AK6 Kimberlite:

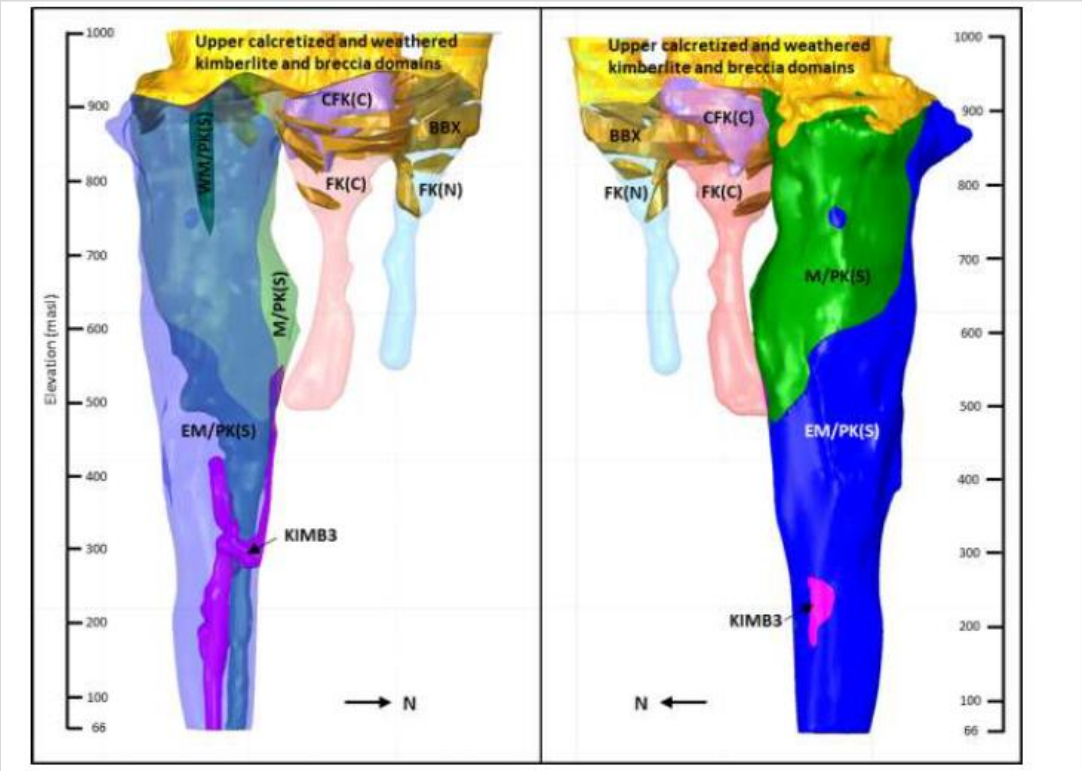
Lobe	Unit	Domain	Description
North	BBX	BBX(N)	Country rock breccia
	CKIMB	CKIMB(N)	Calcretized Kimberlite
	FK(N)	FK(N)	Fragmental Kimberlite
	KBBX	KBBX(N)	Kimberlite and country rock breccia
	WBBX	WBBX(N)	Weathered country rock breccia
	WK	WK(N)	Weathered Kimberlite
Centre	BBX	BBX(C)	Country rock breccia
	CFK(C)	CFK(C)	Carbonate-rich fragmental Kimberlite
	CKIMB	CKIMB(C)	Calcretized Kimberlite
	FK(C)	FK(C)	Fragmental Kimberlite
	KBBX	KBBX(C)	Kimberlite and country rock breccia
	WBBX	WBBX(C)	Weathered country rock breccia
	WK	WK(C)	Weathered Kimberlite
South	BBX	BBX(S)	Country rock breccia
	CBBX	CBBX(S)	Calcretized country rock breccia
	CKIMB	CKIMB(S)	Calcretized Kimberlite
	EM/PK(S)	EM/PK(S)	Eastern magmatic/pyroclastic Kimberlite
	INTSWBAS	INTSWBAS(S)	Large internal block of basalt
	M/PK(S)	M/PK(S)	Magmatic/pyroclastic Kimberlite
	WBBX	WBBX(S)	Weathered country rock breccia
	WK	WK(S)	Weathered Kimberlite
	WM/PK(S)	WM/PK(S)	Western magmatic/pyroclastic Kimberlite
	KIMB1*	n/a	Volumetrically minor hypabyssal Kimberlite
	KIMB3	KIMB3	Minor hypabyssal Kimberlite; increasing volume below 500 masl
	KIMB4a	EM/PK(S)	Localized variant of EM/PK(S)
	KIMB5*	n/a	Volumetrically minor hypabyssal Kimberlite
	KIMB6*	n/a	Volumetrically minor hypabyssal Kimberlite

	KIMB7*	n/a	Volumetrically minor Kimberlite

*Minor units are included in the major domain models; same applies to KIMB3 intersections not included in the KIMB3 domain. Units occurring in more than one lobe (e.g., BBX, CKIMB, WK) are modelled as separate domains for each lobe (denoted by N, C or S suffix) in the geological model. *Source: SRK (2023)*

The current geological model was first presented in Doerksen et al. (2019) as an update to the Nowicki et al. (2018) model based on the 2018/2019 FS drilling program and no additional updates have been made. The 2019 update involved revisions to the pipe margin to reflect mining gains in all three lobes, and changes to the pipe shell and internal domain model of the South Lobe based on 2018/2019 core drilling. The most significant changes were extension of the base of the model by 190 metres (from 256 to 66 masl), reduction in the volume of M/PK(S) below 500 masl, and modelling of an additional internal domain encompassing the areas where drilling to date indicates KIMB3 is most prevalent. The pipe shells of the North and Centre Lobes were also updated based on the 2018/2019 core drilling. The upper ~70 to 100 m of calcretized and weathered Kimberlite and country rock breccia units, which are now mined out, are shown in a single colour. Some domains are rendered transparent to display the internal domains.

The below figure illustrates the internal geological domains of the AK6 Kimberlite:



Source: SRK (2023)

Deposit Types

This section is taken from Nowicki et al. (2018). The primary source rocks for diamonds that are presently being mined worldwide are Kimberlites, orangeites and lamproites. All of these are varieties of ultramafic (i.e., Fe and Mg-rich, Si-poor) volcanic and subvolcanic rocks defined by different characteristic sets of minerals. Of these rocks, Kimberlites represent the vast majority of primary diamond deposits that are currently being mined.

Kimberlites are mantle-derived, volatile-rich (H2O and CO2) ultramafic magmas that transport diamonds together with fragments of mantle rocks from which the diamonds are directly derived (primarily peridotite and eclogite) to the earth's surface from great depths (>150 km depth). They are considered to be hybrid magmas comprising a mixture of

incompatible-element enriched melt (probably of carbonatitic composition) and ultramafic material from the lower lithosphere that is incorporated and partly assimilated into the magma.

Coherent (previously termed magmatic) Kimberlites are the products of direct crystallization of Kimberlite magmas, and typically comprise olivine set in a fine-grained crystalline groundmass made up of serpentine and/or carbonate as well as varying amounts of phlogopite, monticellite, melilite, perovskite and spinel (chromite to titanomagnetite), and a range of accessory minerals. While some olivine crystallizes directly from the Kimberlite magma emplacement (to form phenocrysts), Kimberlites generally include a significant mantle-derived (xenocrystic) olivine component that typically manifests as large (>1 mm) anhedral crystals. In addition to mantle derived olivine, Kimberlites also commonly contain other mantle-derived minerals, the most common and important being garnet, chrome-diopside, chromite and ilmenite. These minerals, referred to as indicator minerals, are important for Kimberlite exploration and evaluation as they can be used both to find Kimberlites (by tracing indicator minerals in surface samples) and to provide early indications of their potential to contain diamonds.

The style of emplacement of Kimberlite at or just below the surface of the crust is influenced by many factors which include the following:

- Characteristics of the magma (volatile content, viscosity, crystal content, volume of magma, temperature, etc.);
- Nature of the host rocks (i.e., unconsolidated mud versus hard granite);
- Local structural setting;
- Local and regional stress field; and
- Presence of water.

Kimberlites occur at surface as either sheet-like intrusions (dykes or sills) or irregular shaped intrusions and volcanic pipes. The sheets and irregular intrusions are typically emplaced along pre-existing planes of weakness in the country rock. Their emplacement does not involve explosive volcanic activity, and thus they are generally comprised of texturally unmodified coherent Kimberlite. In contrast, the pipes are generated by explosive volcanic activity related to the degassing of magma, or the interaction of magma and water, or a combination of both of these processes. This explosive volcanic activity typically produces pieces or clasts of the Kimberlite magma (and all the enclosed rock and mineral grains and fragments therein), as well as pieces of the country rock in which it was emplaced. Deposits derived directly or indirectly from volcanic processes which texturally-modify the primary components of Kimberlite magma are termed volcaniclastic Kimberlite.

Due to the wide range of settings for Kimberlite emplacement, as well as varying properties of the Kimberlite magma itself (most notably volatile content), Kimberlite volcanoes can take a wide range of forms and be infilled by a variety of deposit types. Volcanic Kimberlite bodies range in shape from steep-sided, carrot-shaped pipes (diatremes) to flared champagne-glass or even “pancake”-like crater structures. While diatremes are often interpreted to be overlain by a flared crater zone, there are few instances where both diatreme and crater zones are preserved (e.g., Orapa Kimberlite in Botswana; Fox Kimberlite at Ekati). Kimberlite volcanoes are infilled by a very wide range of volcaniclastic Kimberlite types, ranging from massive, minimally modified (texturally) pyroclastic Kimberlite, to highly modified pyroclastic and resedimented volcaniclastic deposits that have been variably affected by dilution, fragmentation, sorting, and elutriation (removal of fines).

Diamonds are xenocrysts within Kimberlite as they are primarily formed and preserved in the deep lithospheric mantle (depths > ~150 km), generally hundreds of millions to billions of years before the emplacement of their Kimberlite hosts. The diamonds are “sampled” by the Kimberlite magma and transported to surface together with the other mantle-derived minerals described above. In general, diamonds can vary significantly within and between different Kimberlite deposits in terms of total concentration (commonly expressed as carats per tonne or carats per hundred tonnes), particle size distribution and physical characteristics (e.g., colour, shape, clarity and surface features). The value of each diamond, and hence the overall average value of any given diamond population, is governed by the size and physical characteristics of the stones.

The overall concentration of diamonds in a particular Kimberlite deposit is dependent on several factors including:

- The extent to which the source magma has interacted with and sampled potentially diamondiferous deep lithospheric mantle;
- The diamond content of that mantle (diamonds are only present locally and under specific pressure temperature conditions in the mantle;
- The extent of resorption of diamond by the Kimberlite magma during it ascent to surface and prior to solidification;
- Physical sorting and/or winnowing processes occurring during volcanic eruption and deposition; and
- Dilution of the Kimberlite with barren country rock material or surface sediment.

The diamond size distribution characteristics of a Kimberlite deposit are inherited from the original population of diamonds sampled from the mantle but can be affected by a number of secondary processes, including resorption during magma ascent and sorting during eruption and deposition of volcaniclastic Kimberlite deposits.

The physical characteristics of the diamonds in a Kimberlite deposit are largely inherited from the primary characteristics of the diamonds in their original mantle source rocks but can be affected by processes associated with Kimberlite emplacement. Most notable of these are:

- Chemical dissolution (resorption) by the Kimberlite magma resulting in features ranging from minor etching to complete dissolution of the diamonds;
- Formation of late-stage coats of fibrous diamond either immediately prior to or at the early stages of Kimberlite emplacement; and
- Physical breakage of the diamonds during turbulent and in some cases explosive emplacement processes.

4.3.8 Sampling, Analysis and Data Verification

Historical De Beers LDDH Reverse Flood, 23" Drill Samples

The LDDH samples were collected during De Beers' Phase 1 and 2 advanced exploration program and form the basis of the grade estimate above 604 masl. Sample material recovered from drilling was de-slimed to +1.0 mm at the drill using a vibrating screen. The undersize screen was monitored for loss of +1.0 mm material, and if observed, the drill was stopped until the problem was addressed. The sample was collected from the screen in cubic metre sample bags, under the supervision of a geologist. It was then transported to the DMS plant at the De Beers Letlhakane camp by truck, also under the charge of the geologist. At the camp, the responsibility for the samples was passed to the plant foreman. The processing plant was a 10 t/hr mobile DMS unit. A total of 4,010 t of +1 mm sample were processed, yielding 306 t of concentrate. The Central and North Lobe concentrate yields averaged 1.1%, while yields from the South Lobe were higher, with averages of between 6 and 8%. Following DMS processing, the concentrates were collected in plastic drums, which were sealed with security tags and stored within a secure cage. The drums were then placed in sea containers with infra-red motion detector surveillance. Concentrates were transported to GEMDL in Johannesburg inside sealed shipping containers that were carried on flatbed trucks. The loading of the trucks was supervised by Debswana security and the Letlhakane police. Both Debswana security and the Letlhakane police escorted the trucks to the Botswana / South Africa border.

Once cleared through customs, the trucks were escorted within South Africa by De Beers security officials. The documentation accompanying the concentrates was in accordance with the Kimberley Process. Diamond recovery was carried out at GEMDL in Johannesburg. The diamond recovery parameters at GEMDL were the same for all phases. The GEMDL facility was fully ISO17025 certified at the time of sample processing. The recovery area of the GEMDL was a security "red area" and subject to access control, three tier surveillance and hands-off processing. The concentrates arrived at GEMDL in the same sealed 50 litre drums they had left the sample plant in. Samples weighing 10 kg or more (wet) were treated through the main processing section. Drums within one specific sample were combined to expedite treatment and ease of handling. Material of -4 mm was passed through a dry X-ray sorting process with subsequent magnetic scalping of the X-ray tails to recover non-luminescent diamonds. Material +4 mm was passed through a wet X-ray process with the X-ray tailings dispatched as process tailings.

Diamond sorters removed diamonds from the prepared sample fractions. This was done inside secure glove boxes and recovered diamonds were placed into magnetically sealed diamond canisters. All of the X-ray concentrates were sorted three times, and non-magnetic fractions were sorted once or twice. The sorting efficiency was set at 98% diamond recovery (per carat weight).

Recovered diamonds were sent to the final sorting section and stripped concentrate tailings to the hand sort tailings packaging section. A de-falsification process was carried out to remove mis-identified material, where necessary an infra-red spectrometer was used to confirm diamond.

All equipment and floors were purged between consignments. For quality assurance, tracer diamonds were added to the sample by an external monitoring team. After de-falsification, the monitor diamonds were removed. The diamonds were then sent to Harry Oppenheimer House in Kimberley, South Africa, for acid cleaning, re-sieving and final weighing to record stone counts and carat weights per Diamond Trading Company sieve size class. The X-ray tailings were reconstituted and put into 50 litre blue plastic drums, packed into 6 m shipping containers, and returned to site.

Bulk density measurements were carried out on core samples using a water immersion method, by taking a 15 cm length of core and weighing it in air and in water, drying the sample prior to reweighing and calculating moisture to derive wet and dry bulk densities (McGeorge et al., 2010). Details of the procedures followed are not available, but the general approach used by De Beers is in line with industry best practice.

The historical microdiamond dataset for AK6 (77 samples, 1,436 kg) derives from both core and reverse circulation drill chip material. The methods by which these samples were processed, and microdiamonds recovered are not known and the results are not considered reliable.

Petrography Samples

All petrography samples collected in 2017 and 2019 were labelled with the drillhole number, depth and way-up direction by Boteti or Lucara Botswana geologists. No further sample preparation was carried out on site. Petrography samples were shipped to Vancouver Petrographics Ltd. (2017) and Precision Petrographics Ltd. (2019) for processing under the “dry” petrographic sample preparation method. A polished slab preserved with epoxy and two thin sections (standard and wedged) were produced for each sample, for examination under Nikon binocular and petrographic microscopes. Polished slabs, off-cuts and thin sections are in storage at the SRK Consulting office in Vancouver, Canada.

Bulk Density Samples

All bulk density sample processing in 2017 was carried out on site by Boteti geologists. Sample masses were recorded at an on-site laboratory and sample volumes were determined by a water immersion method as per Lipton (2001). No drying of samples was carried out; the bulk density measurements collected in 2017 are not of dry bulk density, and a minor adjustment to account for moisture content (and ensure compatibility between the new and historical datasets) was carried out.

The bulk density data used for estimation at the Karowe Mine derives from regular-spaced sampling of historical and recent delineation, pilot and geotechnical drill cores. The methods used were in line with industry best practice. SRK reviewed the bulk density database, the scale calibration measurements for recent sampling, and verified that samples were correctly coded according to the updated geological model domains. No significant issues or discrepancies were found.

Microdiamond Samples

No preparation of microdiamond samples collected in 2017 and 2019 was carried out on site. Samples of whole core were collected, securely bagged and packaged into 20 L drums for shipping to the Saskatchewan Research Council Geoanalytical Laboratory in Saskatoon, Canada. Sample drums were sealed with security tags prior to shipping and the tags were verified by SRC upon receipt.

Each eight-kilogram sample was loaded into a 40 L furnace pot with 75 kg of virgin caustic soda (NaOH). Bright yellow

synthetic diamonds between 0.15 and 2.12 mm in size were added to alternating samples as QA/QC spikes. The furnace pot was heated in a kiln to 550°C for 40 hours and then removed and allowed to cool. The molten sample was poured through a 0.106 mm screen, which was then discarded after use. Micro-diamonds and other insoluble minerals (typically ilmenite and chromite) remained on the screen. The furnace pot was then soaked with water to remove any remaining caustic and microdiamonds. The water was poured through the same screen. Samples were then acidized to neutralize the caustic solution. The residue was then rinsed and treated with acid to dissolve readily soluble materials. Samples were then transferred to a zirconium crucible along with yellow synthetic diamonds spikes (to alternating samples not spiked prior to fusion) and fused with sodium peroxide to remove any remaining minerals other than diamond from the sample. The sample was allowed to cool and was then decanted through wet screens to size diamonds according to CIM square mesh sieve classes. All diamonds are counted and weighed. Individual stone descriptions for all diamonds larger than 0.3 mm are recorded. Stones were stored in plastic vials filled with methanol.

Geological Model

Drillhole Collar and Orientation Surveys:

Early (2005-2007) delineation drillholes were surveyed with a Leica DGPS500 system and downhole surveys used magnetic- or gyroscope-based systems, with the magnetic-based surveys considered low confidence (McGeorge et al., 2010). Significant issues with downhole orientation surveys were encountered during core drilling in 2017, such that 11 of 31 pierce points were discarded as unreliable (Nowicki et al., 2018). The 2018/2019 drillholes were surveyed by one or more magnetic-based, inertial, or north-seeking gyroscope tools. SRK examined the original and reviewed datasets (following comprehensive QA/QC by Lucara) and concluded the data produced by the EZ-Gyro north-seeking tool were the most comprehensive, reliable and suitable for use in the geological model update. SRK further compared the recent and historical data, and no significant issues or discrepancies were noted.

Geological Logs and Internal Geology:

The AK6 geological model is based primarily on drill core logs and petrography (also minor historical whole rock geochemistry). The drillhole database and all core photos were provided to SRK. A comprehensive review and re-logging of historical and 2017 South Lobe drill cores at the mine site and in core photos was undertaken, resulting in an update of the internal geology (re-modelling of the M/PK(S)-EM/PK(S) boundary). All 2018/2019 drill cores intersecting the South Lobe were also reviewed to verify the mine-generated drill logs and additionally verified the logged contacts in core photos for all holes for which the drill core was not examined.

Internal Dilution Data:

Estimates of the volume percent of wall-rock fragments greater than 0.5 cm in size were determined for historical (2005 to 2007) drill core by line scan measurements over 0.3 and 0.5 m intervals at ~4 to 5 m spacing downhole, and for 2017 and 2018/2019 drill core by line scan over 1 m intervals on a continuous basis downhole. The methods are considered by SRK to be appropriate and consistent with industry best practice, and no inconsistencies between the datasets or between the data and SRK's observations of the drill core were noted during a review of the historical and recent data.

After review of the drillhole database, including collar and downhole survey data, geological logs, core photos, and internal dilution estimates, SRK was of the opinion that the data (excluding the 2017 orientation survey data mentioned above) were sufficiently reliable for use in generation of a geological model of appropriate confidence to support the estimation of Mineral Resources.

Mineral Processing and Metallurgical Testing

Eleven buckets containing rocks from the pit and HQ core from the Underground Project were shipped to BaseMet Laboratories in Kamloops, British Columbia, Canada for comminution test work in 2019. The purpose of the test work was to determine if the EM/PK(S) and M/PK(S) material was similar throughout the resource with respect to AG milling. The drillholes used for metallurgical test work were plotted against the planned area to be mined and were found to be spatially representative and provided samples at depth that represent areas of the underground mine. It was the Qualified Person's opinion that there was sufficient information and test work to determine the similarities between the open pit and

underground EM/PK(S) and M/PK(S) material with respect to AG milling at an FS level.

4.3.9 Mineral Resource and Reserve Estimates

The 2019 updated Mineral Resource Estimate for the Karowe Mine incorporated historical drilling and sampling data obtained prior to 2018, and additional drilling and sampling information obtained in 2018 and 2019 which delineated the deep extension of the South Lobe (deeper than approximately 600 m from surface). The 2019 update also included geological information and production data derived from open pit mining to the end of June 2019. Historic and current geological data was used to develop an updated internal geology model for the South Lobe and updates to the external contacts for the South, Centre, and North Lobes.

The internal geology of the South Lobe is comprised of two dominant domains, identified as the M/PK(S) and EM/PK(S) domains. A single diamond SFD and diamond value model was used prior to 2019 to evaluate the South Lobe. Incremental open pit production of EM/PK(S) material was initiated in early 2018 and sufficient data has since been amassed such that distinct SFD and diamond value distribution models were defined for both the M/PK(S) and EM/PK(S) domains in the 2019 Mineral Resource update.

The 2025 Mineral Resource Estimate in this AIF, effective December 31, 2024, incorporates production and pit depletions since the 2019 Mineral Resource was completed. Average diamond value estimates are derived from historical sales and adjusted for changes to market conditions since the 2019 FS, with specific updates for rough diamond sales consolidated across three diamond sales channels over the period 2020 to end 2023. The 2025 in-situ mineral resources for the Karowe Mine have been classified as either Indicated or Inferred Mineral Resources, according to CIM Guidelines. Mineral Resources reported are inclusive of those portions of the Mineral Resources that have been converted to Mineral Reserves. Mineral Resources reported are exclusive of stockpiles which are reported in the Mineral Reserve.

Mineral Resources

Karowe Mine 2025 Mineral Resource Estimate (effective date of December 31, 2024)							
Classification	**Resource**	**Volume (Mm^3)**	**Density (g/cm^3)**	**Tonnes (Mt)**	**Carats ('000s cts)**	**Grade (cpht)**	**Price (USD/ct)**
Indicated	South – M/PK(S)	6.04	2.99	18.06	1,982	10.97	507
	South – EM/PK(S)	6.41	2.93	18.81	3,926	20.87	672
	Centre	0.09	2.65	0.23	30	13.31	392
	North	0.17	2.41	0.41	48	11.67	221
Total Indicated		**12.72**	**2.95**	**37.51**	**5,987**	**15.96**	
Inferred	South – M/PK(S)	0.10	3.05	0.31	33	10.55	
	South – EM/PK(S)	1.41	2.97	4.20	878	20.91	
	South – KIMB3	0.32	2.94	0.94	103	10.94	
	Centre	0.37	2.64	0.98	126	12.87	
	North	0.20	2.33	0.47	53	11.21	
Total Inferred		**2.41**	**2.87**	**6.90**	**1,192**	**17.28**	

Notes:

1. Prepared by Hermanus Grütter, P.Geo., Ph.D. of SRK
2. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect accuracy of estimate.
3. Mineral Resources are in-situ Mineral Resources and are inclusive of in-situ Mineral Reserves.
4. Mineral Resources are exclusive of all mine stockpile material.
5. Mineral Resources are quoted above a +1.25 mm bottom cut-off diamond size and have been factored to account for diamond losses within the smaller sieve classes expected within the current configuration of the Karowe Mine process plant.

6. Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to an Indicated Mineral Resource and cannot be directly converted into a Mineral Reserve.
7. The base of the South Lobe Indicated Mineral Resource is 250 masl, the base of the Inferred Mineral Resource is 66 masl for the South Lobe. The base of the Centre and North Lobe Indicated Mineral Resource is 745 masl.
8. Average diamond value estimates are derived from historical sales and adjusted for current market conditions since completion of the 2019 FS and updated in 2024 for rough diamond sales over the period 2020 to end 2023.
9. Mineral Resources have been estimated with no allowance for mining dilution and mining recovery.

Mineral Reserves

A consolidated open pit and underground mine plan was developed to extract the economic portions of Karowe Mine Indicated Mineral Resources plus stockpiled ore. The mine plan extracts only the South Lobe of the three adjacent lobes of Kimberlite (South, Centre, North). The South Lobe is planned to be mined through a combination of open pit and underground mining methods. All Mineral Reserves are classified as Probable.

The Qualified Person preparing the Mineral Reserve Estimate, Brandon Chambers, P. Eng., did not identify any extraordinary risk, including legal, political, or environmental that would materially affect potential Mineral Reserves development. The effective date of this Mineral Reserve Estimate is December 31, 2024.

Karowe Mine 2024 Mineral Reserve Estimate (effective date of December 31, 2024)					
Lobe	**Reserve Category**	**Ore Tonnage (Mt)**	**Carats ('000s ct)**	**Grade (cpht)**	**Price (USD/ct)**
Open Pit					
South - EM/PK(s)	Probable	0.3	89	28.2	672
South - M/PK(s)	Probable	0.8	102	12.9	507
	Total	**1.1**	**191**	**17.3**	**584**
Underground					
South - EM/PK(s)	Probable	18.6	3,361	18.1	672
South - M/PK(s)	Probable	18.3	1,867	10.2	507
	Total	**36.9**	**5,227**	**14.2**	**613**
Stockpile					
Mixed Stockpile	Probable	4.5	587	12.9	398
Life of Mine	Probable	3.8	230	6.0	455
	Total	**8.4**	**817**	**9.8**	**414**
Combined					
All	**Total**	**46.4**	**6,235**	**13.4**	**586**

Notes:

1. Prepared by Brandon Chambers, P.Eng. JDS;
2. CIM definitions were followed for Mineral Reserves;
3. Process recovery of the diamonds was assumed to be 100% as the recoveries were included in the Mineral Resource block model assumptions and therefore have taken recoveries into account;
4. The bottom elevation of the Probable Reserve is 310 masl;
5. Mineral Reserves are quoted above a +1.25 mm bottom cut-off and have been factored to account for diamond losses within the smaller sieve classes expected within the current configuration of the Karowe Mine processing plant;
6. Diamond price estimates are provided by Lucara; prices were updated in 2024 for rough diamond sales over the period 2020 to end 2023;
7. Tonnages are rounded to the nearest 100,000 tonnes, diamond grades are rounded to one decimal place to properly reflect the Reserve estimate accuracy;

8. Tonnage and grade measurements are in metric units; contained diamonds are reported as thousands of carats;
9. Open pit Mineral Reserves are estimated at a cut-off value of US$37/t based on an open pit mining cost of US$13/t, a processing cost of US$12/t and a G&A cost of US$12/t;
10. Underground Mineral Reserves are estimated at a cut-off value of US$35/t based on an underground mining cost of US$11/t, a processing cost of US$12/t and a G&A cost of US$12/t;
11. Open pit dilution included in the Reserve was estimated from the following source:
    - 2.0 m of zero-grade dilution from drill and blast activities along the Kimberlite and host rock contact.
    - A total open pit dilution of 1.5%, which is less than 0.1 Mt, has been included in the open pit reserve estimate;
12. Underground dilution assumptions in the 2019 FS were revised in 2021. Underground dilution included in the Reserve was estimated from the following three sources:
    - 1.0 m of zero-grade overbreak from stoping adjacent to the granite host rock;
    - 2.7 Mt of zero-grade overbreak from stoping adjacent to sedimentary rocks (based on geomechanical modelling);
    - Inclusion of Inferred KIMB3 Kimberlite within the overall pipe shape as zero-grade waste.

    A total underground dilution of 9.6%, or 3.5 Mt has been included in the underground Reserve estimate;
13. Stockpile Mineral Reserves are estimated at a cut-off value of US$19/t based on a rehandle cost of US$2/t, a processing cost of US$12/t and a G&A cost of US$5/t, when processed at the end of mine life;
14. A portion of the LOM stockpile did not meet the economic cut-off due to diamond price updates performed in 2024; 2.3 Mt of material historically reported in the stockpile Reserves was removed in the 2024 Mineral Reserve Estimate;
15. Stockpile Reserves are not included in the Karowe Mineral Resource Estimate, which covered only in-situ mineralized material;
16. Stockpile Reserves are based on surveyed volumes and block model grades; and
17. Stockpile LOM diamond price is determined from the weighted average of the North, Centre, South - M/PK(s), and South – EM/PK(s) ratios.

For additional details on the extent to which the Mineral Resources and Mineral Reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues, please see *Item 5* – "***Risks and Uncertainties***" contained in this AIF.

4.3.10 Mining Operations

The Karowe Mine is an existing open pit operation which has been in production since 2012. Conventional open pit drill and blast mining with diesel excavators and trucks provide an average annual 2.7 to 2.8 Mt of Kimberlite feed to the mill. The open pit mine operation is expected to terminate in Q4 2025 at an elevation of approximately 690 masl.

There are substantial resources remaining below the economic extents of the open pit that may be extracted by underground mining methods. Each of the North, Centre and South Lobes were sub cropping, have variable but overall high angle contacts with the country rock and vary in diameter and depth. The South Lobe is the largest of the three and its Indicated Mineral Resources extend to approximately 950 mbs (from 1,010 masl to 66 masl). The North and Centre Lobes extend below the planned open pit limit but have been excluded from the Underground Project. The geologic features of the South Lobe drive several mine plan design decisions which focus on accessing the deeper, higher-value resource early in the underground mine life.

In September 2021, the Company's Board approved an underground project at the Karowe Mine. Capital costs for this Underground Project will be met with funds from a combination of the Underground Project Debt Financing of $220 million arranged in mid-2021 and amended in January 2024, the projected cash flows from the Karowe open pit mine during the underground construction period, and two equity financings totalling C$41.4 million that closed July 15, 2021.

The Underground Project, a 7,200 tonne per day shaft operation utilizing an LHS mining method, is expected to provide an additional 15 years of mine life to the Karowe Mine after a planned eight-year construction period. The LHS method is planned to systematically drill and blast the entire Lobe on a vertical retreat basis. The method can be thought of conceptually as a fully assisted cave. In LHS, the blasted muck is left in the excavation during stoping to stabilize the host rock stope walls with only the swell extracted/pulled during the drill and blast phase. Mucking takes place from draw points at the bottom of the mine on the 310-Level (310 masl). As ore is blasted, it swells beyond its in-situ volume, and this volume is mucked/pulled from the draw points to maintain a blasting void within the excavation. Once the ore is fully blasted to the bottom of the open pit, the South Lobe is drawn empty by mucking the draw points.

Access to the underground mine will be from a 767 metres deep production shaft, 8.5 metres in diameter, sunk from surface to 245 masl. The shaft will be equipped with two 21-tonne skips for production hoisting, a service cage for man and material movement, and an auxiliary cage for shaft inspections and personnel transport. Shaft conveyances will be managed by three independently operated winders, of which one currently exists on site and is performing shaft sinking duties. This shaft will also serve as the main fresh air intake to the mine. A second shaft, 6.0 metres in diameter, 727 metres deep, driven from surface to 285 masl, will serve as the main exhaust route and emergency egress for the mine. The two shafts are offset from the Kimberlite pipe approximately 375 metres northwest of the South Lobe, well outside of the potential subsidence zone, and 100 metres from each other.

Shafts are being driven blind using conventional drill and blast equipment and are being developed concurrently. Average sinking rates range from 1.9 to 2.4 metres per day during steady state sinking in good ground. It is expected to take approximately five years to fully sink and equip both shafts, plus another two years to complete all underground mine development, capital installations, and production ramp up.

There will be a total of eight working levels in the mine, six of which will be accessed by a shaft station. Levels are named by their elevation in masl. The 310-Level will serve as the primary working level and provide access to the main underground infrastructure including production drawpoints, crusher, and maintenance facilities. Above this level will be four drilling horizons: 380-Level, 480-Level, 580-Level, and 680 Level; where production equipment will work to drill and blast stopes. Other stations will serve as support services for ore handling and access to the shaft bottom.

Drill horizons are spaced at 100 metre vertical intervals to accommodate the in-the-hole hammer drill's effective drill length of a 150-mm diameter hole. A pyramidal sequence is proposed for the drilling and blasting of the stopes at Karowe Mine. This blasting sequence will create a dome shape at the top of the blasted volume to maintain stability of the stope back. Stopes will be blasted sequentially upwards in 17.5 metre increments until a 30-metre sill pillar is left between the drill panel and the stope back. A final 30 metre blast will fracture this sill pillar and terminate access to the drill panel at that location. The drill will relocate to the next above drill horizon and repeat the process until the lobe is fully blasted.

4.3.11 Hydrogeology and Water Management

The Open Pit operation is currently within the Ntane and Mosoltane sandstones. Dewatering and depressurization are critical in reducing the inflow to the pit and the pore pressure of the pit wall and pit bottom. These dewatering and depressurization measures will continue to the end of open pit mining. The underground mining will start in the granite. Because of the separation between the sandstone units and Mea/granite units by ~200 metres of thick mudstone/shale, the dewatering of the open pit has essentially no impact on the groundwater condition of the Mea/granite units. The high pressure and possibly permeable Mea/granite units could lead to as high as 12,000 cubic metres per day (m3/day) of inflow rate to the underground mine workings, however, packer test results and drill hole observations through the Mea have shown variable results and inflows could be lower. The design of the underground mine drainage gallery that targets the Kimberlite contact zone is a practical measure to control the water flow in the mining zones. However, given the lack of hydrogeologic data in the Mea/granite units and the assumed highly permeable fracture corridor, there are uncertainties in the predictive inflow to the underground mine workings.

Hydrogeological modelling forecasts large volumes of saline water with an estimated total dissolved solids (TDS) of ±30,000 mg/L (approximately the same as seawater) will be pumped to the surface during the underground mine life once development begins within granitic basement rock located some 500 mbs. Treating this water by Reverse Osmosis ("RO") is both costly and technically prohibitive in addition to exceeding the quantity and quality requirements of the site water consumers. The water pumped from the underground mine will, in lieu of RO treatment, be disposed of by means of mechanical evaporation. A fully lined surface pond is being constructed adjacent to the underground mining operations to receive the saline water from the underground mine and to pump it to modular mechanical evaporators which are designed to expedite the natural evaporation process. As the water evaporates it will leave in the basin of the pond the salts contained in underground mine water, eventually filling it. Pond expansions will be carried out during the mine life as needed to meet the demand of the underground dewatering volumes and chemistry.

4.3.12 Mineral Processing and Recovery Operations

The initial processing plant constructed in 2012 was a simple circuit designed to process and recover diamonds from the weathered near surface ore which constitutes the upper 70 m of the AK6 orebody. The fresher ore at depth is significantly harder than the weathered ore already processed. In addition, the more competent unweathered ore has a higher density, which results in a higher DMS yield to the recovery plant.

The Karowe Mine processing plant was upgraded in 2015 with the inclusion of a new secondary crusher, XRT sizing and XRT diamond recovery circuits. The XRT units were installed to enhance recovery of large diamonds. With implementation of the XRT circuits there is no constraint on plant ore feed based on its densimetric profile. Further upgrades were made to enhance comminution performance to maintain design throughput and minimize recovery yields when processing fresh, dense, Kimberlite. In 2017, the mega diamond recovery project was installed, which included adding additional XRT sorting technology, early on in the process stream. The objective of this project was to recover liberated diamonds above 50 mm as early in the process as possible, by adding a recovery step prior to the autogenous milling circuit.

4.3.13 Metallurgical Testing

An assessment of the plant capacity when treating underground ore was conducted by testing X-ray transmission sorting and milling performance of deeper underground ore.

Comminution test work to determine the characteristics of the deeper Kimberlite ore was carried out at Base Metallurgical Laboratories (BaseMet) in Kamloops, British Columbia, Canada in 2019. Bulk samples and HQ drill core representing EM/PK(S) and M/PK(S) zones of the South Lobe were collected from various depths throughout the deposit. Bulk samples were taken from the 2019 open pit at approximately 900 masl. Diamond drill core was sampled at varying depths below the open pit and within the planned underground mining area of the deposit. The test work was completed to compare the hardness of EM/PK(S) and M/PK(S) samples and predict the effect on the existing Autogenous Grinding (AG) Mill with respect to the impact on production rate when the deeper underground material is processed.

The comminution test work completed on the bulk samples included: Crushing Work Index, Bond Rod Mill Work Index, Bond Ball Mill Work Index and JK Drop Weight. The HQ drill core test work included Bond Rod Mill Work Index, Bond Ball Mill Work Index and SAG Mill Comminution. The results of the samples tested indicate that there is not a significant difference in the hardness between EM/PK(S) and M/PK(S). The samples tested demonstrated similar characteristics to the material processed in the existing AG mill, and therefore, the underground material planned to be mined can be processed in the current comminution circuit at the planned production rate.

The predominant diamond separation and extraction process in the current process plant uses XRT machines to separate liberated diamonds from sized run of mine Kimberlite and waste host rock. The XRT units analyze the atomic density of materials and then physically separate the materials with a diamond / carbon signature from non-diamondiferous material.

The underground mine is planned to mine Kimberlite through a carbonaceous shale host lithology. It is expected that some carbonaceous shale will report to the mill and potentially the XRT bulk sorters as dilution during the later stages of underground mining. The carbonaceous shales contain small lenses of coal which could potentially be recovered by the XRT units since both diamonds and coal are composed of carbon.

To test the ability of the XRT to differentiate and separate, coal, carbonaceous shale and other host rock lithologies from diamonds, samples of South Lobe Kimberlite and waste host rock were sampled and shipped to Tomra's laboratory in Germany. The results of the tests determined that the coal and carbonaceous shales, as well as all other host waste rock lithologies could be identified and separated by the XRT machines from the diamonds and that the current Tomra system at the Karowe Mine is suitable for the proposed underground ore.

For more information regarding the mining method selected for the Underground Project, please see *Item 4.3.10* – "***Mining Operations***" in this AIF.

4.3.14 Tailings Management

A feasibility study for the design of Fine Residue Deposit ("FRD") 1 was carried out for the FS 2019 and that study proposed increasing the height of FRD 1 to a final elevation of 1,042 masl and a new FRD 2 abutting FRD 1, (previously labelled as Phase 1 and Phase 2 respectively), with Phase 2 (FRD 2) being built to an elevation of 1,042 masl. Lucara has adopted the GISTM as best practice for fine and coarse residue disposal. This resulted in a re-design of the Phase 2 FRD in 2021 with height restrictions being imposed on FRD 1 to the current lift elevation of 1,031 masl. The area for Phase 2 FRD will store tailings up to the end of 2025. The site was further constrained as the 2019 Phase 2 design site extended further south beyond the site boundary fence; however, the design has now been limited to fall within the fence area. The final 2021 design, which began construction of starter walls in 2022 is approximately 1,300 metres wide and 500 metres long, with a divider wall creating two paddocks which were subsequently labelled 2A and 2B, respectively. FRD 1 has reached its full capacity and a closure and rehabilitation plan was conducted in 2024.

The FRD 2 was designed to be lifted in two stages, with Stage 1 consisting of a starter wall being constructed with local borrow while Stage 2 was constructed using waste rock. The final design height was approximately 10 metres, up to elevation 1,026 masl. A site selection study was undertaken in 2022 for FRD options that can accommodate the LOM tailings, and a new site on the West of the existing FRD's (FRD 1 and FRD 2) was selected by Lucara. This new site has been labelled FRD 3 for reference and the detailed design of this Facility was completed in 2024.

In summary, the tailings facilities can be expanded to accommodate the proposed Underground Project and are designed to comply with GISTM requirements.

4.3.15 Infrastructure, Permitting and Compliance Activities

The Underground Project will include the use of existing and new infrastructure at the Karowe Mine. Project infrastructure is designed to support the operation of a 2.6 Mt/a mine and a 2.7 to 2.8 Mt/a processing plant. The Underground Project will make use of existing infrastructure including the site offices and maintenance facilities, processing plant, site access road, airstrip, clinic, pit dewatering pipeline, maintenance facility and bulk fuel storage.

The site layout for the Underground Project was designed to minimize additional land disturbance, minimize impact on existing operations during construction, provide security-controlled site access, minimize construction costs, and optimize operational efficiency. Existing infrastructure will be utilized to the maximum extent possible but will be expanded or upgraded to include a potable water plant, a sewage treatment facility, site substation and power distribution, a coarse residue facility and a fine residue storage facility.

New surface infrastructure is required to support the Underground Project during development and production. This infrastructure includes, but is not limited to, a new power supply line feeding the project site, underground surface substation and power distribution from the existing site substation, a camp complex to support the construction workforce, temporary power supply to support construction, a change house for underground personnel, infrastructure pads and roadways, a surface sediment pond for managing underground dewatering, and buildings and facilities to support the operation, including an underground office complex.

During the year ended December 31, 2022, construction was completed on the new 29 km, 132 kV power supply line, including the Letlhakane and Karowe substations and the 200-worker camp complex. An 11kV transmission line to the Underground Project was commissioned in mid-January 2023. Back-up power will continue to be provided by diesel generators. Pre-sinking was completed, and main sinking commenced in both the production and ventilation shafts.

During the year ended December 31, 2024, shaft sinking on both the production shaft and the ventilation shaft has sunk into the basement granites. The production shaft had reached the 285L (731 mbs) and the ventilation shaft the 335L (671 mbs) Lateral development connecting the two shafts at the 670L and the 470L had been completed accounting for more than 460 metres of lateral development being completed in addition to 702 metres of vertical sinking across both shafts. Significant progress had been made on the construction of the permanent winder building in preparation for the delivery of the primary winder in early 2025. Construction and commissioning of the permanent bulk air cooler was completed and

the unit put on care and maintenance until integration with the shafts once the production shaft has been equipped.

Bids were received in the latter part of the year in response to a Request for Quotation ("RFQ") which was issued for the lateral development contract pertaining to the Underground Project. It is envisaged that the lateral development contract will be awarded in early 2025.

See "***Recent Activities***" under "***Exploration, Development and Production***" below for additional details.

ML2008/6L was approved by the Botswana Department of Environmental Affairs. On January 4, 2021, a renewal was granted to ML2008/6l for a period of twenty-five years to January 2046. An EIA was completed for the operation and submitted in 2008 and an EMP was submitted and approved in 2010 followed by various updates which were submitted and approved in 2013, 2016, and 2020. The Karowe Mine was commissioned in October 2011 with the commissioning of the processing facilities commencing in April 2012. The site continues to operate under this license and meet all conditions set out in the EIA and EMP. The EMP was updated in 2013, 2016, and again in 2020 to comply with the requirements of Botswana's evolving environmental legislation, notably the *Environmental Assessment Act of 2011 (Botswana)* and to assess the activities and associated impacts of the expansion of the process plant and the Bulk Sample Plant as well as the proposed Underground Project and power line.

The agreement to build the transmission line was signed with the Botswana Power Company ("BPC") and a way leave permit was issued for the proposed power line route in 2020. The Letlhakane and Karowe sub-stations and the 132kV transmission line were handed over to BPC on December 31, 2022 to own and maintain. A two-year warranty period began with the handover.

Updates to the EMP in 2016 and 2020 set out mitigation measures and impact management and monitoring activities that the mine should undertake to maintain compliance with the EMA during the operational, and later the closure, phase of the project. Lucara Botswana continues to monitor the following in relation to the Karowe Mine:

- Air quality (dust);
- Groundwater quality;
- Surface water and storm water control infrastructure;
- Waste management;
- Greenhouse gas emissions; and
- Environmental incidents.

As incidents occur, they are logged, addressed, and closed out. Where monitoring results indicate the need for correction actions, these are developed and implemented over time.

The approved EIA included a Social Impact Assessment ("SIA") and outlined specific engagement activities and tools for the Company's community relations personnel. The SIA highlighted that economic opportunities associated with the mine's operations and expansion as well as eventual closure are the primary concern for most stakeholders. To continue to strengthen the engagement process, a stakeholder engagement plan was developed in 2019 which meets the IFC Performance Standards and includes a grievance resolution procedure.

An ESG programme has been developed and implemented with a focus on entrepreneurship development and support, local community infrastructure, protection of vulnerable groups, and wildlife conservation. Lucara participates in ESG activities within the Letlhakane sub-district and these are driven by Lucara's ESG charters and policies as set out in *Item 4.4 – "**Social and Environmental Policies**"* below.

4.3.16 Capital and Operating Costs

Capital Costs *(all amounts in U.S. Dollars unless otherwise stated)*

In 2025, sustaining capital and existing project expenditures are expected to be up to $13 million with a focus on

replacement and refurbishment of key asset components in addition to expansion of the tailings storage facility and pit steepening activities which will extend the mine's ability to extract South Lobe material from the pit in 2025.

Capital costs for the Underground Project are expected to be up to $115 million and will focus predominantly on shaft sinking activities to final depth, equipping of the production shaft and station development. Surface works will focus on permanent winders being installed and cold commissioned. Tendering of the underground lateral development contract along with underground equipment purchases will also be completed in 2025.

An update to the Underground Project schedule and budget was announced on July 16, 2023. The anticipated commencement of production from the underground is H1 2028. The revised forecast of costs at completion is $683.4 million (including contingency). As at December 31, 2024, capital expenditures of $347.9 million had been incurred and further capital commitments of $79.2 million had been made.

With the 2023 update to the Underground Project schedule and budget, the Karowe Mine production and cash flow models were updated for the revised project schedule and cost estimate. Open pit mining is expected to continue until the end of 2025 and to provide mill feed during this time. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles should provide uninterrupted mill feed until 2027 when the Underground Project's development ore is scheduled to start offsetting stockpiles with high-grade ore from the underground development.

Full scale underground production is planned for H1 2028. The long-term outlook for diamond prices, combined with the potential for exceptional stone recoveries and the continued performance of the open pit could mitigate the modelled impact on project cash flows due to the changes in schedule. The Company continues to explore opportunities to further mitigate the modelled impact.

Capital Costs	Pre-Production		
	Sunk (M$)	Estimated (M$)	Subtotal (M$)
Mining	212.3	207.1	419.3
Site Development	14.4	7.9	22.3
Process Plant	-	-	-
Tailings and Mine Waste	-	-	-
On-site Infrastructure	11.0	0.9	11.9
Buildings and Facilities	2.3	2.2	4.4
Off-site Infrastructure	27.0	0.1	27.0
Project Indirects	14.5	16.2	30.7
Owner Costs	93.8	67.1	160.9
Subtotal	**375.2**	**301.5**	**676.7**
Contingency	-	6.7	6.7
Closure	-	-	-
Total Capital Costs	**375.2**	**308.2**	**683.4**

*Numbers may not add due to rounding.

**Foreign exchange rate of BWP12.5:USD $1.00 was used where applicable. Actual foreign exchange rates incurred may be different.

As at December 31, 2024, $409.3 million of the pre-production capital expenditure has been incurred including total borrowing costs of $34.1 million.

Operating Costs

The Karowe Mine's 2025 estimated Open Pit cash cost per tonne of ore processed is expected to be between $28.50 to $31.00, including waste mining.

Exchange Rate Forecast for 2025 Capital and Operating Costs

The capital and operating costs for 2025 have been forecast using foreign exchange rates of BWP13.0:US$1.00, where applicable.

Tax Rate Forecast 2025

Lucara Botswana's progressive income tax rate computation allows for the immediate deduction of operating costs, including capital expenditures in the year they are incurred. The lowest variable tax rate is 23.5% while the highest variable tax rate is 55% (only if taxable income were equal to revenue). Lucara Botswana's income tax rate was 0% in 2024. Based on 2025 revenue guidance of $195 to $225 million and planned capital expenditures, the expected tax rate for 2025 is 0%.

Profits from the Karowe Mine are taxed in Botswana based on the following annual tax rate formula:

Tax Rate = 70 - (1500 / x)

where x represents the profitability ratio, calculated as taxable income expressed as a percentage of gross income. The tax rate is subject to a minimum threshold, ensuring it does not fall below the standard corporate tax rate.

A royalty of 10% on actual sales of diamonds is levied by the Government of Botswana.

The Company continues to comply with the Botswana transfer pricing legislation, including the Income Tax (Transfer Pricing) Regulations, 2019, which became effective on 1 July 2019. The legislation mandates the benchmarking of related party transactions and the preparation and submission to the tax authority of contemporaneous documentation for each financial year where the arm's length value of related party transactions exceeds BWP5 million. Adjustments to taxable profits may be made where related party transactions are found to be non-compliant with the arm's length principle, which may result in additional tax liabilities, penalties and interest. Non-compliance with the filing requirements may lead to penalties of up to BWP500,000.

Economic Analysis – Karowe Mine

An economic model was developed to estimate annual cash flows and sensitivities of the Underground Project, analysing a combined underground and open pit LOM scenario. The Karowe Mine LOM, including the development of the Underground Project, is economically viable with an after-tax net present value using an 8% discount rate (NPV8%) of $345 million. The LOM all-in sustaining cost ("AISC") is $359/ct. The straight AISC cost is calculated by adding the sales and Botswana corporate, royalty, operating, sustaining capital and closure costs together and dividing by the total payable carats. As of the date of this AIF, the LOM average USD per carat is expected to be approximately $623/ct.

The LOM economic model does not calculate a meaningful IRR as capital costs are partially offset by operating revenue in the year in which they are incurred. Further details are available in the technical report.

Exploration, Development and Production

The overall development period for the Underground Project is estimated to be seven years from the Underground Project approval granted in 2021, to the underground reaching over 60% production capacity.

Facilities Agreement

On July 12, 2021, Lucara Botswana, with Lucara as the sponsor and the guarantor, entered into the Underground Project Debt Financing of $220.0 million with a syndicate of five mandated lead arrangers, being the MLAs. On January 9, 2024, the Company announced that it had signed amended documentation in relation to the Facilities executed in July 2021. While the total quantum of the Facilities has not changed, the repayment profile has been extended in line with the rebase schedule released July 17, 2023. See *Item 3 – "**General Development of the Business – Project Financing**"* for a description of the Facilities (as defined herein).

First drawdown under the Project Facility occurred on September 9, 2021 following satisfaction of certain conditions

precedent on September 2, 2021. The Project Facility may be used to fund the development, construction costs and construction phase operating costs of the Underground Project as well as financing costs in relation to the Facilities. The Project Facility matures on June 30, 2031, with quarterly repayments commencing on September 30, 2028. Concurrent with the Rebase Amendments, in January 2024, an amount of $20.0 million was transferred from the existing Working Capital Facility, $15.0 million was drawn to replace the contribution from the shareholder and funded to the CORA, and an additional amount of $15.0 million was drawn to fund a portion of the forecasted H1 2024 Underground Project expenditure. As at December 31, 2024, $205.0 million of the $220.0 million Facilities were drawn. As of March 31, 2025, the Facilities were fully drawn.

The Project Facility bears interest at a rate of Term SOFR plus margin of 6.5% annually for the period until the Underground Project completion date, 6.0% annually from the Underground Project completion date to June 30, 2029, and 7.0% thereafter with commitment fees for the undrawn portion of the facility of 35.0% of the margin per annum.

Recent Activities

Activities completed in 2024 primarily focused on advancing shaft sinking, lateral development, and key infrastructure installations for the Underground Project. The ventilation shaft reached 671 mbs out of a planned final depth of 722 mbs, with the completion of the 470-level station development. The production shaft advanced to 731 mbs, nearing its planned final depth of 770 mbs. Infrastructure developments included the completion and pre-commissioning of the permanent bulk air coolers at the production shaft in July 2024, as well as ongoing construction and fabrication of the permanent man and materials winder, representing the final major component of the permanent winders. Additional progress was made with the adjudication and review of underground lateral development tender documents, advancements in mining engineering to support shaft sinking and underground infrastructure, finalization of drilling level plans, and placement of shaft steelwork orders in October 2024.

Activities planned for 2025 will focus on shaft sinking to final depths and progressing underground infrastructure. The production and ventilation shafts are expected to reach their final depths of 770 mbs and 722 mbs, respectively. In the ventilation shaft, sinking will extend to the 335-level with commencement of station mining excavation, including the top of the fine ore bins, and further sinking activities to the 310-level. The production shaft will be extended to the 285-level, where the skip loading station is set to be completed. Other planned activities include continuing construction of the winder building structure and the winder driver's cabin, ongoing evaporation pond earthworks and civil works, and an updated water model. Procurement efforts will include underground equipment acquisitions, such as an additional Load, Haul, Dump vehicle for the production shaft's 285-level station development. Major components of the underground crusher and dewatering pumps are also expected to be delivered to site.

4.4 SOCIAL AND ENVIRONMENTAL POLICIES

Lucara is committed to conducting its business responsibly and in a manner designed to protect its employees, adjacent communities, and the natural environment. This commitment is evident in the policies adopted by the Company including: a Corporate and Social Responsibility Charter, the Responsible Mining Policy, an Environmental Policy, and a stand-alone Human Rights Policy, all of which are included as Schedules to this AIF. These documents are fundamental to Lucara's business and have been approved by the Board. Compliance is monitored by the ESG Committee. Consistent with its Corporate and Social Responsibility Charter, the Company has initiated projects with local communities in Botswana. Initially by partnering with the Lundin Foundation and now under the direct oversight of a Botswana-based sustainability team, the objective of these programs is to assist communities near the mine by generating wealth and employment needed to alleviate poverty on a sustained basis. ESG planning is part of the Company's business planning processes and the potential effects of activities on the environment and on local communities are integrated into operational decisions and processes.

The RJC is a not-for-profit standard setting organization, which defines responsible ethical, human rights, social and environmental practices for businesses in the jewellery supply chain via a Code of Practices. In 2017, Lucara was independently audited against the RJC Code of Practices (2019) and received its RJC member certification. As part of the recertification process an independent audit was completed in 2021 and most recently in 2024 at the Karowe Mine and the Vancouver head office. The Company's updated provenance claim was accepted by the RJC. The Company's current

certification will expire in Q1 2027. Further information on the RJC and its Code of Practices can be found at www.responsiblejewellery.com.

In 2021, the Company adopted the Mining Association of Canada's Towards Sustainable Mining ("TSM") standard, a globally recognized sustainability program that supports mining companies in managing key environmental and social risks which has also been adopted by the Botswana Chamber of Mines. Compliance to the TSM performance indicators was independently verified in December 2021 and again in Q4 2024. The Company continues work to address the immaterial non-conformances identified. Further information can be found at www.mining.ca/towards-sustainable-mining/.

The Company also achieved ISO 45001 certification in October 2021 in accordance with the International Organization for Standardization. The Company received its ISO 45001 recertification in July 2024 following a third-party recertification audit.

The development and implementation of an updated tailings framework aligned to the GISTM continued in 2024. In accordance with GISTM, a site visit was conducted by a three-person independent technical review board in November 2024, and work continues toward full implementation.

On an annual basis, the Company publishes a Sustainability Report for its stakeholders which is structured in alignment with the Sustainability Accounting Standards Board ("SASB") Standards for Metals and Mining (2021), and with reference to the GRI Universal Standards (2021). It underlines the Company's desire to operate transparently with regards to social and environmental matters. A copy of Lucara's current Sustainability Report can be viewed at the Company's website at www.lucaradiamond.com.

ITEM 5 RISKS AND UNCERTAINTIES

The Company is subject to various risks and uncertainties, including but not limited to those listed below. If any of the events described below actually occur, Lucara's operations could be materially and adversely affected. There are also additional risks and uncertainties that are currently not known to the Company or that the Company currently views as immaterial that may also materially and adversely affect the business.

Global Economic and Geopolitical Risks

In response to the ongoing global conflict, including between Russia and Ukraine, strict economic sanctions were imposed against Russia and its interests. While the Company does not have any operations in Ukraine or Russia, its business may be impacted as this conflict and its associated economic sanctions, as well as rising global diplomatic tensions have given, or may give, rise to indirect economic impacts, including but not limited to, increased prices for fuel and other commodities, increased volatility in the prices achieved in the rough and polished diamond markets, risks associated with import or export tariffs, duties or restrictions, lack of access to markets, or supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats. Increased prices for fuel and other commodities may have adverse impacts on the Company's cost of doing business.

The continuation or further escalation of this military conflict and other diplomatic tensions could aggravate ongoing global economic challenges, and a possible resultant economic downturn could adversely affect the Company's business. These conditions may also result in increased volatility in the market for the Company's securities and could have other effects which are currently unknown. The Company cannot accurately predict the impact that ongoing political conflicts, or the prevailing global economic uncertainty, will have on its financial position or operations. Accordingly, estimates of the extent to which geopolitical risks may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Any changes in the current situation relating to the military conflict could significantly impact operations and thus may impact the accuracy of any forward-looking statements contained in this AIF.

The Chinese market is a significant source of global demand for commodities. A sustained slowdown in China's growth or demand, or a significant slowdown in other markets, in either case, that is not offset by reduced supply or increased demand from other regions could have an adverse effect on the price and/or demand for diamonds.

Diamond Prices and Marketability

The diamond industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of rough diamonds recovered. The value of the Company's shares, its financial results and its mining activities are significantly affected by the price and marketability of diamonds. Numerous factors beyond the control of the Company may affect the price and marketability of any diamonds produced which cannot be accurately predicted, such as: international economic and political trends; global or regional consumption; demand and supply patterns; availability of capital for manufacturers; increased production of other diamond producers, especially due to the small concentration of producers in the market; and increased competition from the sale of LGDs as described below.

Under the NDSA with HB, the ultimate achieved sales price of stones larger than 10.8 carats in size is based on a polished diamond pricing mechanism. This pricing mechanism is intended to expose the Company's revenue to a greater extent to the price movements in the polished diamond market than it is exposed to through its traditional tender process for rough diamonds. While Lucara receives partial payment for rough stones on an agreed upon schedule based on when stones are delivered to HB, it only receives a top-up payment reflecting the ultimate sale price at such time as HB sells a polished diamond to an end consumer. The amount and timing of HB's initial and top-up payments to Lucara are dependent on prevailing prices for polished diamonds, HB's ability to find a buyer for polished stones and the timing for HB to do so. If performance pursuant to the NDSA with HB does not achieve the anticipated results or performance is disrupted for any reason, Lucara's operations, financial results and condition could be materially and adversely affected. Moreover, under the NDSA, Lucara is also at risk to make 'top-down' payments, being repayments to HB in instances where the actual achieved polished sales price of a stone falls below the initial estimated polished value.

Liquidity Risk and Ability to Maintain Obligations or Comply with the Facilities

Lucara is currently subject to restrictive covenants under the Facilities. The Company's Project Facility is secured by a first ranking charge over the assets of the Company and its operating subsidiaries. Events may occur in the future, including events outside of the Company's control, that could cause the Company to fail to satisfy its obligations under the Facilities, or other debt instruments that may arise. In such circumstances, amounts drawn under Lucara's debt agreements may become due and payable before the agreed maturity date and Lucara may not have the financial resources to repay such amounts when due. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. If the Company were to default on its obligations under the Facilities or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize Lucara's assets. Any such default could result in a delay of the Underground Project, and the overall cost of the Underground Project could materially increase, and the completion of the Underground Project could be materially delayed or prevented due to an inability to secure specialist contractors and the equipment and human resources required. If the Underground Project is materially delayed or impeded, the Company will not be able to extend the life of the Karowe Mine and future financial performance, including the Company's share price, would be materially negatively impacted.

As at the date of the AIF, the Project and Working Capital Facilities are fully drawn. As a condition of the Facilities Agreement, the Company is required to place $61.7 million in the CORA by June 30, 2025. The Facilities Agreement includes specific provisions for how and when these funds may be released. As at December 31, 2024, the CORA balance was $49.1 million. Trade payable and accrued liabilities are predominately due within 60 days. Tax and royalties payable are predominately due within 15 days. As at December 31, 2024, the amount of the Company's contractual maturities for credit facilities, due to related party, and lease liabilities of $25.8 million are due within twelve months, and $198.9 million due beyond twelve months.

The Facilities contains several covenants that impose operating and financial restrictions on the Company and may limit our ability to engage in acts that may be in the Company's best interest.

Access to Capital and Financing Requirements

To fund growth, and in difficult economic times, to ensure continued operations, we may need to secure the necessary capital through loans or through the issuance of equity or other securities. The availability of capital, and the terms on which

it may be available, are subject to general economic conditions and lender and investor interest in the Company and our projects.

Financing may not be available when needed or, if available, may not be available on terms acceptable to us. Failure to obtain any financing necessary for our capital expenditure plans may result in a delay or indefinite postponement of exploration, development activities related to the Underground Project, or production from the Karowe Mine.

The Underground Project has an updated capital cost of $683.4 million. The Company expects to use a combination of cash flow from operations and external financing for this project and as such a substantial portion of the Company's revenues and cash flows are committed to the Underground Project at the Karowe Mine. On January 9, 2024, the Company announced that it has signed the Rebase Amendments in relation to the Facilities. While the total quantum of the Facilities has not changed, the repayment profile has been extended in line with the rebase schedule released July 17, 2023, and the maturity of the WCF has been extended to June 30, 2031. To the extent that Lucara does not generate sufficient revenues and operating cash flow to satisfy its obligations in connection with the Underground Project and its debt obligations, including the fulfilment of the CORA, it will require additional capital.

The Shareholder Undertaking of up to $63.0 million may be called upon. If the amounts under the Shareholder Undertaking are not sufficient, it will require additional capital. If the Company raises additional capital by issuing equity, such financing may dilute the interests of shareholders and reduce the value of their investment. Moreover, Lucara may not be successful in locating suitable additional or alternate financing when required or at all or, if available, may incur substantial fees and costs and the terms of such financing might not be favourable to the Company. A failure to raise capital when needed could have a material adverse effect on Lucara's business, financial condition, and results of operations. Failure to obtain any financing necessary for our capital expenditure plans may result in a delay or indefinite postponement of exploration, development activities related to the Underground Project, or production from the Karowe Mine. If the Underground Project is delayed for any number of reasons, the overall cost of the Underground Project could materially increase, and the completion of the Underground Project could be materially delayed or prevented from reaching completion. If the Underground Project is materially delayed or impeded, the Company will not be able to extend the life of the Karowe Mine and future financial performance and the Company's share price would be materially negatively impacted.

If the Underground Project is delayed for any number of reasons (*see the risk factor: "**Capital Costs Related to the Underground Project**" below*), the overall cost of the Underground Project could materially increase, and the completion of the Underground Project could be materially delayed or prevented from reaching completion. If the Underground Project is materially delayed or impeded, the Company will not be able to extend the life of the Karowe Mine and future financial performance and the Company's share price would be materially negatively impacted.

Capital Costs Related to the Underground Project

The Underground Project construction costs and schedule duration may increase or be altered due to changes in the cost of steel, concrete, fuel, power, materials and supplies or labour, or due to unforeseen ground or geotechnical conditions, unexpected or unplanned groundwater inflows which require grouting, slower than planned vertical advance during shaft sinking, slower than planned horizontal advance during the lateral development, supply chain restrictions, or changes in the exchange rate in which capital costs are incurred, in which case the Company will be required to seek additional debt or equity capital to complete construction at the Underground Project. As noted in the press release dated July 17, 2023, management initiated an update to the Underground Project schedule and budget in response to slower than planned ramp up to expected sinking rates, and, to account for time incurred to date, as well as for anticipated future grouting programs. Grouting programs took longer than anticipated due to a combination of high-water volumes in the sandstone lithologies between 870 and 752 masl in depth (144 metres to 262 mbs) combined with technical challenges associated with the transition to main sinking. The updated schedule incorporates a 28% increase in the duration of construction, extending the anticipated commencement of production from the underground from H2 2026 to H1 2028. As a result, the revised forecast of costs at completion is $683.4 million, a 25% increase to the May 2022 estimated capital cost of $547 million.

Processing of surface ore stockpiles should allow for continued revenue from the operations, however, carat production and revenues may be at a level lower than contemplated in the original 2021 Project mine plan until such time as the

underground production ramp-ups. The Company may not be able to access capital on commercially reasonable terms or at all and, even if successful, we may not be able to raise enough capital to allow it to fully fund the capital costs required to complete construction at the Underground Project. If the Underground Project is delayed due to a lack of adequate financing, the overall cost of the Underground Project could materially increase, and the completion of the Underground Project could be materially delayed or prevented due to an inability to secure specialist contractors and the equipment and human resources required. If the Underground Project is materially delayed or impeded, the Company will not be able to extend the life of the Karowe Mine and future financial performance and the Company's share price would be materially negatively impacted.

Loss of Diamond Value

The Company is exposed to the risk of value loss from both theft and diamond breakage. While the Company has implemented security measures to reduce the risk of loss from theft, it is not possible to mitigate this risk entirely. Loss of value also occurs from damage to diamonds through the recovery process. The Company evaluates observed diamond damage and adjusts the processing plant to reduce the risk of future damage, particularly to large, potentially high-value diamonds. The introduction of a large diamond recovery circuit ("LDR") and a mega diamond recovery ("MDR") circuit help to mitigate some of the loss associated with diamonds that could be broken during the recovery process.

The NDSA with HB is premised on HB's ability to increase the value of a rough stone through polishing. Lucara's ability to participate in this value is subject to the risk of damage or loss during the manufacturing process, or that the manufacturing process will not result in the projected value for a polished stone. While HB is required to maintain insurance to protect the Company from risk of loss of diamond value during the manufacturing process, there is no assurance such insurance will be adequate to fully compensate the Company for any such loss which may be experienced.

Dependence on Single Buyer for Large Stones

Under the various sales arrangements with HB, the Company is exposed to a greater concentration of credit risk, and it depends on a single buyer for the most valuable part of its diamond production. The proportion of the Company's annual total revenue that is generated from stones greater than +10.8 carats in size ranges from 60 to 70%. The stones sold under the NDSA represent a material component of the Company's revenue. The credit risk associated with these sales is concentrated with one individual customer and payment terms are longer (60 to 120 days) than the Company's traditional tender sales (five (5) days). If HB does not comply with its obligations under its agreement with Lucara or does not maintain sufficient liquidity such that payments to Lucara are interrupted or delayed, Lucara's financial results and condition could be materially and adversely affected.

Mining and Processing

The Company's mining operations are subject to risks and hazards inherent in the mining industry, including, but not limited to, unanticipated variations in grade and other geological problems, water, power, surface conditions, pit stability problems, metallurgical and other processing problems, mechanical equipment performance problems, the lack of availability of materials and equipment, the occurrence of accidents, labour force disruptions, force majeure factors, weather conditions which can materially and adversely affect among other things: production quantities and rates, development, costs and expenditures and underground production commencement dates.

The Company periodically reviews its LOM planning. Significant changes in the LOM plans can occur due to experience obtained while carrying out its mining activities, changes in mining methods and rates, process changes, investments in new equipment and technology, diamond price assumptions and other factors. Based on this analysis, the Company reviews its accounting estimates and in the event of an impairment may be required to write down the carrying value of its mineral properties. This process continues for the economic life of the mine.

The Company relies on the use of external contractors to manage its mining and blasting activities at its Karowe Mine, having insourced the processing contract in mid-2020. If there is a dispute with such contractors, the Company's operations could be materially impacted.

Labour Agreements

In 2019, a chapter of the Union was formed pursuant to Section 48 of the *Trade Unions & Employers' Organizations' Act* (Botswana), and in 2024 the chapter membership was renewed. The current collective labour agreement between Lucara Botswana and the Union expired at the end of March 2024. The parties have entered into negotiations with regards to its renewal and have agreed to an engagement plan outlining the critical policies to be reviewed in 2025 prior to the conclusion of a new labour agreement. The parties are bound to the terms of the expired labour agreement until its renewal, which will take effect retroactively from April 1, 2024. A new agreement may result in increased labour costs with a corresponding reduction in profitability and potential impact to operations. When a collective agreement expires, labour disruption, including work stoppage may occur as part of the Union's or the Company's bargaining tactics. Such stoppages may have a material adverse effect on the Company's results from operations and ability to comply with certain terms of financing agreements due to disruption of the Company's business.

Licenses, Permits and Approvals

The Company's mining operations require licenses, permits and approvals from various governmental authorities. As noted above, the Company has a mining license for the Karowe Mine which is valid for both open pit and underground mining through January 2046 (the Underground Project is expected to extend the mine life to 2040). The Company believes that it currently holds and is presently complying in all material respects with all licenses and permits that are required under applicable laws and regulations to conduct its current operations including compliance with the terms of its key mining license. However, such licenses and permits are subject to change in various circumstances and certain permits and approvals are required to be renewed from time to time. The renewal and continued effectiveness of these licenses and permits and approvals are, in most cases, subject to some level of discretion by the applicable regulatory authority. Certain governmental approval and permitting or licensing processes are subject to public comment and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn.

There can be no guarantee the Company will be able to obtain or maintain all the necessary licenses and permits as are required to explore and develop its properties, commence construction or operation of mining facilities and properties under exploration or development or to maintain Karowe's operations that economically justify the cost.

Infrastructure

The Karowe Mine is located in a remote mining area in Botswana and the availability of adequate infrastructure is critical. Reliable roads, bridges, power and disposal of excess water are important determinants which affect capital and operating costs and the ability to execute planned production. Power shortages and outages due to heavy rain have been experienced in Botswana increasing infrastructure risk. Infrastructure failures as well as sabotage, government or other interference in the maintenance or provision of such infrastructure and/or the consumption of infrastructure resources, such as power and water, by other mines in proximity to the Karowe Mine could adversely affect activities and profitability of the Company.

Botswana currently generates the bulk of its power from coal. Two power plants near Palapye, about 200 km north of Gaborone, supply most of the country's electricity. Solar power generation has significant potential, but the industry is not yet well developed within Botswana. Demand that cannot be met through power generated within Botswana is supplemented through electricity imports, primarily from South Africa (Eskom). In recent years, Eskom has struggled with aging infrastructure, supply constraints, and financial challenges. Rolling blackouts have been a common occurrence throughout South Africa, although less so in Botswana. The Company's operations require a steady source of power. To the extent that Botswana's power generated internally is not sufficient to meet demand, it may rely on imported power from other countries, including South Africa. Any disruptions in the Botswana power supply, including its ability to import power, could have a negative impact on the Company's ability to operate, and its cost of doing business.

Environmental and Other Regulatory Requirements

All phases of mining and exploration operations are subject to government regulation including regulations pertaining to environmental protection. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies

and their officers, directors, and employees. There can be no assurance that possible future charges in environmental regulation will not adversely affect the Company's mining operations. As well, environmental hazards may exist on a property that the Company holds an interest in, which were caused by previous or existing owners or operators of the properties and of which the Company is not aware at present.

Operations at the Company's Karowe Mine are subject to strict environmental and other regulatory requirements, including requirements relating to the production, handling and disposal of hazardous materials, pollution controls and health and safety. Any failure to comply with the requirements could result in substantial fines, delays in production, or the withdrawal of the Company's mining licenses.

Climate Change

In Botswana, climate change could affect rainfall patterns, soil erosion and groundwater recharge. Climate change may have an adverse effect on our operations or on the demand for our products. Botswana already has a challenging climate with risks to agricultural production, food security and water availability. Extreme weather events have the potential to disrupt operations at the Company's Karowe Mine. Water availability is crucial to operation of the process plant; extreme periods of rain can cause difficulty extracting ore from the mine. The Company's ability to dispose of excess water in an environmentally-sensitive manner may require additional capital.

As part of the December 2015 Paris Agreement to combat Climate Change, Botswana communicated its intent to achieve an overall emissions reduction of 15% by 2030, using 2010 as the base year. Botswana also communicated it would be targeting mainly the energy and transport sectors for mitigation of greenhouse gas emission reductions. Projected effects of climate change in Botswana and its government's policy responses are not expected to materially impact Lucara Botswana's operations in the near to medium term. We will continue to monitor the emerging renewable energy landscape in Botswana as it may provide opportunities to reduce our greenhouse gas emissions footprint.

In January 2021, the Company commenced a decarbonization study for our operations in Botswana. The objective of this study was to identify and model forecasted emissions against the science-based targets initiative for 1.5 degree and 2.0 degree scenarios and to develop abatement opportunities. In 2024, we continued to advance our decarbonization initiatives and recommendations from the study that have been implemented to-date include: updating governance policies, charters, mandates and incentive structures. Lucara has also explicitly incorporated climate change related risks into its risk register and in 2024, we reviewed physical and transition climate risks. Climate change is subject to oversight by Lucara's Board. As part of our climate change strategy, a multi-disciplinary team has been appointed to a climate action working group. During 2023, the Company engaged an external third-party to complete a feasibility study to examine the opportunities to reduce energy use and to reduce GHG emissions. The Company is continuing to evaluate its opportunities to reduce GHG emissions. GHG emissions are tracked and reported annually, along with other key environmental metrics in our Sustainability Report.

Although we make efforts to anticipate potential costs associated with climate change to mitigate the physical risks of climate change, and work with governments to influence regulatory requirements regarding climate change, there can be no assurances that these efforts will be effective or that climate change or associated governmental action will not have an adverse impact on our operations and therefore our profitability.

Climate change is a threat to communities and governments globally. Stakeholders increasingly demand emissions reductions and that mining companies reduce their consumption of climate-relevant resources like hydrocarbons and water. This may attract social and reputational attention towards operations, which could have an adverse effect on Lucara's business, results of operations, financial condition, and its share price.

Rehabilitation Funds and Mine Closure Costs

Changes in environmental laws and regulations can create uncertainty with regards to future rehabilitation costs and affect the funding requirements. Closing a mine can have a significant impact on local communities and site remediation activities may not be supported by local stakeholders. Actual costs realized in satisfaction of mine closure obligations may vary materially from management's estimates.

Currency Risk

Currency fluctuations may impact the Company's financial performance. Diamonds are sold in US dollars with the Company's costs and expenses being incurred in Botswana Pula, South African Rand, Canadian and U.S. dollar currencies, Euro, and Great Britain Pounds Sterling. Consequently, fluctuations in exchange rates may have a significant effect on the cash flows and operating results of the Company in either a positive or negative direction. Hedging activities taken by the Company may decrease the currency risk but positive currency returns will be foregone.

Foreign Operations Risk

The Company's current significant operation is in Botswana. This country exposes the Company to risks that may not otherwise be experienced if its operations were domestic. The risks include, but are not limited to, restrictions on production, labour, price controls, environmental protection, land use, water use, health, safety, currency remittance, and maintenance of mineral tenure and expropriation of property. For example, changes to regulations in Botswana relating to royalties, allowable production, national procurement, importing and exporting of diamonds and environmental protection, may result in the Company not receiving an adequate return on investment capital.

Although the operating environment in Botswana is considered favourable compared to those in other developing countries, there are still political risks. These risks include, but are not limited to expropriation, hostage taking, military repression, terrorism, extreme fluctuations in currency exchange rates, high rates of inflation and labour unrest. Changes in mining or investment policies or shifts in political attitudes in these countries may also adversely affect the Company's business. In addition, there may be greater exposure to a risk of corruption and bribery (including possible prosecution under the CFPO). Also, in the event of a dispute arising in foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts and may be hindered or prevented from enforcing its rights.

Uncertainties Related to Mineral Resource and Reserve Estimates

Primary Kimberlite-hosted diamond deposits are complex volcanic systems consisting of multiple emplacement episodes of intrusive and/or extrusive Kimberlite magmas, introducing some inherent uncertainty into the Resource estimation process. Each Kimberlite has the potential to carry a distinct diamond population with unique characteristics in terms of diamond abundance, quality and size frequency distribution, all of which affect the assessment of the deposit having Reasonable Prospects for Eventual Economic Extraction (RPEEE). Secondary processes may further modify the diamond distribution within any Kimberlite domain.

The estimation and classification of Mineral Resources involves estimating the volumes and tonnages, grades and diamond prices of the various Kimberlite domains with a level of confidence appropriate to the amount of information available for each of the Resource attributes. The Qualified Person's level of confidence in the sufficiency of geological evidence is reflected in the classification as either Measured Resource, Indicated Resource or Inferred Resource, each with decreasing certainty in the geology and grade or quality of the contained diamonds.

Confidence in the currently available geological evidence at Karowe meets the criteria for the mid- to lower confidence Resource categories: Indicated Resources (where geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation) and Inferred Resources (where geological evidence is sufficient to imply but not verify geological and grade or quality continuity).

A Measured Resource requires geological evidence derived from detailed and reliable exploration, sampling and testing that is sufficient to confirm geological and grade or quality continuity between points of observation. Due to the nature of diamond deposits in general, and particularly at Karowe Mine where the occurrence and distribution of large diamonds (which account for approximately 70% of the value) is difficult to predict, the available geological information is insufficient to meet the criteria for classification as a Measured Resources, nor sufficient to be converted to Proven Reserves by the application of modifying factors (including, but not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors).

Conversion of Karowe's Indicated Resources to Probable Reserves is based on the application of modifying factors relevant to the remaining life of the open pit and those contained in the Feasibility Study for the Underground Project (updated and effective 30 June 2023, published March 2024).

Mineral Reserve estimates include dilution and allowances for losses, which may occur when the material is mined or extracted, and are based on various assumptions regarding production costs, mining and processing recoveries, cut-off grades, long-term diamond prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates (for the underground) or operating history (for the open pit). Estimates could be affected by unforeseen changes in demand for diamonds and diamond prices, inflation rates, exchange rates, capital and production costs and recoveries, amongst other factors.

Within the South Lobe at Karowe, at least 15 units have been identified, several of which are minor unsampled units that have been incorporated into the three main Kimberlite domains. If the volumes and distribution of the minor units differ materially from that currently assumed, the actual Resource/Reserve and economic performance could be impacted. If the Kimberlite units interpreted as variants of the two dominant Kimberlite domains (MPKS and EMPKS) are found to contain modified or different diamond distributions, production could be affected. If the pipe margins in areas of less dense drillhole coverage at depth are found to differ significantly from those in the 2019 geological models, production and costs could be impacted.

Given the levels of confidence in Karowe's Mineral Resource and Reserve estimates, there can be no assurance that the Resource or Reserve will perform exactly as expected. Rather, it is reasonable to anticipate Resource/Reserve performance and production results to be within the confidence intervals appropriate for each classification category. For Indicated Resources and Probable Reserves, Lucara has adopted the industry norm of +/- 15% confidence interval. This means that Lucara expects actual Resource and Reserve performance to be within 15% of expected estimates on an annual basis.

Estimated Reserves are used to determine the depletion and amortization of property, plant, and equipment at the operating mine site, in accounting for deferred stripping costs and mineral properties, determining a deferred tax rate and in performing impairment testing. Therefore, changes in the assumptions used could affect the carrying value of assets, depletion and amortization, changes in the deferred tax rate, and impairment charges recorded in the Company's audited, consolidated financial statements.

Laboratory-Grown Diamonds ("LGDs")

LGDs are diamonds that are synthetically grown as opposed to natural diamonds, which are created by geological processes. LDGs are becoming a larger factor in the market and are being marketed by their producers as environmentally superior to natural (mined) diamonds. Should LGDs be offered in significant quantities or consumers begin to readily embrace these synthetic alternatives on a large scale, demand and prices for natural diamonds may be negatively affected.

Taxes

The Company is subject to routine tax audits by various tax authorities and future audits may result in additional tax and interest payments. There is no assurance that future changes in taxes, or the interpretation of tax laws, in any of the countries in which the Company has a presence, including Canada, Botswana, and the United Kingdom, will not adversely affect the Company's operations.

Personnel

The Company is depending on a relatively small number of key senior management employees, the loss of any of whom could have an adverse effect on the Company. The Company does not have key person insurance on these individuals.

In addition, due to the remoteness of the Company's Karowe Mine and its location in a country with a relatively small population and other mines in development or in operation, there is competition for personnel. The degree to which the Company is not successful in retaining and developing employees at the Karowe Mine and Underground Project could lead to a lack of knowledge, skills and experience required to operate the mine effectively.

As the Company transitions from open-pit mining to underground operations a shift in the knowledge required of its personnel will be required. While training programs are underway, should the Company be challenged in transitioning its workforce, the Underground Project could be prevented in achieving planned rates of mining or costs may increase to secure specialist contractors and human resources required. If the Underground Project is materially delayed or impeded, the Company will not be able to extend the life of the Karowe Mine and future financial performance and the Company's share price would be materially negatively impacted.

Conflicts of Interest

The Company's directors and officers serve as directors or officers or may be associated with other public companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transactions.

If a conflict of interest arises, directors and officers are subject to the Company's Code of Business Conduct and Ethics and applicable corporate legislation. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Share Price Volatility and Future Sales by Existing Shareholders

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities. Also, subject to compliance with applicable securities laws, the Company's officers, directors, significant shareholders may sell some or all of their common shares in the future. No prediction can be made as to the effect, if any, such future sales of common shares will have on the market price of the Company's securities. The future sale of a substantial number of common shares by the Company's officers, directors, principal shareholders and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Company's securities.

Project Development

The Company is developing the Underground Project at its Karowe Mine. There is no assurance that the assumptions in the updated 2023 Karowe Technical Report will be met nor the estimated development costs, expected start-up timing, expected development plans and/or expected production costs be achieved, projected net tax benefits are achieved or that the required regulatory approvals will be received.

Nature of Underground Mining

Particularly with underground mining operations, inherent risks include variations in rock structure and strength as they impact on mining method selection and performance, de-watering and water handling requirements, achieving the required crushed rock-fill strengths and unexpected local ground conditions. Hazards, such as unusual or unexpected rock formations, rock bursts, pressures, collapses, flooding or other conditions, may be encountered during mining. Such risks could result in personal injury or fatality; damage to or destruction of mining properties, processing facilities or equipment; environmental damage; delays; suspensions or permanent reductions in mining production; monetary losses; and possible legal liability.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial position. Unfavourable economic conditions could also increase the Company's financing costs, decrease estimated income from current and prospective mining operations, limit access to capital markets and negatively impact the availability of credit facilities to the Company.

Competition

The mining industry, especially in diamonds, is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical capacity. The Company continues to compete with several companies for the acquisition of mineral properties. The ability for the Company to replace or increase its Mineral Reserves and Mineral Resources in the future will depend on its ability to develop its present properties and also to select and acquire economic producing properties or prospects for diamond extraction.

Title Matters

Any changes in the laws of Botswana relating to mining could have a material adverse effect to the rights and title to the interests held in Botswana by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Community Relations

The Company's relationships with the communities close to its mining operations and other stakeholders are critical to ensure the future success of its existing operations and any future construction or development activities. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Publicity adverse to the Company's operations, or the mining industry generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

The Company has been and remains actively engaged in certain community projects close to its mining operations to improve both local employment opportunities and local quality of life. Such projects may negatively impact the Company's relationships with such local communities if the projects fail to provide the expected benefits.

Uninsured Risks and Insurance Coverage

The mining business is subject to a number of risks and hazards that may not be insured including, but not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to mineral properties or facilities, personal injury or death, environmental damage, delays in exploration, development or mining, monetary losses, and possible legal liability.

The Company maintains insurance against certain risks that are associated with its business in amounts that it believes to be reasonable at the current stage of operations. There can be no assurance that such insurance will continue to be available at economically acceptable premiums or will be adequate to cover any future claim. The Company maintains insurance for risks relating to the physical security of diamonds held as inventory or in transit. The amount of insurance is based on the forecast value of inventory to be held at any one time. There can be no assurance that such insurance will continue to be available at economically acceptable premiums or will be adequate to cover any future claim.

Legal Proceedings

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits, and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurance that these matters will not have a material adverse effect on the Company's business.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive

jurisdiction of foreign courts. The Company's ability to enforce its rights or its potential exposure to the enforcement in Canada or locally of judgments from foreign courts could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

Compliance with Legislation, including Modern Slavery Act, ESTMA, and Public Company Obligations

The Company, headquartered in Vancouver, Canada and its Botswana mining operations are subject to various laws and regulations in Canada and in Botswana. These laws include compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, the Extractive Sector Transparency Measures Act, which requires companies to report annually on payments made to all levels of governments both in Canada and abroad, and anti-money laundering and counter-financing of terrorism legislation as outlined in the Botswana Financial Intelligence Act, as amended from time to time. The Company is also required to comply with anti-corruption and anti-bribery laws, including the CFPO, as well as similar laws in Botswana. In addition, as a publicly traded company with listings on stock exchanges in Canada, Botswana and Sweden, the Company is subject to additional laws and regulations, compliance with which is both time consuming and costly. If the Company and/or its operations are subject to an enforcement action or are found to be in violation of any such laws, this may result in significant penalties, fines and/or sanctions which could have a material adverse effect on the Company, which could cause a significant decline in the Company's stock price.

The legal and regulatory requirements in Botswana differ from those in Canada. The Company relies, to a great extent, on the Company's local advisors in respect of legal, environmental compliance, banking, financing, and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's operations in Botswana. Despite these resources, the Company may fail to comply with a Botswana legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder.

Compliance with Anti-Corruption Laws

Lucara is required to comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, Botswana's Financial Intelligence Act (2022) and related regulations, and similar laws in any country in which the Company conducts business. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage.

In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents.

Lucara's operations are governed by, and involve interactions with, many levels of government in Botswana and other jurisdictions globally. Lucara cannot predict the nature, scope, or effect of future anti-corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

The Company has instituted policies regarding business ethics, which have been designed to ensure that Lucara and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that Lucara's internal procedures and programs will be completely effective in ensuring that Lucara, its employees, contractors or third-party agents will comply strictly with such laws.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses, and reputational damage, all of which could materially and adversely affect the Company's business, financial condition, and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian, American, or foreign authorities could also have an adverse impact on the Company's business, financial condition, and results of operations.

Natural Disasters and Health Risks

The occurrence of one or more natural disasters such as a pandemic outbreak or unusually adverse weather conditions could disrupt mining operations and have a material adverse effect on the Company. Health risks such as HIV and AIDS are more prevalent in African countries, including Botswana, and therefore there is an increased risk to the Company's operations in Botswana.

Information Technology Systems and Cybersecurity

The Company's operations rely on IT systems. IT systems are depended upon to process and record financial and operating data, manage diamond inventory, estimate resource and reserve quantities and to communicate with employees and third-party partners. In the event these IT systems are compromised there could be a material adverse impact on the Company.

The Company applies technical and process controls in line with industry-accepted standards to protect information, assets, and systems; however, these controls may not adequately prevent cyber-security breaches. There is no assurance that the Company will not suffer losses associated with cyber-security breaches in the future and may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities. Cybersecurity breaches or defects in hardware or software could result in a failure of IT systems which could translate into operational delays, loss of data, plus negative impacts on the effectiveness of the Company's internal controls and reputation.

ITEM 6 DESCRIPTION OF SHARE CAPITAL

6.1 GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the date of this AIF a total of 452,935,280 common shares were issued and outstanding. The holders of common shares of the Company are entitled to receive notice of and attend all meetings of shareholders with each common share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of common shares are entitled to dividends if, as and when declared by the Board. The holders of common shares are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets of the Company available for distribution to shareholders.

6.2 DIVIDENDS

Between June 2014 and September 2019, a total of $271.1 million (C$348.8 million) was returned to shareholders through a regular quarterly dividend payment. Dividend payments were suspended in the fourth quarter of 2019 following the positive FS for development of an underground mine at Karowe and after careful consideration of the best use of the Company's available cash.

No dividends were paid from 2020 to 2024, and no dividend payments are planned for 2025. The Facilities Agreement includes a restriction on distributions which limits the Company's ability to pay a dividend until the Underground Project completion date (as that term is defined in the Facilities Agreement) is reached.

6.3 CONTINGENT SHARE PAYMENTS

Clara Disposition

On October 4, 2024, the Company returned 10,000,000 Lucara common shares back to treasury and eliminated a share issuance obligation of 13,400,000 Lucara common shares tied to certain sales performance metrics, EBITDA performance targets or a change of control.

Nemesia Standby Shareholder Undertaking

The Company's largest shareholder, Nemesia, provided a shareholder undertaking in 2021 comprising of a limited standby

undertaking of $25.0 million should a funding shortfall occur up until September 2, 2024. This undertaking was increased (in connection with the Rebase Amendments) to the Shareholder Undertaking of up to $63.0 million in the event of a funding shortfall. The Shareholder Undertaking consists of two components, namely: (i) a $28.0 million component for the undertaking to support the requirement to fill the CORA to $61.7 million by June 30, 2025, and (ii) a $35.0 million component for a funding shortfall guarantee in support of the Underground Project completion.

As consideration for the original undertaking provided, the Company issued 600,000 common shares to Nemesia on July 15, 2021. In connection with the Rebase Amendments, Nemesia increased the Shareholder Undertaking to up to $63.0 million and as consideration for the increased undertaking provided, the Company issued 1,900,000 common shares to Nemesia on January 12, 2024.

A further 600,000 common shares will be issuable should the Shareholder Undertaking be called upon. For each $500,000 drawn down under the Shareholder Undertaking, the Company will be required to issue 5,000 common shares per month to Nemesia until the amounts borrowed are repaid, subject to receipt of all required regulatory approvals. As of the date of this AIF, no amounts have been drawn under the Shareholder Undertaking.

Nemesia is an insider of the Company and, as a result of providing the Shareholder Undertaking and receiving a total of 2,500,000 common shares in connection with the execution thereof, the transaction contemplated by the Shareholder Undertaking was considered a "related party transaction" under MI 61-101. The Company has relied on the exemptions set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101 from the valuation and minority shareholder approval requirements of MI 61-101 in respect of Nemesia's provision of the Shareholder Undertaking as the aggregate fair market value of the common shares issued to Nemesia upon signing of the Shareholder Undertaking was less than 25% of the Company's market capitalization.

Nemesia Debenture

As noted above, in connection with the Rebase Amendments, Nemesia provided a liquidity support guarantee of up to $15.0 million, in exchange for the Company issuing the Debenture, in the event the Company's cash balance decreased below $10.0 million while discussions with the MLAs were ongoing in 2023. During 2023, the liquidity support guarantee of $15.0 million was fully drawn. Nemesia was issued a total of 900,000 common shares consisting of 450,000 common shares as consideration for providing the liquidity support guarantee and 450,000 common shares for the Company drawing down on the aforesaid guarantee. In terms of the Debenture, for each $500,000 drawn down under the liquidity support guarantee, the Company is required to issue, subject to the receipt of all required regulatory approvals, 7,500 common shares per month to Nemesia until the amounts borrowed are repaid. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement to the Debenture agreement in terms of which common shares would be issued to Nemesia on a quarterly, instead of a monthly basis. The Debenture matures on August 29, 2029. As at December 31, 2024, a total of 3,952,500 common shares have been issued under the Debenture, which includes the interest payments of 3,052,500 common shares.

Nemesia is an insider of the Company and, as a result of providing the liquidity support guarantee and receiving 900,000 common shares in connection with the execution thereof and the draw down on the guarantee, the transaction contemplated by the liquidity support guarantee was considered a "related party transaction" under MI 61-101. The Company has relied on the exemptions set forth in sections 5.5(a) and 5.7(a) of MI 61-101 from the valuation and minority shareholder approval requirements of MI 61-101 in respect of Nemesia's provision of the liquidity support guarantee as the aggregate fair market value of the common shares issued to Nemesia upon signing of the liquidity support guarantee was less than 25% of the Company's market capitalization.

ITEM 7 MARKET FOR SECURITIES

7.1 EXCHANGE LISTING

Lucara's common shares are traded under the symbol "LUC" in Canada on the TSX, in Botswana on the Botswana Stock Exchange and in Sweden on the Nasdaq First North Growth Market. Lucara transitioned its secondary listing venue from

Nasdaq Stockholm to Nasdaq First North Growth Market subsequent to the 2024 financial year end. The last day for trading of the Company's shares on Nasdaq Stockholm was January 30, 2025, and the first day for trading on Nasdaq First North Growth Market was January 31, 2025.

7.2 TRADING PRICE AND VOLUME

The following table provides information as to the monthly high and low trading prices and respective aggregate monthly volumes of Lucara's common shares traded on the TSX during 2024:

Month	High (C$)	Low (C$)	Volume
January	0.42	0.36	1,373,761
February	0.42	0.34	2,109,487
March	0.36	0.32	2,220,855
April	0.37	0.30	2,202,658
May	0.37	0.34	6,806,284
June	0.35	0.32	1,088,252
July	0.33	0.30	903,736
August	0.47	0.29	7,329,387
September	0.48	0.41	2,399,704
October	0.52	0.44	2,262,153
November	0.55	0.42	15,308,772
December	0.56	0.42	11,789,655

The price of the common shares as quoted by the TSX at the close on December 31, 2024 was C$0.42 and on March 28, 2025 was C$0.36.

7.3 PRIOR SALES

The below table sets out the issuance of stock options under the Company's Stock Option Plan and share units under the Company's Share Unit Plan and Deferred Share Unit Plan in the most recent financial year. These classes of securities are outstanding but not listed or quoted on a marketplace, and the table illustrates (i) the price at which securities of the class have been issued in 2024, (ii) the number of securities of the class issued at that price, and (iii) the date on which the securities were issued.

Type of Security	Date Issued / Granted	Number	Issued Price / Exercise Price (C$)
Shares	January 12, 2024	1,900,000	0.39
Stock Options	February 28, 2024	2,625,000	0.36
Deferred Share Units	February 28, 2024	504,000	N/A[3]
Performance Share Units	February 28, 2024	3,424,000	N/A[2]
Restricted Share Units	February 28, 2024	3,143,000	N/A[2]
Shares	March 8, 2024	846,555	0.47
Deferred Share Units	March 31, 2024	185,546	N/A[3]
Deferred Share Units	June 30, 2024	255,512	N/A[3]
Shares	July 5, 2024	1,575,000	0.36
Stock Options	August 14, 2024	105,000	0.32

Deferred Share Units	August 14, 2024	212,000	N/A[3]
Performance Share Units	August 14, 2024	84,000	N/A[2]
Restricted Share Units	August 14, 2024	42,000	N/A[2]
Deferred Share Units	September 30, 2024	220,830	N/A[3]
Shares	October 4, 2024	675,000	0.41
Stock Options	October 7, 2024	105,000	0.46
Performance Share Units	October 7, 2024	84,000	N/A[2]
Restricted Share Units	October 7, 2024	42,000	N/A[2]
Stock Options	December 2, 2024	130,000	0.53
Shares	December 31, 2024	675,000	0.49
Deferred Share Units	December 31, 2024	211,434	N/A[3]

Notes:

1. Shares issued upon vesting of employee share units granted in accordance with the Company's share unit plan, deemed to be issued at the closing price of the shares on the TSX as at the applicable vesting date.
2. Share units (both restricted and performance) granted in accordance with the Company's share unit plan vest in 36 months (unless otherwise stated in the performance criteria) and do not have a conversion price.
3. Deferred share units granted in accordance with the Company's deferred share unit plan vest immediately and are paid out upon a director's retirement from the Board of Directors. The units do not have a conversion price.
4. Shares issued to Nemesia under the Debenture of $15.0 million at for payment of interest under the Debenture. Deemed to be issued at the closing price of the shares on the TSX as at the applicable issuance date.

7.4 ESCROWED SECURITIES

There are no securities held in escrow.

ITEM 8 DIRECTORS AND OFFICERS

8.1 NAME AND OCCUPATION OF DIRECTORS AND OFFICERS

Directors

As of the date of this AIF, the Board is comprised of eight directors who are elected annually. Each director holds office until the next annual meeting of shareholders or until a successor is duly elected or appointed. The next annual meeting of the Company is scheduled to be held on May 14, 2025. The following table provides the names and residence of each of the directors, the date they commenced serving on the Board, their principal occupation as of the date of this AIF and for the preceding five years.

Director	Principal Occupation or Employment For Past 5 Years	Served as director since
Paul K. Conibear, Chair British Columbia, Canada	September 2018 to present – Corporate Director July 2011 to September 2018 – President & Chief Executive Officer, Lundin Mining Corp.	April 5, 2007
Sheila M. Colman British Columbia, Canada	2023 to present – Vice President, Legal and Sustainability, Lundin Gold Inc. 2015 to 2023 – Vice President, Legal and Corporate Secretary, Lundin Gold Inc.	May 10, 2024

David B. Dicaire British Columbia, Canada	January 2025 to present – General Manager, Vicuña Corp. August 2022 to December 2024 – Executive Vice President, Josemaria Project, Lundin Mining Corp. May 2016 to July 2022 – Vice President, Projects, Lundin Gold Inc.	May 8, 2020
Ian W. Gibbs British Columbia, Canada	January 2025 to present – Chief Executive Officer & President, Fireweed Metals Corp. September 2022 to January 2025 – Chief Financial Officer, Filo Corp. 2019 to September 2022 – Chief Financial Officer, Josemaría Resources Inc.	May 10, 2024
Melissa M. Harmon Colorado, USA	Various positions held with Newmont Corporation, including: 2025 to present – Senior Vice President, Divestitures 2023 to 2024 – Senior Vice President, Technical Transformation & Non-Managed Operations 2022 to 2023 – Vice President, Productivity 2020 to 2022 – General Manager, Cripple Creek & Victor Mine (Colorado, USA)	February 21, 2025
Adam I. Lundin British Columbia, Canada	January 2025 to present – Board Chair, Fireweed Metals Corp. May 2022 to present – Board Chair, Lundin Mining Corp. September 2017 – January 2025 – Mining Executive, Board Chair of Filo Corp. July 2019 to April 2022 – President & Chief Executive Officer, Josemaria Resources Inc. September 2017 – June 2020 – President & Chief Executive Officer, Filo Corp.	May 6, 2022
Peter J. O'Callaghan British Columbia, Canada	January 2023 to present – Corporate Director 1995 to 2022 – Partner, Blake, Cassels & Graydon LLP (law firm)	May 9, 2020
William Lamb British Columbia, Canada	August 2023 to present – President & Chief Executive Officer of the Company April 2022 – August 2023 – President & Chief Technical Officer of NewGen Resource Lending Inc. Sept 2018 – March 2021 – President & Chief Executive Officer, NDH Mining Corp.	August 17, 2023

Officers

The following table provides the names, provinces, and countries of residence of each of Lucara's executive officers, their current position with the Company and their principal occupation(s) within the last five years. Mr. Lamb, the President and

Chief Executive Officer of the Company, is discussed under "**Directors**" above.

Officer Name and Place of Residence	Current Position	Principal Occupation / Employment for Past 5 Years	Officer Since
Glenn Kondo London, United Kingdom	Chief Financial Officer	January 2024 to present – Chief Financial Officer of the Company November 2020 to March 2024 – Chief Financial Officer at Montage Gold Corp. May 2018 to June 2022 – Chief Financial Officer at Orca Gold Inc.	January 2024
Lauren Freeman Johannesburg, RSA	Vice President, Mineral Resources	July 2024 to present – Vice President, Mineral Resources of the Company June 2016 to May 2024 – Group Mineral Resources Manager, Gem Diamonds Ltd	July 2024
Saretha Louw British Columbia, Canada	Corporate Secretary and Legal Advisor	January 2024 to present – Corporate Secretary and Legal Advisor with the Company January 2023 to January 2024 – Legal Advisor at Teck Resources Ltd February 2020 to December 2022 – Legal Advisor at Trevali Mining Corporation	January 2024
Alex Tong British Columbia, Canada	Vice President, Finance	June 2024 to present – Vice President, Finance of the Company November 2021 to June 2024 – Chief Financial Officer at Western Alaska Minerals August 2018 to December 2021 – Principal at Northhouse Capital Corp.	June 2024

8.2 SHAREHOLDINGS OF DIRECTORS AND OFFICERS

As at March 31, 2025, the directors and officers of the Company held, as a group, a total of 120,803,087 common shares, representing approximately 26.7% of the number of common shares issued and outstanding.

8.3 COMMITTEES OF THE BOARD

The following table lists the committees of the Board and their members as at March 31, 2025. Melissa Harmon is currently an invitee to all meetings and her Board committee membership will be confirmed at the Company's next annual meeting.

Committee	Members
Audit	Ian W. Gibbs (Chair) David B. Dicaire Peter J. O'Callaghan
Compensation	Paul K. Conibear (Chair) Ian W. Gibbs Sheila M. Colman

Corporate Governance and Nominating	Peter J. O'Callaghan (Chair) Paul K. Conibear Sheila M. Colman
Environmental, Social and Governance	Sheila M. Colman (Chair) David B. Dicaire William Lamb

8.4 CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders

No director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Lucara), that:

a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

As at the date of this AIF, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Lucara) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

As at the date of this AIF, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

8.5 CONFLICTS OF INTEREST

Some of the directors of the Company serve as directors or officers or have significant shareholdings in other resource companies or companies ancillary to the resource industry. This may result in conflicts of interest. In particular, other resource companies or companies ancillary to the resource industry may participate in ventures in which Lucara may also participate. However, the Company is unaware of any such pending or existing conflicts.

In the event a conflict of interest does arise, the directors of Lucara are required by law to act honestly and in good faith with a view to the best interests of Lucara, to disclose any interest which they may have in any project or opportunity of Lucara, and to abstain from voting on such matter. Conflicts of interest that arise are subject to and governed by the procedures prescribed in the Company's Code of Business Conduct and Ethics and by the BCBCA.

ITEM 9 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently a party to, nor was it a party to during the last financial year, and none of the Company's property is or was the subject of, any material legal proceedings, and the Company knows of no such legal proceedings that are contemplated. However, from time to time, the Company may become party to routine litigation incidental to its business.

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Company's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

ITEM 10 AUDIT COMMITTEE

10.1 OVERVIEW

The Audit Committee of the Board is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the Company's shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor;
- reviewing the Company's annual and interim financial statements, MD&A and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Company; and
- reviewing the Company's financial reporting procedures with respect to the public disclosure of financial information extracted or derived from its financial statements.

10.2 AUDIT COMMITTEE CHARTER

The Board has adopted an Audit Committee Charter which sets out the Audit Committee's purpose, procedures, organization, powers, roles and responsibilities. The complete Audit Committee Charter is attached as Schedule A to this AIF.

10.3 COMPOSITION OF THE AUDIT COMMITTEE

Below are the details of each Audit Committee member, including his/her name, whether he/she is independent and financially literate as such terms are defined under NI 52-110 and his/her education and experience as it relates to the performance of his/her duties as an Audit Committee member. The qualifications and independence of each member is discussed below and in the Company's Management Information Circular, prepared in connection with the Company's annual meeting of shareholders, a copy of which will be available under the Company's profile on the SEDAR+ website at www.sedarplus.ca.

Member Name	Independent[1]	Financially Literate[2]	Education and Experience Relevant to Performance of Audit Committee Duties
Ian W. Gibbs (Chair)	Yes	Yes	CPA, CA Previously the CFO of several public resource companies, and currently the CEO of a public mining company. Bachelor of Commerce degree. Over 20 years of public company financial reporting responsibilities as CFO for publicly traded companies.
David B. Dicaire	Yes	Yes	Currently an executive of a public company. Served on public company boards for over 15 years. Responsible for financial statements of a public company on the TSX. Certified as an ISO 9000 auditor.
Peter J. O'Callaghan	Yes	Yes	Bachelor of Laws degree and a Bachelor of Commerce degree (Finance). Served as a Partner at Blake, Cassels & Graydon LLP for almost thirty years; has extensive experience in all types of M&A and corporate finance transactions, with a focus on the mining sector.

Notes:

1. A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment or is otherwise deemed to have a material relationship under NI 52-110.
2. An individual is financially literate if he or she is able to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues and can reasonably be expected to be raised by the Company's financial statements.

10.4 AUDIT COMMITTEE OVERSIGHT

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

10.5 PRE-APPROVAL POLICIES AND PROCEDURES

Consistent with Section 4(f) of the Audit Committee Charter, audit and non-audit services performed by the external auditor are pre-approved by the Audit Committee.

10.6 EXTERNAL AUDITOR SERVICE FEES

The following table discloses the fees billed to the Company by its external auditors, PwC, during the last two fiscal years.

Fiscal Year Ending	Audit Fees C$[1]	Audit-Related Fees C$[2]	Tax Fees C$[3]	All other Fees C$[4]
December 31, 2024	505,212	72,225	Nil	Nil
December 31, 2023	329,000	69,000	Nil	Nil

Notes:

1. Audit fees represent the aggregate fees billed by the Company's auditors for audit services, rounded to the nearest thousand Canadian Dollars.
2. Audit-related fees represent the aggregate fees billed for assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and not disclosed in the Audit Fees column.
3. Tax fees represent the aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
4. All other fees represent the aggregate of fees billed for products and services provided by the Company's auditors other than services reported under clauses (1), (2) and (3) above.

ITEM 11 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, to the best of the Company's knowledge, none of the directors, officers or principal shareholders of the Company, and no associate or affiliate of any of them, has or has had any material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Company.

On March 2, 2018, Lucara acquired Clara for up-front consideration of 13.1 million shares of Lucara. Further staged equity payments totalling 13.4 million shares could have become issuable. Such shares would have been paid in the event certain performance milestones, related to total revenues (revenues from rough diamonds bought and sold) generated through the platform, were achieved. The Company had also agreed to a profit-sharing mechanism whereby the founders of the Clara technology would retain 13.33% and the management of Lucara would retain 6.67% of the annual EBITDA generated by the platform, to a maximum of $16.67 million and $8.33 million per year, respectively, for 10 years. As of the date of this AIF, no performance milestones, key performance targets, profit sharing or additional equity thresholds had been attained, and therefore no additional shares or EBITDA payments had been made. Moreover, following the sale of Clara on October 4, 2024, the 13,400,000 Lucara common shares issuance obligations to certain officers of the Company that related to sales performance metrics and change of control were cancelled.

Under the terms of the Rebase Amendments, Nemesia provided the Shareholder Undertaking of up to $63.0 million. The Company issued 600,000 common shares to Nemesia on July 15, 2021, and as consideration for the increased undertaking provided under the terms of the Rebase Amendments, issued another1,900,000 common shares on January 12, 2024. A further 600,000 common shares will be issuable should the Shareholder Undertaking be called upon. For each $500,000 drawn down under the Shareholder Undertaking, the Company will be required to issue 5,000 common shares per month to Nemesia until the amounts borrowed are repaid, subject to receipt of all required regulatory approvals. As of the date of this AIF, no amounts have been drawn under the Shareholder Undertaking.

Furthermore, and in connection with the Rebase Amendments, Nemesia also provided a liquidity support guarantee of up to $15.0 million, in exchange for the Company issuing the Debenture, in the event the Company's cash balance decreased below $10.0 million while discussions with the MLAs were ongoing in 2023. During 2023, the liquidity support guarantee of $15.0 million was fully drawn, and Nemesia was issued a total of 900,000 common shares consisting of 450,000 common shares as consideration for providing the liquidity support guarantee and 450,000 common shares for the Company drawing down on the aforesaid guarantee. In terms of the Debenture, for each $500,000 drawn down under the liquidity support guarantee, the Company is required to issue, subject to the receipt of all required regulatory approvals, 7,500 common shares per month to Nemesia until the amounts borrowed are repaid. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement to the Debenture agreement in terms of which common shares would be issued to Nemesia on a quarterly, instead of a monthly basis.

The Debenture matures on August 29, 2029. As at December 31, 2024, a total of 3,952,500 common shares have been issued under the Debenture, which includes the interest payments of 3,052,500 common shares. As of the date of this AIF, Nemesia holds 26.0% of Lucara's total issued and outstanding shares.

Further details are discussed in the section entitled "***Contingent Share Payments***" in this document.

ITEM 12 TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for Lucara's common shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia, Canada: 3rd floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9.

ITEM 13 MATERIAL CONTRACTS

The following are contracts that are material to Lucara that were entered into either (i) during the financial year ended December 31, 2024; or (ii) prior to January 1, 2024 that are still in effect, other than contracts entered into in the ordinary course of business:

a) On July 12, 2021, as amended and restated on July 19, 2023 and January 9, 2024, the Company entered into the Facilities Agreement in relation to the Underground Project Debt Financing.

b) On February 15, 2024, the Company entered into the NDSA, effective retroactively from December 1, 2023, in respect of all qualifying diamonds produced in excess of 10.8 carats in size.

c) On October 4, 2024, the Company entered into a Net Profit Interest Agreement whereby the Company would retain 3% on Clara's net earnings.

d) On October 4, 2024, the Company entered into a 5-year rough diamond supply agreement with Clara for stones meeting the size and quality specifications historically sold through the Clara platform.

Copies of the above material contracts have been filed under the Company's profile on the SEDAR+ website at www.sedarplus.ca.

ITEM 14 INTERESTS OF EXPERTS

Lucara's auditors are PwC, Chartered Professional Accountants, who have prepared an independent auditor's report dated February 21, 2025 in respect of the Company's consolidated financial statements as at December 31, 2024 and December 31, 2023 and for years then ended. PwC has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

The individuals who are Qualified Persons for the purposes of NI 43-101 are listed in the technical reports referenced in Item 4.3.1 of this AIF. To the knowledge of the Company, the persons or companies named or referred to under this Item 14 as Qualified Persons for the purposes of NI 43-101 hold beneficially, directly or indirectly, less than 1% of any class of the Company's securities.

ITEM 15 ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR+ website at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, if any, securities authorized for issuance under equity compensation plans and corporate governance practices using the disclosure requirements in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is contained in the Company's Management Information Circular prepared in connection with the annual meeting of shareholders of the Company.

Additional financial information is provided in the audited consolidated financial statements of the Company and MD&A for Lucara's most recently completed financial year.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. Purpose of the Audit Committee

1.1 The Audit Committee represents the board of directors (the "Board") of Lucara Diamond Corp. ("Lucara" or "the Company") in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2. Members of the Audit Committee

2.1 The Board shall annually appoint the members of the Audit Committee from among its members at the first meeting of the Board following the annual meeting of the shareholders. The Audit Committee shall be composed of three (3) directors or such other number not less than three (3), as the Board may from time to time determine.

2.2 Any member of the Audit Committee may be removed or replaced at any time by the Board. Any member of the Audit Committee ceasing to be a director or ceasing to qualify under subsection 2.3 shall cease to be a member of the Audit Committee. Subject to the foregoing, each member of the Audit Committee shall hold office as such until the next annual appointment of members to the Audit Committee after his or her election. Any vacancy occurring in the Audit Committee shall be filled at the next meeting of the Board.

2.3 Each member of the Audit Committee shall:

(a) be a member of the Board;
(b) not be an officer or employee of the Company or any of its affiliates;
(c) satisfy the independence requirement applicable to members of audit committees under National Instrument 52-110 – *Audit Committees* ("NI 52-110") and any other applicable laws and regulations; and
(d) satisfy the financial literacy requirements prescribed by NI 52-110 by having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

2.4 The Audit Committee shall elect annually a chairperson from among its members.

3. Meeting Requirements

3.1 The Audit Committee will meet at least quarterly and will hold special meetings as it deems necessary or appropriate in its judgement. Meetings may be held in person or via teleconference and shall be at such times and places as the Audit Committee determines. Without a meeting, the Audit Committee may act by unanimous written consent of all members.

3.2 Notice of every such meeting to be given to Audit Committee members in writing not less than five (5) days prior to the date fixed for the meeting and shall be also given to the auditors of the Company. A member may waive notice of a meeting and attendance at a meeting is a deemed waiver of notice of the meeting. Meetings shall be convened whenever requested by the auditors or any member of the Audit Committee.

3.3 As part of each meeting of the Audit Committee at which it recommends that the Board approve the financial statements of the Company, and at such other times as the Audit Committee deems appropriate, the Audit

Committee shall meet separately with the auditor to discuss and review specific issues as appropriate. Any member of the Audit Committee may require the external auditor to attend any or every meeting of the Audit Committee.

3.4 A majority of the members of the Audit Committee shall constitute a quorum.

4. Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

(a) be responsible for making recommendations with regard to the appointment, compensation, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
(b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
(c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
(d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis ("MD&A"), including a discussion with the auditors of their judgements as to the quality of the Company's accounting principles and report on them to the Board;
(e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
(f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
(g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board as to the auditor's compensation and nomination;
(h) satisfy itself that there is generally a good working relationship between management and the external auditor;
(i) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
(j) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
(k) oversee and annually review the Company's Code of Business Conduct and Ethics;
(l) approve material contracts where the Board of Directors determines that it has a conflict;
(m) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters, including confidential submissions by employees;
(n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the current and former external auditor of the Company;
(o) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
(p) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;

(q) review and monitor all related party transactions which may be entered into by the Company;
(r) review and discuss with management the Company's Annual Information Form, including all financial information contained therein or incorporated by reference, as well as the Company's risk disclosure, including material climate-change related risks, and report on it to the Board;
(s) review and discuss with management its assessment of current and future financial impacts arising from material climate change-related risks on the Company's assets, liabilities, revenues and expenses over the short, medium and long-term and review forward-looking information reported;
(t) review with management the Company's privacy and cyber security risk exposure and the policies, procedures, and mitigation plans in place to protect the security and integrity of the Company's information systems and data at least annually;
(u) review with management the Company's policies and practices respecting insurance at least annually;
(v) monitor and assess the Company's voluntary disclosure to ensure that all material information which requires disclosure is also included in the Company's regulatory filings;
(w) review the Company's annual and interim press releases relating to financial results and any earnings guidance provided by the Company before this information is disclosed publicly; and
(x) review annually the adequacy of its charter and recommend any changes thereto to the Board.

5. Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Audit Committee.

5.2 The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Audit Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

5.3 The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Company and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Company with the officers and the external auditor of the Company and its affiliates.

Document Name	Audit Committee Charter
Effective Date	October 1, 2007
Document Version	6
Revision History	Adopted by the Board on October 1, 2007, as amended December 22, 2010, March 22, 2012, February 21, 2019, March 23, 2022, and February 20, 2025.
Version Control	Printed copies of this document are uncontrolled. Confirm this is the current version before using.

END OF SCHEDULE "A"

SCHEDULE "B"

CORPORATE SOCIAL RESPONSIBILITY CHARTER

Lucara Diamond Corp. ("Lucara" or the "Company") and its subsidiaries will initiate and promote ongoing dialogue with a broad range of stakeholders across our operations, maintained and guided by the values and in a spirit of transparency, mutual trust, integrity and good faith. Lucara recognizes that effective stakeholder engagement can create value and mitigate risk for both the Company and its stakeholders. We acknowledge that mining is, by definition, finite and therefore will work to provide lasting benefits in the communities where we live and work.

Lucara will:

- Work consultatively with community partners with the objective of matching our support to their priorities;
- Emphasize sustainable community development initiatives rather than dependency;
- Endeavour to make a positive impact on the quality of life of members of the local community;
- Seek opportunities to maximize employment and procurement for local communities through the provision of suitable training opportunities and resources; and
- Conduct our activities to meet or exceed accepted internationally recognized standards in the protection and promotion of human rights.

By embedding these principles into our operations, Lucara aims to strengthen community resilience, promote sustainable practices, and uphold ethical mining standards. We are committed to being a responsible corporate citizen and a positive force in the communities where we live and work.

Document Name	Corporate Social Responsibility Charter
Effective Date	December 14, 2010
Document Version	4
Revision History	Approved by the Board of Directors on December 14, 2010 and amended on March 22, 2012, March 23, 2022, and August 9, 2024.
Version Control	Printed copies of this document are uncontrolled. Confirm this is the current version before using.

END OF SCHEDULE "B"

SCHEDULE "C"

RESPONSIBLE MINING POLICY

The mission of Lucara Diamond Corp. ("Lucara" or the "Company) and its subsidiaries is to responsibly mine rough diamonds safely and profitably while creating meaningful value for our stakeholders. Our approach to responsible mining integrates environment, social, and governance considerations into all aspects of our business. With some of our core values being the pursuit of excellence, working collaboratively, and being transparent and trustworthy, we are committed to the following principles:

Environmental Responsibility

Lucara is committed to promoting sustainable practices and as part of this commitment, we endeavour to minimize the short- and long-term adverse impacts of our mining operations.

- We promote environmental education, awareness, and stewardship throughout the mining life cycle, emphasizing the conservation of land, air, water, biodiversity, and energy resources.
- We assess the risks and impacts of our activities and integrate these considerations into our planning, operating and business decisions.
- We proactively plan for mine closure based on scientific research, environmental protection, and the long-term interests of the communities impacted by our operations.
- We recognize that climate change has serious implications to our environment, people, communities, and operations. We are committed to reducing our carbon footprint, including by promoting energy efficiency programs and reducing our greenhouse gas ("GHG") emissions.

Social Responsibility

The Company continues to foster and promote on-going dialogue with a broad range of stakeholders across our operations, maintained in a spirit of transparency and good faith. Lucara recognizes that effective stakeholder engagement can create value and mitigate risk for both the Company and our stakeholders.

- We are resolute in our effort to achieve Zero Harm and put the health and safety of our employees, contractors and visitors first and foremost in everything we do.
- We engage with our host communities to build trust-based relationships and foster mutual benefits.
- We encourage local hire and procurement, and work with our stakeholders to advance socio-economic development in the regions where we operate.
- We expect our employees, suppliers, customers, contractors, and business partners to adhere to the principles of this policy when operating on our sites or on our behalf.
- We are committed to accountability in meeting all applicable legal requirements and fulfilling our commitments to stakeholders.

Governance

We believe in conducting our business in a transparent manner that complies with applicable laws, respects human rights and safeguards our employees, contractors, communities, and stakeholders.

- We conduct our business in line with the United Nations Guiding Principles on Business and Human Rights.
- We are open to public scrutiny and conduct our business ethically. We empower our people to uphold our corporate values.
- We foster an inclusive and diverse workplace that does not tolerate harassment or discrimination of any kind.
- We respect the rights, interests, and traditions of remote area dwellers where we operate.

- We monitor, measure and publicly report our performance against internationally recognized reporting standards.
- We implement management systems, processes and training programs that support our commitment to responsible mining.

Planning for a Positive Legacy

Lucara believes that engagement with stakeholders throughout the mine life cycle is critical for ensuring that our operations deliver positive economic and social benefits, while minimizing environmental impacts.

- We are signatories to the United Nations Global Compact and actively contribute to the Sustainable Development Goals applicable to us.
- We focus our investments on community-driven sustainable initiatives that address the needs of the communities where we live and work.
- We strive for mining industry best practices in the design, safe operation, and monitoring of facilities for managing water, tailings, and other mineral wastes, as those practices are applicable to our operations.
- We review and update our mine closure plan on a regular basis.

Document Name	Responsible Mining Policy
Effective Date	February 23, 2020
Document Version	3
Revision History	Approved by the Board of Directors on February 23, 2020, and amended on March 19, 2021, and August 9, 2024.
Version Control	Printed copies of this document are uncontrolled. Confirm this is the current version before using.

END OF SCHEDULE "C"

SCHEDULE "D"

ENVIRONMENTAL POLICY

Lucara Diamond Corp. ("Lucara" or the "Company") and its subsidiaries are committed to sustainable development, which requires that we seek ways to minimize the short- and long-term adverse impacts of our activities on the natural environment. We will achieve this through the development and approval of Environmental Impact Assessments ("EIA's") and effective implementation of our Environmental Management Plans ("EMP's") at all of our operations.

Lucara promotes environmental awareness with all employees, contractors, and visitors and encourages them, when at our workplaces, to conduct themselves in ways that minimize their environmental impact. We actively seek opportunities for mitigation of adverse impacts on the environment through effective and efficient waste management, water use and management, energy use, biodiversity conservation, while also ensuring responsible implementation of our closure plans.

Lucara commits to:

- Conduct all our activities in compliance with our EIA's and EMP's, applicable legislation, and other requirements to conserve and protect the environment, employees, and the communities impacted by our operations;
- Apply international best practices in the absence of legislation or more stringent local criteria, guided by Equator Principles and International Finance Corporation ("IFC") guidelines, where Lucara believes these are needed to advance environmental protection and to minimize environmental risks;
- Integrate management of the environment into company business practices and planning to enhance the sustainability of our operations;
- Protect the environment through the wise use of resources and prevention of adverse environmental impacts, including pollution prevention;
- Implement, maintain and improve appropriate and robust management systems and programs to achieve effective and efficient waste management, water use and management, energy use, biodiversity conservation, and implementation of our closure plans;
- Conduct regular reviews to drive continual improvement in environmental performance;
- Assess climate-related risks and opportunities on a regular basis and consider opportunities to reduce the Company's greenhouse gas emissions over the life of its depleting assets.
- Ensure that all operations are aware of this Corporate Policy and develop local policies and procedures that embody and support Lucara's corporate objectives; and
- Communicate openly with governments, employees, local communities, and the public to sustain mutual understanding of Lucara's environmental commitments and performance.

Document Name	Environmental Policy
Effective Date	December 14, 2010
Document Version	4
Revision History	Approved by the Board of Directors on December 14, 2010 and revised on March 21, 2013, March 23, 2022, and August 9, 2024.
Version Control	Printed copies of this document are uncontrolled. Confirm this is the current version before using.

END OF SCHEDULE "D"

SCHEDULE "E"

HUMAN RIGHTS POLICY

Lucara Diamond Corp. ("Lucara" or the "Company") and its subsidiaries have adopted a Code of Business Conduct and Ethics that states that the "Company respects each individual's human rights and shall seek to foster respect and equality for all. Individuals shall not be discriminated against on the basis of factors unrelated to their ability to perform their job".

Our Commitment

We are committed to meeting our responsibility to respect internationally recognized human rights and labour standards as defined by the United Nations Guiding Principles on Business and Human Rights. Our commitment is based on the Kimberley Process, the Responsible Jewellery Council Code of Practices (2019), and other relevant standards and market regulations. We actively participate in the United Nations Global Compact and have adopted several United Nations Sustainable Development Goals.

Our principle is that where national law and international human rights standards differ, we will follow the higher standard; where they are in conflict, we will adhere to national law, while seeking ways to respect international human rights and standards.

Governance and Scope

This policy is overseen by Lucara's President and CEO with support from the executive team. This ensures that every part of the Company's business is clear about the responsibility to respect human rights and to remedy any violations. Board-level oversight is provided by the Environment, Social and Governance ("ESG") Committee of the Company.

This policy applies to Lucara and all its subsidiaries, contractors, as well as their workers and suppliers, who are required to uphold and respect for human rights and for these principles.

Stakeholder Engagement

Our core values guide our engagement activities. We are committed to respecting and listening to our people, our communities, local governments, to delivering on our promises and commitments, and to communicating with openness, honesty and transparency.

We engage in the communities on a regular basis, meeting with the people, including remote area dwellers and vulnerable and disadvantaged groups, allowing us to learn about expectations and concerns, be accountable about our operations and social investments, and identify opportunities for improvement.

Diversity and Inclusion

We believe that strength comes from diversity and are proud to be an equal opportunity employer. We are committed to building a culture of inclusivity where we welcome and recognize the unique contributions of each of our employees.

Freedom of Association and Collective Bargaining

Throughout our business practices, we uphold the freedom of association and recognize our employees' right to form and join organizations of their own choosing and to bargain freely with our Company.

Child and Forced Labour

Lucara rejects any form of modern slavery, including forced labour, child labour and trafficking, or other labour exploitation in our activities and value chain. We endeavour to have systems in place to identify, assess and address modern slavery risks.

Safe and Healthy Workplace

Health and safety are among our core values, and part of our working culture. We are committed to creating a healthy and safe working environment for all employees, contractors and visitors, and to complying with applicable safety and health laws and regulations.

Workplace Security

We are committed to providing workplaces that are free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. Security safeguards for employees are provided, as needed, and are maintained with respect for employee privacy and dignity. We strive to create a safe and inclusive environment for all individuals and do not tolerate any form of discrimination, harassment, and workplace violence.

Reporting

If any violation of this policy is observed, whether committed by Company employees or by others associated with the Company, it is to be reported to an immediate supervisor, or an officer of the Company, as appropriate. If it is determined that there is a violation, the employee, supervisor or officer, as applicable, shall advise the Chair of the Environment, Social and Governance ("ESG") Committee in writing.

To report a matter in a confidential or anonymous basis, an individual may:

- In confidence, send an email to the attention of the Chair of the ESG Committee at: ethicscomplaint@lucaradiamond.com; or

- Anonymously, post the complaint or concern to the Attention of the Chair of the ESG Committee, Lucara Diamond Corp., Suite 2800, Four Bentall Centre, 1055 Dunsmuir Street, PO Box 49225, Vancouver, B.C., Canada, V7X 1L2

Following the receipt of any reports submitted hereunder, the Chair of the ESG Committee will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment.

There will be no reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

Reports received by the Chair of the ESG Committee will be retained for a period of seven years.

Public Reporting

We report to the public on our human rights-related commitments, efforts and statements, consistent with this policy, as part of our annual Sustainability Report and in our Modern Slavery Act Report, published in compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Our Governance

This policy is overseen by Lucara's Chief Executive Officer with support from the Executive team. This ensures that every part of our business is clear about the responsibility to respect human rights and to remedy any violations. Board-level oversight is provided by the ESG Committee of the Company.

Document Name	Human Rights Policy
Effective Date	February 22, 2021
Document Version	2
Revision History	Approved by the Board of Directors on February 22, 2021, and amended on August 9, 2024.
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END OF SCHEDULE "E"