LUCARA

DIAMOND

ANNUAL INFORMATION FORM

(FOR THE YEAR ENDED DECEMBER 31, 2025)

DATED: MARCH 31, 2026

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DEFINITIONS

In this Annual Information Form ("**AIF**") 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, 2026

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

BAC means blast assisted caving

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

Board means the Company's Board of Directors

Bond Financing (2026) means a private placement of $350.0 million senior secured Bonds that the Company announced it had completed on March 12, 2026.

Bonds means the bonds issued under the Bond Financing (2026) that have a tenor of five years and have a fixed coupon rate of 12.5% per annum with interest payable in quarterly installments

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 Standards 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 required to be fully funded by June 30, 2025 and subject to certain restrictions, as set out in the Facilities Agreement

cpht means carats per hundred tonnes

CSA means the Canadian Securities Administrators

DMS means dense media separation

EIA means environmental impact assessment study

EAA 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

Equity Financing (2026) means a non-brokered private placement for total gross proceeds of C$165 million that Lucara closed on January 29, 2026. The Company issued an aggregate of 1,031,250,000 Shares at a price of C$0.16/Share

ESG means environmental, social, and governance

EY means Ernst & Young LLP

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

Feasibility Study (2019) means the Karowe Mine Underground Feasibility Study Technical Report, Botswana, effective September 26, 2019, dated December 16, 2019, and posted on SEDAR+ at www.sedarplus.ca.

First 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

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 (2024) means the updated NI 43-101 technical report for the Karowe Mine, titled "Karowe Mine Underground Feasibility Study Technical Report, Botswana", effective June 30, 2023, dated March 12, 2024, and posted on SEDAR+ at www.sedarplus.ca

Karowe Technical Report (2026) means the updated NI 43-101 technical report for the Karowe Mine, titled "Karowe Diamond Mine 2025 Feasibility Study Technical Report, Botswana", effective September 30, 2025, dated January 26, 2026, and posted on SEDAR+ at www.sedarplus.ca

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

lvl means, in the Underground Mine, levels named by their elevation or mining level

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 a syndicate of six participating mandated lead arrangers under the Facilities Agreement, and comprised of Africa Finance Corporation; African Export-Import Bank; ING Bank N.V.; Natixis; Société Générale S.A. (SocGen), London Branch; and Allianz Fund Investments S.A.

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, and the Company's largest shareholder

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

Provenance Claim means a documented claim, made using descriptions or symbols, that related to gold, silver, PGM, diamonds or coloured gemstones that are offered for sale (whether as stand-alone materials or set in jewellery)

P/S means the production shaft

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

Second Debenture means the unsecured debenture that was issued by the Company to Nemesia on July 12, 2021 for $25,000,000 and amended on January 9, 2024 to $63,000,000. During 2025 the Company drew $28,000,000 from Nemesia's amended limited shareholder standby undertaking. The second debenture matures on June 30, 2031

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 Standby Undertaking means a limited standby undertaking of up to $28,000,000 provided by Nemesia under the Facilities Agreement

Shares means the common shares in the capital of the Company

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

V/S means the ventilation shaft

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF and the documents incorporated by reference include statements and information about management's expectations in the future. When discussing strategy, plans and future financial and operating performance or other events that have not yet taken place, management is making statements considered to be forward-looking information or forward-looking statements under Canadian securities laws. They are referred to in this AIF as forward-looking statements or "FLS".

Forward-looking statements in this AIF:

- typically include words or phrases about the future such as believe, estimate, anticipate, assume, expect, plan, intend, predict, goal, target, forecast, project, scheduled, potential, strategy and proposes; and
- are based on opinions, assumptions, estimates and expectations of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such FLS.

Examples of Forward-Looking Statements

Examples of FLS included in this AIF are statements relating to:

- anticipated production, grades and recoveries
- the expected life of mine and its associated costs
- diamond sales, projection and future outlook disclosures, and expectations regarding top-up values;
- the diamond market, including supply and demand, global market or pricing
- capital costs, operating costs, unit costs, and other expenditures, and expectations regarding sustaining capital and existing project expenditures and the related focus areas
- the Company's anticipated use of proceeds of the Facilities;
- cash flows and their uses
- estimates of Mineral Reserves and Resources
- expectations regarding the Company's ability to dispose of excess water in an environmentally-sensitive manner and any related capital requirements
- expectations related to the caving of kimberlite;
- limitations on insurance coverage;
- 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 anticipated use of proceeds from the Bond Financing (2026)
- the Underground Project scheduling estimations; capital, construction and sustaining costs; related development activities and contracts; and the ability of the Company to complete the Underground Project
- the Company's ability to successfully transition from open-pit mining to underground operations
- the Company's successful implementation of tailings framework
- the political and economic environments in Botswana
- reclamation and closure costs
- tax payments and rates
- expectations relating to the receipt or renewals, as applicable, of regulatory approvals, permits and licenses under governmental and regulatory regimes
- the Company's expectations regarding the timing, regulatory and funding of the opportunities to reduce energy use and GHGs;
- information or statements with respect to the Company's ability to continue as a going concern and ensure sufficient liquidity.
- the availability of future funding sources
- the Company's intentions to pay dividends in the future

Material Risks

Lucara's future actual results could differ materially from those anticipated. The following risk factors could cause actual results to differ materially from those projected in the FLS:

- risks related to non-compliance with credit facilities and the Company's ability to maintain its obligations
- global economic and geopolitical risks
- risks related to diamond prices and marketability
- risks related to LGDs and their effects on diamond supply and pricing
- risks related to capital costs of the Underground Project
- risks associated with the Underground Project development and lateral advancement
- risks related to the nature of underground mining
- risks related to cave propagation and extraction level performance
- risks related to mine flooding, mudrush, and airblast
- long hold retreat mining and stoping risk
- risks related to corrosion and infrastructure
- development project risks
- risks related to mining and processing
- counterparty and contractual risk for key project and mining contracts
- risks related to access to capital and financing requirements
- risks related to loss of diamond value
- risks related to dependence on a single buyer for large stones
- risks related to labour agreements
- risks related to licenses, permits and approvals
- risks related to infrastructure
- risks related to environmental or other regulatory requirements
- risks related to climate change
- risks related to rehabilitation funds and mine closure costs
- currency risk
- foreign operations risk
- uncertainties related to Mineral Resource and Mineral Reserve estimates
- risks related to taxes
- risks related to personnel
- risks related to conflicts of interest
- risks related to share price volatility and future sales by existing shareholders
- risks related to potential dilution
- risks related to competition
- risks related to title matters
- risks related to community relations
- uninsured risks and insurance coverage
- risks related to legal proceedings
- risks related to compliance with legislation, including the Modern Slavery Act, ESTMA, and public company obligations
- risks related to compliance with anti-corruption laws
- risks related to natural disaster and health risks
- risks related to IT systems and cybersecurity

Certain of these risks are discussed, and should be carefully considered, in Item 5 – "**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, 2025, 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, 2025 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 (Table 1) 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.

Table 1: Daily Average Exchange Rates

Year Ended December 31,		
2025	**2024**	**2023**
1.3706	1.4389	1.3226

1.3 ACCOUNTING POLICIES AND FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this AIF is presented in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and as outlined in Part 1 of the CPA Canada Standards and Guidance Collection.

1.4 CLASSIFICATION OF MINERAL RESERVES AND MINERAL RESOURCES

Unless otherwise indicated, all Mineral Resource and Mineral Reserve estimates, including in this AIF and the documents incorporated by reference herein, have been prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, Companion Policy 43-101CP and Form 43-101F of the Canadian Securities Administrators ("**CSA**") (together, "NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") - CIM Definition Standards on Mineral Resources & Mineral Reserves, adopted by the CIM Council, as amended (the "**CIM Standards**"). NI 43-101 is a rule developed by the CSA, which established standards for all public disclosure an issuer makes of scientific or technical information concerning mineral projects. The terms "Mineral Resource", "Indicated Mineral Resource", "Inferred Mineral Resource", "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are mining terms as defined in accordance with NI 43-101 and the CIM Standards. In addition, Lucara's Mineral Resources and Mineral Reserves are aligned with CIM's General Guidelines for the Estimation of Mineral Resources and Mineral Reserves (2019) and CIM's Leading Practice Guidelines for Diamond Exploration, Resources and Reserves, Specific to Primary Diamond Deposits (2025).

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 Standards 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 Grütter of SRK is responsible for the Mineral Resource Estimate (see *Item 4.3.8 – "**Mineral Resource and Reserve Estimates**"* in this AIF) and Brandon Chambers of JDS is responsible for the Mineral Reserve Estimate (see *Item 4.3.8 – "**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 most recent NI 43-101 Technical Report for the Karowe Mine: "*Karowe Diamond Mine – 2025 Feasibility Study Technical Report*" with an effective date of September 30, 2025 ("**Karowe Technical Report (2026)**"), which was publicly filed on January 30, 2026 on SEDAR+ at www.sedarplus.ca. Ore depletions between October 1, 2025 and December 31, 2025 account for the revised volumes and tonnages reflected in the current Mineral Resource and Reserve Estimates, effective December 31, 2025.

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 Karowe Technical Report (2026) was compiled and prepared by JDS and authored by: Matthew Moss (P. Eng.), Brandon Chambers (P. Eng), Hermanus Grütter (P. Geo., Ph.D.), Kimberley Webb (P. Geo), Kelly McLeod (P. Eng.), Trevor Rangasamy (M.Sc FSANIRE, MSAIMM), Houmao Liu (Ph.D., PE), Mehrdad Nazari (MBA, MSc, MIMMM), Justin Teixeira (Pr. Eng.), and Lehman van Niekerk (Pr. Eng.), 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 and approved by Dr. Lauren Freeman (Ph.D., Pr. Sci. Nat.), Vice-President Mineral Resources of the Company and Qualified Person under National Instrument 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 (Figure 1a) 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, 2025. All these subsidiaries are wholly owned by the Company. As of March 31, 2025, the only additional relevant subsidiary of the Company, was Lucara Capital S.a.r.l., a company incorporated in Luxembourg and wholly-owned by Lucara (Figure 1b).

Figure 1a: Lucara Corporate Structure at December 31, 2025

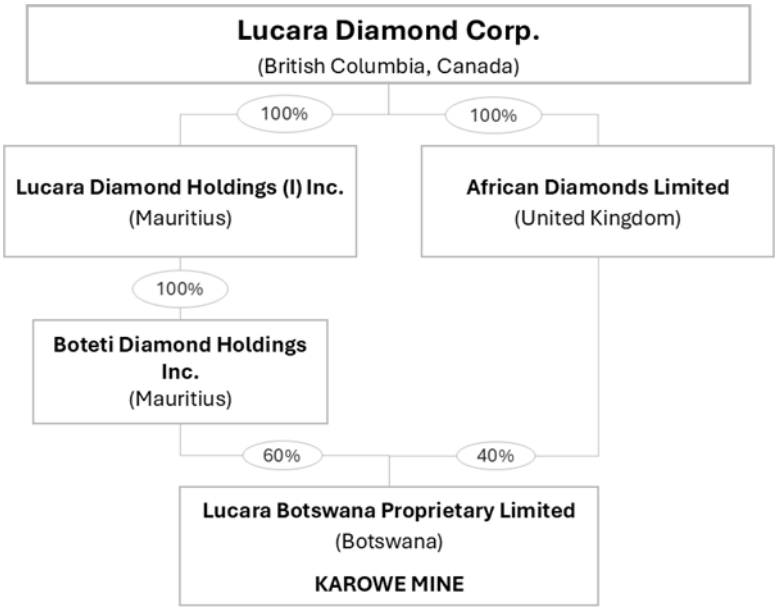
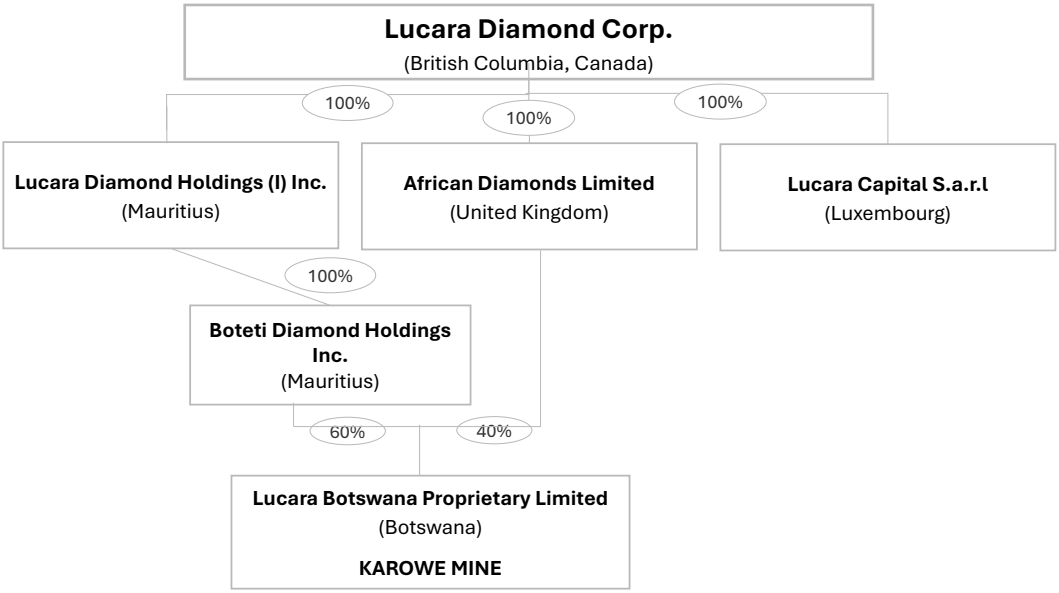


Figure 1b: Lucara Corporate Structure at March 31, 2026



ITEM 3: GENERAL DEVELOPMENT OF 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 of Directors ("**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 January 2025, Lucara announced the change of the Company's Swedish listing from the Nasdaq Stockholm Main Market to the Nasdaq First North Growth Market.

3.2 THREE YEAR HISTORY – MAJOR DEVELOPMENTS

2023

- Management Changes: The Company announced the appointment of William Lamb as President and Chief Executive Officer, effective August 17, 2023, with Eira Thomas (former CEO), and Zara Boldt (former Chief Financial Officer and Corporate Secretary) 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.
    - 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.
- 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.

2024

- Management Changes: Glenn Kondo joined the Company as Chief Financial Officer effective January 1, 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 final achieved polished sales price exceeds the estimated initial polished value. A repayment, or "top-down payment", is made from Lucara to HB if the final 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 (2024) 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 (2024) provided 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 ("**Shares**") as consideration for the sale. This transaction further eliminated a share issuance obligation of 13,400,000 Lucara 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.
- 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.
    - 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.
    - 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.

2025

- 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, bringing with her a wealth of technical expertise and experience relating to both open pit and underground mining operations.
- A total of 353,302 carats were sold generating $159.7 million in revenue. Revenue for the year includes the sale of the Seriti, a 1,094 carat diamond sold to HB for an initial polished value of $12.0 million. A further $7.9 million in top-up revenue was earned during 2025 following the sale of a number of polished diamonds from the Seriti.

- The production and ventilation shafts both reached final depth in 2025 marking a key milestone toward completion of the Underground Project. Significant process was made in lateral development connecting the two shafts across multiple levels. The Underground Project achieved over 2,000 days without a lost-time injury.
- Beginning in June 2025, the Company did not comply with the covenants under the Facilities requiring a technically signed off financial model by June 30, 2025, the execution of a lateral development contract by July 31, 2025, the requirement to provide a cost to complete certificate by August 31, 2025, and the requirement to fully pay down the Working Capital Facility for five successive business days at least once every 12 months.
- On December 1, 2025, the Company awarded a lateral development contract to Group R Mining and Exploration Botswana (Pty) Ltd. for the execution of all underground lateral development from the production and ventilation shafts to the ore body, including construction of the extraction level, underground crushing chamber, fine ore bins, and pump stations with associated infrastructure required to advance to the kimberlite.
- On December 30, 2025, the Company and the MLAs entered into an agreement to waive all convenant breaches and events of default under the Facilities and provided extensions for compliance.
- The recovery of 772 Specials, equated to 7.1% by weight of the total carats recovered from direct ore feed in 2025. During 2025, the Company recovered 31 stones over 100 carats, including three stones that exceeded 1,000 carats. Significant recoveries in 2025 include a 1,476 carat non-gem diamond, a 2,036 carat near-gem diamond, a 1,015 carat non-gem diamond and a 37.42 carat pink Type IIa diamond.
- All key operational and financial metrics set out in the Company's 2025 revised guidance were achieved.
- In 2025, the plant processed a record 2.8 million tonnes of ore and recovered 365,987 carats. Ore mined of 1.9 million tonnes for the full year.
- The Company drew $28.0 million from the Cost Overrun Reserve Account ("**CORA**") in exchange for its largest shareholder, Nemesia S.à.r.l. ("**Nemesia**"), agreeing to amend the terms of its limited shareholder standby undertaking through to completion of the Underground Project. This amendment reduced the required CORA balance from $61.7 million to $33.7 million.
- The Company drew $28.0 million under the Second Debenture with Nemesia with a principal amount of $63.0 million.

Developments Subsequent to 2025

- On January 29, 2026, Lucara closed a non-brokered private placement for total gross proceeds of C$165 million. The Company issued an aggregate of 1,031,250,000 Shares at a price of C$0.16 per Share.
- On January 30, 2026, the Company announced the filing of the Karowe Technical Report (2026) for the updated FS, with an effective date of September 30, 2025, prepared by JDS in accordance with NI 43-101 on the Karowe Diamond Mine. The Karowe Technical Report (2026) provided an update to the Karowe Technical Report (2024) including significant modifications to project construction progress; the economic model; schedule, operating budgets and capital and operating costs projections; the geological model; hydrogeological and geomechanical models; mine design, method and schedules; advancement of detailed engineering designs; and groundwater management on surface for the Karowe Diamond Mine.
- On March 3, 2026, to comply with applicable law in Botswana requiring regular rotation of auditors, the Company announced the appointment of Ernst & Young LLP ("**EY**") as auditors of the Company, replacing PricewaterhouseCoopers LLP ("**PwC**"), who resigned as auditors of the Company on the same date.
- On March 3, 2026, the Company entered in a waiver agreement with the MLAs which approved a withdrawal of $12.5 million from the CORA, reducing the CORA balance from $33.7 million to $21.2 million.
- On March 12, 2026, the Company announced that it had completed a private placement of $350.0 million senior secured Bonds ("**Bond Financing (2026)**"). The Bonds have a tenor of five years and have a fixed coupon rate of 12.5% per annum with interest payable in quarterly installments.
- On March 15, 2026, Lucara announced the recovery of a 36.92 carat blue diamond from the Karowe Mine. The diamond is described as a blue Type IIB of high quality and recovered through the X-ray Transmission machines at Karowe from ore sourced from stockpile material.
- On March 27, 2026, the Bonds were settled following satisfaction of the condition precedents.

- On March 30, 2026, part of the proceeds from the Bond Financing (2026) were used to repay the Company's existing $220 million senior secured project finance debt package and the payment of two years of interest on the Bonds into a dedicated debt service retention account.

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 agreement 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 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.

The Facilities Agreement includes specific provisions for how and when these funds may be released from the CORA. The CORA balance was $33.7 million as at December 31, 2025. The Company was required to, and successfully placed, $61.7 million in the CORA prior to June 30, 2025. The MLAs approved the Company to draw up to $28.0 million from the CORA to fund Underground Project construction in exchange for Nemesia amending the terms of its limited shareholder standby undertaking which previously supported the requirement to fill the CORA to $61.7 million by June 30, 2025. The amendment includes extending the undertaking until project completion and resulted in a new required CORA balance of $33.7 million. On March 3, 2026, the Company drew a further $12.5 million from the CORA, reducing the required CORA balance from $33.7 million to $21.2 million.

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, Nemesia provided support of up to $63.0 million including: i) a $28.0 million component as an amended limited standby undertaking to support liquidity shortfalls until completion of the underground project and ii) a $35.0 million component as a liquidity guarantee to cover underground project overruns. As of the date of this AIF, the Shareholder Standby Undertaking is fully drawn under the Second Debenture. 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 First 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 Shares consisting of 450,000 Shares as consideration for providing the liquidity support guarantee, and 450,000 Shares for the Company drawing down on the aforesaid guarantee. In terms of the First 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 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 First Debenture agreement in terms of which Shares would be issued to Nemesia on a quarterly, instead of a monthly basis. The First Debenture matures on August 29, 2029. As at December 31, 2025, a total of 6,652,500 Shares have been issued under the First Debenture, which includes the interest payments of 5,752,500 Shares. In connection with the $28.0 million draw on the Shareholder Undertaking, the Company issued the Second Debenture. For each $500,000 drawn under the Second Debenture, the Company will issue 7,500 Shares per month, settled quarterly, to Nemesia until the amounts borrowed are repaid. The Second Debenture matures on June 30, 2031. As at December 31, 2025, a total of 960,387 Shares have been issued under the Second Debenture for interest payments.

Bond Financing (2026)

On March 12, 2026 the Company completed a private placement of $350.0 million senior secured bonds. The bonds have a tenor of five years and have a fixed coupon rate of 12.5% per annum with interest payable in quarterly installments. The bonds were issued on March 27, 2026 and funds were transferred to an escrow account pending completion installments of certain condition precedents.

It is planned that the funds will be used to: (1) repay the current project facility of $220.0 million on March 31, 2026; (2) fund two years of interest on the Bonds on a dedicated debt account on March 31, 2026, at a minimum maintain six months Bond coupon payments until January 1, 2029; (3) funding the Underground Project; and (4) after Underground Project completion, general corporate purposes.

Fixed quarterly repayments of $25 million will commence three years from issue date, equating to $100.0 million in each of 2029 and 2030, with the remaining principal to be repaid in 2031.

The Bonds have first ranking 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. The Company's obligations under the guarantee will fall away upon the completion of the Underground Project.

The Bonds may be reopened, and additional bonds issued from time to time (a 'tap issuance'), provided that the aggregate principal amount outstanding under all tap issuances does not exceed $400.0 million. Any such additional bonds will form a single series with the Bonds and will rank equally in all respects. In addition, the Bond permits the incurrence of a senior secured credit facility in an aggregate principal amount of up to $50.0 million.

The existing First Debenture and Second Debenture, in an aggregate principal amount of $43.0 million, constitute subordinated debt. In connection with the issuance of the Bonds, the Nemesia guarantee in the amount of $35 million was terminated.

3.4 SIGNIFICANT ACQUISITIONS

Lucara did not make any significant acquisitions during the financial year ended December 31, 2025 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 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 Company is transitioning from open pit to underground mining with the development of the Underground Project. The Underground Project is designed to access the highest value portion of the Karowe orebody at depth. Underground development ore from the Underground Project is scheduled to be accessed in late 2027, with full-scale underground production planned for the first half of 2028. The Karowe Mine recovered a total of 365,987 carats in 2025. More detailed information regarding the Karowe Mine can be found under *Item 4.2* – "***Description of Diamond Mining Business***" and *Item 4.3 – "**Description of Mining Property – Karowe Diamond Mine, Botswana***".

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: through the terms of the NDSA with HB; through a sealed bid tender process; or through the Clara Platform.

Karowe's large, high value diamonds that exceed +10.8 carats in size have historically accounted for approximately 60% to 75% 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.

Diamonds between 0.9 carats and 10.8 carats, in the high colour and high clarity categories are scanned by the Company to assess the probable polished outcome. These data are uploaded onto the Clara platform where individual diamonds are sold based on the expected polished outcome.

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 2025, 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.

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 and 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 global natural diamond market experienced a cyclical downturn beginning in 2023, characterized by declining prices, elevated midstream inventories, and reduced consumer demand in key markets, including the United States and China. These conditions have continued through 2025 and into early 2026, reflecting weaker retail replenishment cycles and increased competition from laboratory-grown diamonds ("**LGDs**").

During 2025, market conditions began to show signs of stabilization for premium-grade large natural diamonds. Major producers, including the De Beers Group, implemented production curtailments and exercised pricing discipline in response to prevailing demand conditions. These measures contributed to a gradual rebalancing of rough diamond supply and improved inventory conditions across the pipeline by mid- to late-2025.

Demand recovery during 2025 remained uneven. The United States continued to represent the largest consumer market for natural diamond jewelry, with relatively more stable demand compared to other regions. China remained below historical demand levels amid broader macroeconomic pressures. India continued to play a central role as both a global diamond manufacturing hub and an increasingly significant consumer market.

Competition from LGDs persisted, particularly in smaller and commercial-quality categories. Industry reporting indicates continued declines in LGD wholesale pricing during 2025 due to expanding production capacity and technological efficiencies. This divergence between natural and laboratory-grown pricing has contributed to increased market segmentation across product categories.

Although natural diamond prices have not returned to prior peak levels, price volatility moderated during the second half of 2025 relative to 2023–2024. Production discipline by major mining companies and more cautious inventory management across the midstream contributed to improved supply-demand balance entering 2026.

Over the medium to long term, global natural diamond supply growth is expected to reduce due to aging producing assets, depletion of certain open-pit operations, and limited new large-scale discoveries or project developments. These structural supply characteristics, combined with long-term demand fundamentals in established and emerging consumer markets, are generally viewed by industry participants as supportive of gradual market normalization.

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

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 397 diamonds greater than 100 carats have been recovered, with 25 diamonds greater than 100 carats recovered in 2025 alone. In

2025, 25 diamonds greater than 100 carats, 3 diamonds greater than 200 carats and 3 diamonds in excess of 1,000 carats were recovered.

Since 2015, nine (9) 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 three +1,000 carat stones were recovered in 2025. Lucara consistently achieves average diamond prices well above the current industry average due to the coarse stone size distribution of the Karowe production. In 2025, Lucara achieved an average diamond price of $452 per 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 2025, Karowe Mine's thirteenth full year of production, 354,467 carats were recovered from 2,788,244 tonnes of direct ore feed from the open pit and stockpiles, with an average ROM grade of 12.71 cpht. Ore provenance from South Lobe was 67% of MPKS and 33% of EMPKS. Reprocessing of historical recovery tailings yielded an additional 11,520 carats, bringing the total recovered carats during 2025 to 365,987 carats. A total of 772 Specials (>10.8ct) weighing 25,806 carats were recovered, with an average stone size of 33 carats per stone. Overall, Specials accounted for 7.3% weight percent of the total 2025 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 respective policies can be found 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 2025, Lucara had approximately 610 employees primarily in Botswana and Canada. Approximately 1,046 contractor 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 Foreign Operations

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. See "**Foreign Operations Risk**" under "**Risks and Uncertainties**".

4.2.8 Rough Diamond Sales Platform Business

In 2025 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 0.9 and 10.8 carats in size from the Company's Karowe Mine that meet specific criteria.

4.3 DESCRIPTION OF MINING PROPERTY – KAROWE DIAMOND MINE, BOTSWANA

Details of the mining license held by Lucara Botswana are set out in the below table (Table 2).

Table 2: Details of the Karowe Mine Mining License

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	15.23

4.3.1 General

Other than the adjustments for production and pit depletion under "***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 regarding the termination of open pit mine operations under "***Mining Operations***" and 2025 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 Karowe Technical Report (2026). A copy of the Karowe Technical Report (2026) 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 2038. 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 2.85 Mt/a of feed to the processing plant.

The in-situ open pit reserve is planned to be fully depleted by mid-2026. The Karowe Mine currently has 7.6 million tonnes of stockpiled reserves (see *Item 4.3.9 – "**Mineral Resource and Reserve Estimates**"* in this AIF). The updated (2026) FS evaluates extending the LOM by establishing underground mining production after depletion of the open pit. The stockpiled reserves 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 Underground Mine is summarized as follows (see Karowe Technical Report (2026) on SEDAR+):

- Underground Mining:
  - Blind sinking an 8.5-metre finished diameter Production Shaft ("**P/S**") approximately 770 m deep equipped to hoist a nominal 7,800 tonne per day of ore and additional development waste;
  - Blind sinking a 6.0 m diameter unequipped Ventilation Shaft ("**V/S**");
  - Bottom-up bulk stoping utilizing mass long hole shrinkage ("**LHS**") mining - a form of blast assisted caving ("**BAC**") – until geomechanical conditions allow for free caving through to the bottom of the open pit;
  - Hoisting of 28.5 Mt of underground ore mined at a grade of approximately 12.9 cpht providing 3.7 Mct recovered; and
  - Extraction of approximately 355 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 665 masl or 350 mbs).
- Processing ore through the existing processing plant at a throughput of 2.85 Mt/a;
- An eight-year underground construction period that commenced in 2020 and ends in 2028; and
- 10 years of planned underground mining operations from 2028 through 2038.

4.3.3 Location and Access

Botswana is a land-locked sub-Saharan country situated north of South Africa, east of Namibia and west of Zimbabwe. Karowe Mine is located on the eastern edge of the Kalahari Desert and south of the Makgadikgadi Pans and is about 15

km south-west of the town of Letlhakane (Figure 2). The geographic coordinates of KDM are 25° 28’ 13” E / 21° 30’ 35” S or by UTM coordinates: 341,590 m East and 7,621,640 m South.

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.

Karowe Mine encompasses approximately 1,523 ha (15.23 km^2) in the Central District of Botswana, 23 km west of the dormant Letlhakane diamond mine and 25 km south of the operating Debswana Orapa diamond mine (Figure 3).

Figure 2: Location of the Karowe Mine in Botswana

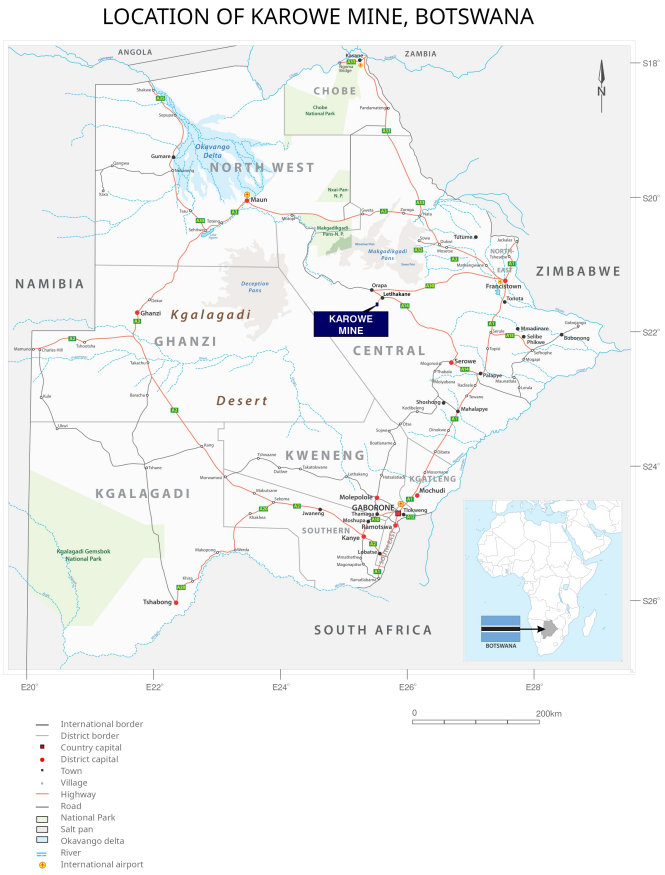
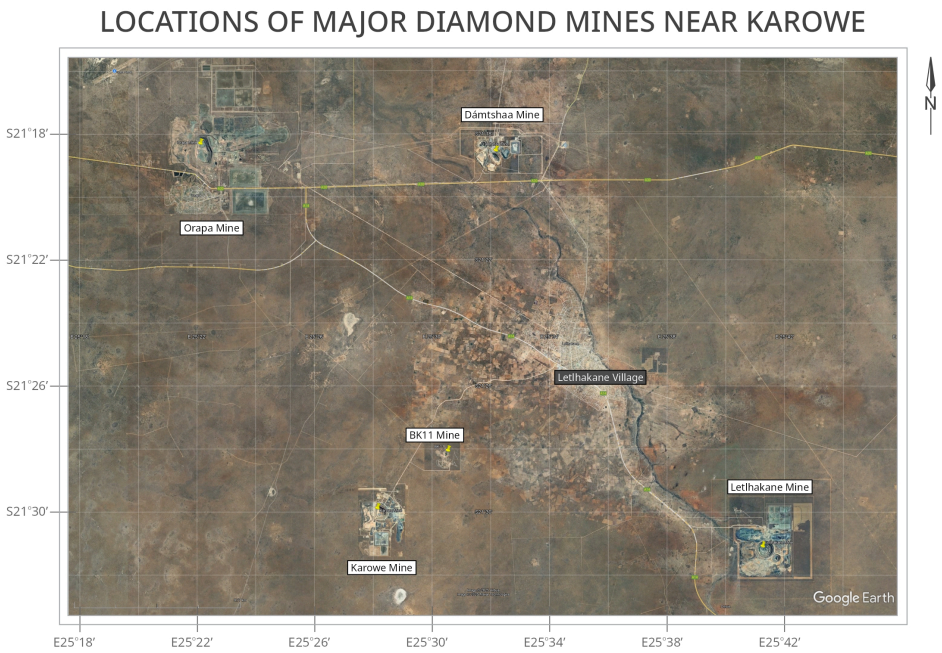


Figure 3: Locations of major mines near Karowe Mine

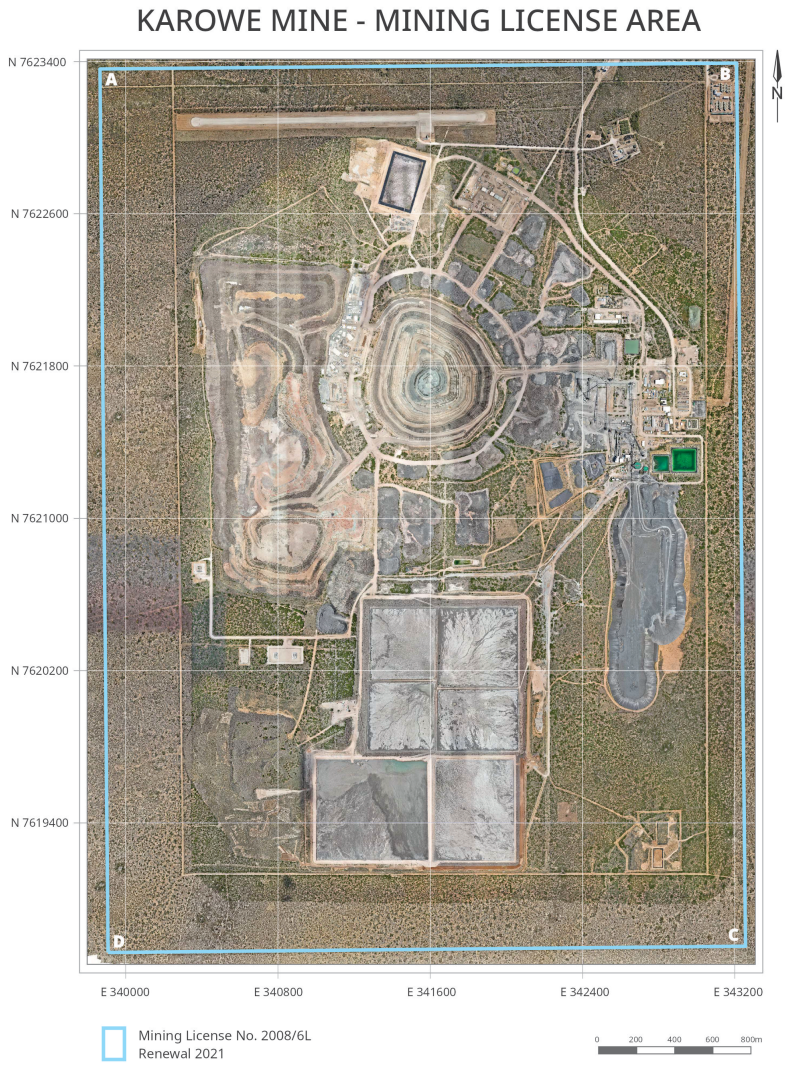


Mineral Rights in the Republic of Botswana are held by the State. Commercial mining occurs under mining licenses issued by the Ministry of Mineral Resources, Green Technology and Energy Security. Lucara has a 100% interest in the Karowe Mine through its indirect, wholly owned subsidiary, Lucara Botswana, and operates under Mining License 2008/6L (Figure 4 below). The license was renewed on January 04, 2021 for a period of 25 years and expires on January 03, 2046. The Government of Botswana holds no equity in the Project. The corner points and geographic location are shown in Table 3.

Table 3: List of Corner Points of ML 2008/6L

Corner Points	CAPE Lo25		UTM WG84/TRS89		Latitude/Longitude (Deg, Min. Sec)	
	Y	X	E	N	LAT	LONG
A	-47,112	2,376,665	339,862	7,623,267	21:29:09.770	25:27:15.260
B	-50,459	2,376,675	343,209	7,623,300	21:29:09.774	25:29:11.544
C	-50,445	2,381,226	343,253	7,618,750	21:31:37.720	25:29:11.544
D	-47,099	2,381,216	339,907	7,618,717	21:31:37.723	25:27:15.260

Figure 4: Karowe Mine – Mining License Area



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, the production and ventilation shafts and UG infrastructure, the processing plant, surface infrastructure buildings, tailings dam and waste rock storage facilities. Please refer to "***Licenses, Permits and Approvals***" under *Item 5* – "***Risks and Uncertainties***".

4.3.4 History – Title and Exploration

4.3.4.1 Title

The AK6 Kimberlite was discovered by De Beers Botswana Mining Company (Pty) Ltd. (together with its affiliate, De Beers Prospecting Botswana (Pty) Ltd.) 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 also led to a series of other Kimberlite discoveries in the Orapa region. Commercial production at the Karowe Mine was achieved in July 2012 and the mine has operated continuously since that date.

Early Work: De Beers Prospecting Botswana (Pty) Ltd. and De Beers Botswana Mining Company (Pty) Ltd.

De Beers Botswana Mining Company (Pty) Ltd. (the predecessor of the Debswana Diamond Mining Company (Pty) Ltd.) held State Grant (SG) 14/72 from September 16, 1972 until December 15, 1975. Under the grant, De Beers carried out evaluation and delineation of kimberlites discovered previously, as well as reconnaissance and detailed soil sampling.

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. The kimberlite was delineated with 44 percussion boreholes, 20 of which were recorded as intersecting kimberlite and 24 as intersecting basalt. De Beers interpreted the AK6 kimberlite to have an area of 3.3 ha. A series of three 20 foot (~6.5 m) deep pits excavated in 1973 gave a grade of 0.07 cpm^3 (approximately 3.5 cpht).

One vertical core hole was drilled into the kimberlite to a depth of 61 m with weathered primary kimberlite recorded from a depth of 8 m (De Beers, 1976).

Reconstruction from the later exploration programs suggests that two of the pits were sunk into basalt breccia, as were many of the percussion boreholes. There were two cored holes, as well as possibly two large diameter holes drilled with a jumper (cable tool) rig.

Debswana Diamond Company (Pty) Ltd. PL 17/86

The current AK6 kimberlite and Karowe Mine lies within former prospecting license PL 17/86 held by Debswana from July 1, 1986 until January 24, 1998. The kimberlite lies within the area dropped at the second relinquishment stage. The primary focus of the work programs on the license was on the discovery of additional kimberlite intrusions, however AK6 was drilled for geological information and to test its diamond content (Debswana, 1999). No details of how it was drilled or sampled are provided, but it was stated as being 3.3 ha in area, comprising hard, dark green kimberlite breccia, and having a diamond grade of 0.42 cpm^3 (approximately 15 cpht).

De Beers Prospecting Botswana (Pty) Ltd. PL 1/97

PL 1/97 was issued to De Beers Prospecting Botswana (Pty) Ltd. (Debot) on February 1, 1997 and covered the AK6 kimberlite. However, the pipe was within the area dropped at first relinquishment in 2000, and no work was recorded on it.

De Beers Prospecting Botswana (Pty) Ltd. PL 13/1000

In April 2000, Debot was granted PL 13/2000 with 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. The license was renewed on March 31, 2003 with the area reduced to 4.90 km^2. In September 2003, De Beers carried out high resolution ground magnetic surveys over three kimberlites AK6, AK10 and BK11. The results of this work suggested that the AK6 kimberlite had a potential surface area of 9.5 ha, although much of this area was comprised of basalt breccia.

In December 2003, De Beers started a program of five 12¼" boreholes intended to collect a 100-t bulk sample. The drilling was completed in February 2004, and the encouraging results only became available in October 2004, after the license had been included in the Boteti Joint Venture.

The Boteti Joint Venture

On April 17, 2004, a joint venture agreement was entered into between Kukama Mining and Exploration (Pty) Ltd. and Debot for seven prospecting licenses in the Orapa area totaling 1,344.27km^2, including 29 previously discovered kimberlites. This included PL 13/2000 and AK6. A twelve-month work program was carried out per the heads of agreement, which resulted in the signing of a formal joint venture agreement on October 20, 2004, and the incorporation of Boteti Exploration (Pty) Ltd (Boteti) Subsequently PL 13/2000 was transferred to Boteti Exploration (Pty) Ltd.

Boteti Exploration (Pty) Ltd. and Boteti Mining (Pty) Ltd.

A Mining License application was submitted by the then operator, Debot, on September 28, 2007. Previously, on July 30, 2007, Boteti had applied to the Government of Botswana under Section 25 of the Mines and Minerals Act for a Retention License over the AK6 kimberlite. On September 9, 2008, the Government informed Boteti that it would regard the period since the Retention License application as a negotiation period as allowed under Section 50 of the Act and urged Boteti to apply for a Mining License. This was done, and ML 2008/6L was issued effective from October 28, 2008.

On May 24, 2010, Boteti changed its name from Boteti Exploration (Pty) Ltd. to Boteti Mining (Pty) Ltd. (which later became Lucara Botswana).

Lucara

Lucara purchased a 70.268% interest in Boteti from Debot 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%. In November 2010, Lucara and African Diamonds approved a plan for the construction of the Karowe Mine with full commissioning targeted for early 2012. 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 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 diamonds were recovered in April 2012 and commercial production commenced on July 1, 2012. By August 2012 the mine had ramped up to full production.

4.3.4.2 Exploration

2003 to 2008 – De Beers and Boteti JV

Historical sampling, limited and shallow, had shown that AK6 was diamondiferous, but it was initially thought to be very low grade and relatively small (3.3 ha) and as a result further exploration was not a priority. Subsequent work documented a basalt breccia around and over parts of the kimberlite, which was not fully appreciated early in the exploration history of the resource or that the resource was previously under-sampled.

Exploration of the AK6 kimberlite by De Beers and the Boteti JV followed a staged approach (Table 4), summarised as follows:

- Early Evaluation – Prior to the Boteti Joint Venture, in late 2003, De Beers carried out geophysical surveys and drilled five x 12¼" holes, which gave a 97 t (in situ) bulk sample. This resulted in a sampling grade of ~23 cpht and good quality diamonds. Due to a ten-month lapse between the completion of drilling and the release of the sampling results, De Beers committed PL 13/2000 to the Boteti Joint Venture prior to these encouraging results being known;
- Advanced Exploration Phase 1 – Based on the initial work, the AK6 kimberlite was declared an "Advanced Exploration Project". The next step was to define an Inferred Mineral Resource and recover 500 ct from 13 large diameter drillholes (LDD) at 70 m spacing. The external contacts and internal geology of the kimberlite were explored through an extensive program of delineation drilling and high-resolution geophysics; and
- Advanced Exploration Phase 2 – The results of Phase 1 merited conducting Phase 2, the objective of which was to define an Indicated Mineral Resource and recover a large diamond parcel, ideally 3,000 ct, to reduce revenue uncertainty. LDD were placed at 50 m centres and trenches were excavated for recovery of the required parcel of diamonds. Further delineation drilling was also completed.

Advanced Phases 1 and 2 overlapped in time, due to a decision to fast track the project. Initial conceptual mining studies showed that exploration should extend to 400 m below surface in the South Lobe, and 250 m below surface in the North and Centre Lobes. These were considered to be the limits of possible open pit mining based on an initial economic assessment.
During 2005, De Beers implemented four high resolution ground geophysical surveys (magnetics, gravity, electromagnetics and controlled source audio-frequency magneto-tellurics). The geophysical data was used to support the development of the first AK6 geological model.

Table 4: Summary of Major Historical Exploration Phases at AK6 De Beers and Boteti JV

Owner	Stage	Work Done	Duration
De Beers and Boteti JV	Early Evaluation	5 x 12¼" large diameter drillholes totalling 679 m, 97 t bulk sample dense media separation ("**DMS**") and diamond recovery Geophysical surveys (magnetics, gravity, electromagnetics and controlled source audio-frequency magneto-tellurics)	2003 - 2005
Boteti JV	Phase 1 Advanced Exploration	44 x 6½" percussion holes for delineation totalling 4,575 m 12 x vertical core holes (NQ) as LDD pilots, totalling 2,980 m 17 x inclined core holes (NQ) for delineation totalling 6,901 m 13 x 23" LDD totalling 3,699 m DMS processing and diamond recovery from 1,775 t	2005 - 2006
Boteti JV	Phase 2 Advanced Exploration	11 x vertical core holes (NQ) as LDD pilots totalling 4,184 m 29 x inclined core holes (NQ) for delineation totalling 8,679 m 12 x 23" LDD totalling 4,265 m Trench bulk sampling at surface DMS processing and diamond recovery from 2,235 t	2006 - 2008

2009 to 2025 – Exploration by Lucara

No exploration other than core drilling has been carried out on the AK6 kimberlite by Lucara since acquiring the project in 2009. Lucara's core drilling and sampling programs are summarized below (Table 5). The current resource estimate is based on data collected during these programs, incorporating results from mining operations and diamond sales since the commencement of commercial production in 2012.

Table 5: Summary of Lucara Exploration at AK6 – Core Drilling and Sampling

Program	Work Done	Duration
Delineation and Geotechnical Drilling	15 x core holes (HQ and NQ) totalling 12,272 m	2016 - 2017
	916 microdiamond samples (7,315 kg)	
Delineation and Geotechnical Drilling	37 x core holes (HQ and NQ) totalling 23,958 m	2018 – 2019
	153 microdiamond samples (1,232.8 kg)	
Delineation And Geotechnical Drilling	5 x core holes (HQ and PQ) totalling 1,781 m	2025

4.3.5 Geological Setting, Mineralization and Deposit Types

4.3.5.1 Regional Geology

The Karowe Mine is mining the AK6 kimberlite which is part of the mid-Cretaceous Orapa Kimberlite Field (OKF) in the Central District of Botswana on the western edge of the Zimbabwe Craton. The OKF comprises 86 known kimberlite bodies of post-Karoo age. Nine of the kimberlites have been or are currently being mined – AK1 (Orapa), AK6 (Karowe), BK1, BK9, BK12, BK15 (Damtshaa), DK1 and DK2 (Letlhakane), and BK11.

The OKF lies on the northern edge of the Central Kalahari Karoo Basin, where the Karoo succession dips very gently to the south-southwest and off-laps against Precambrian rocks that occur at shallow depth within the Makgadikgadi Depression. 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 regional stratigraphy is shown in Table 6. The flood basalt of the Stormberg Lava Group is underlain by 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. The Karoo stratigraphy reflects the transition from glacial conditions to fluvio-deltaic, swampy, and ultimately arid aeolian environments. 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 m of Kalahari Group sediments.

The deformation history of Central Botswana, leading up to the emplacement of the kimberlites in the mid-Cretaceous, and post-kimberlite deformation with ongoing neotectonics, provides the structural framework and understanding of structures at Karowe.

Major lithospheric structures, such as the NE-trending Southern Trans-Africa Shear System (STASS), have been repeatedly reactivated since the Permian, influencing basin development, deposition and kimberlite emplacement. During the Cretaceous, continental break-up produced transform faults and grabens across southern Africa. During this time, the STASS was again reactivated, preserving Karoo basin rocks in NE-SW trending grabens and together with other lithospheric structures controlled kimberlitic and related alkaline magmatism (Moore et al., 2008, Jelsma et al., 2009) and uplift and erosion. Neotectonic activity, driven by intra-continental rifts and mid-ocean ridges, continues to shape the region, with NW-SE trending faults dominating the structural framework.

Table 6: Regional Stratigraphy of the Central District of Botswana

Stratigraphic Unit			Lithologies
Supergroup	**Group**	**Formation**	
	Kalahari Group	Not differentiated in this area	Windblown sand, overlying duricrusts
~~*unconformity*~~~~~~~~~~~~~~~~~~~~~~			
			Kimberlite intrusions
~~*unconformity*~~~~~~~~~~~~~~~~~~~~~~			
Karoo Supergroup	Stormberg Lava Group (Drakensberg Group)		Very extensive flood basalts
~~*unconformity*~~~~~~~~~~~~~~~~~~~~~~			
Karoo Supergroup	Lebung Group	Ntane Sandstone Formation	Aeolian sandstone
		Mosolotsane Formation	Red mudstones (upper member), overlying red and green sandstones (lower member)
~~*unconformity*~~~~~~~~~~~~~~~~~~~~~~			
Karoo Supergroup	Ecca Group	Tlhabala Formation	Reddish grey non-carbonaceous siltstone, mudstone and shale. Weathers red, green or khaki
		Tlapana Formation	Black carbonaceous shale and coal
		Mea Arkose Formation	Coarse, white micaceous sandstone and dark shales
~~*unconformity*~~~~~~~~~~~~~~~~~~~~~~			
			Granite gneiss and amphibolite

Source: McGeorge, et al. (2010)

4.3.5.2 Property Geology

Country Rock Geology

The volcanic and sedimentary units at the Karowe Mine are almost horizontal. The Stormberg basalts dominate the upper stratigraphy, while the underlying Karoo sedimentary rocks include the Ntane Sandstone, Mosolotsane, Tlhabala, and Tlapana Formations, which have a combined thickness of approximately 350 m and are significant for their geotechnical and hydrogeological properties. The country rocks are summarised as follows:

- Kalahari Group: Surface sands and calcrete up to 15 m thick;
- Stormberg Lava Group: Basalt flows (up to 125 m thick) characterised by vesicular flow tops, columnar jointing, and weathering zones extending 10–20 m vertically;
- Ntane Formation: Aeolian quartz arenite (~60 m thick) forming a regional aquifer with preserved palaeodunes and cross-bedded strata;
- Mosolotsane Formation: Interbedded mudstones and sandstones (~55 m thick) with swelling clays and weak zones impacting pit stability;
- Tlhabala Formation: Non-carbonaceous grey-green mudstones (~105 m thick) with swelling characteristics, correlated with the lacustrine Beaufort Group;
- Tlapana Formation: Carbonaceous mudstones and coal seams (~130 m thick), representing weak zones and geotechnical challenges;
- Mea Formation: Porous arkosic sandstones (~2 m thick) with thin coal stringers; and
- Basement: Fractured Archaean granite-gneiss (from ~490 m depth below surface) hosting groundwater aquifers and shear zones, with porous leached granite zones occurring discontinuously adjacent to the kimberlite pipes. Leaching is a natural chemical weathering process commonly observed around kimberlite intrusions as a result of reaction between volatile-rich fluids released from the magma and circulating groundwater with the granite host rocks.

Structural Geology

The Karowe Mine structural geology model was updated in 2024, employing a hierarchical approach to better capture the natural continuity of geological structures (SRK, 2024). The structural model incorporates previous pit mapping and drillhole structural data, pit wall scans, drone imagery, and new pit and underground mapping data collected during 2024. The key features are summarised as follows:

- The structural domain encompassing the central axis of the kimberlite pipes is characterised by a zone of pervasive NNW trending continuous faults and joints, as well as a possible ring fault system comprising moderate to shallower small structures. Most of the structures within this zone, known as the 'fracture corridor', terminate at the pipe boundary. The pipe geometry at deeper levels appears to also have been controlled by this trend;
- Steeply dipping NW to NNW strike-slip faults are the dominant structures at Karowe and are inferred to have played a role in kimberlite emplacement. These faults exhibit dextral kinematics and are associated with kimberlite dykes aligned with the NNW structural framework;
- Steeply dipping EW to NE trending strike-slip faults are concentrated near the kimberlite pipes and are interpreted as post-emplacement features with limited continuity based on variable slickenside orientation, proximity to the kimberlite pipes and presence of similar structures within the kimberlite;
- Post-emplacement fault displacement is limited within or near the pipes and is mainly associated with the NE-trending structures. Fracture development is likely to have occurred over time during pipe development and during late dyke and fluid emplacement and cooling processes; and
- Low-angle discontinuities within the South Lobe are interpreted as relaxation features along pre-existing lava flow contacts.

Kimberlite Geology

AK6 comprises three adjacent, geologically distinct, coalesced kimberlite pipes known as the South, Centre and North Lobes. The pipes trend roughly north-south with a combined undepleted surface expression of ~3.3 ha and maximum area of ~8 ha at 120 m below surface. 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 constitutes the current in situ resource. The pipe contacts are sharp and distinct, and there is minimal or no brecciation and minimal alteration of the country rock at the contacts.

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 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 (Table 7) based on its geological characteristics and interpreted grade potential. The calcretized and weathered horizons in the upper portions of the lobes have been mined out. The South Lobe comprises two volumetrically dominant units, Magmatic/Pyroclastic Kimberlite (M/PK(S)) and Eastern Magmatic /Pyroclastic Kimberlite (EM/PK(S)), and several volumetrically minor units, one of which (KIMB3) becomes more prevalent with increasing depth in the pipe, particularly below 400 masl. M/PK(S) forms the dominant pipe infill above 600 masl, below which EM/PK(S) increases in volume at the expense of M/PK(S) to become the dominant infill below 500 masl.

The names applied to the two dominant units reflect the uncertainty historically regarding their textural classification (magmatic (M) or pyroclastic (P) kimberlite). The M/PK(S) and EM/PK(S) units are fine- to coarse-grained olivine-rich, generally country rock xenolith-poor, groundmass-supported, poorly sorted and broadly homogeneous to locally crudely stratified macrocrystic coherent or apparent coherent kimberlites. They are distinguished based on differences in olivine, primary groundmass, country rock xenolith and mantle xenocryst populations. Both units exhibit textural, component and large-scale characteristics suggesting they formed extrusively. The presence of low-angle discontinuities between thick vertical packages of homogeneous coherent kimberlite, irregular columnar jointing, pillow structures, and tabular/blocky fractured zones display similarities to features observed in some basaltic lava flows.

The regular morphology of the South Lobe, the presence of coherent kimberlite over a significant vertical extent (900 m drill confirmed) and the characteristics of the two main pipe-filling coherent kimberlite units, M/PK(S) and EM/PK(S), indicates that they formed by emplacement of lava flows and fountains into the previously excavated pipe to form lava lake deposits. The M/PK(S) and EM/PK(S) were later intruded by various small-volume hypabyssal kimberlites (e.g. minor units KIMB1, KIMB3), mainly along internal and pipe contacts.

The Centre and North Lobes both comprise volcaniclastic (historically ‘fragmental’) to apparent coherent (historically ‘magmatic’) kimberlite. Mining has ceased in both lobes, with the remaining in situ kimberlite being excluded from the updated MRE as Unclassified material.

The geological model of AK6 consists of a pipe shell model defining the geometry and extent of the deposit and an internal geological domain model comprising multiple wireframes representing the spatial distribution of the various units. The current geological model (Figure 5) was first presented in Doerksen et al. (SRK, 2019; Doerksen et al., 2019) as an update to the Nowicki et al. (2018) model based on the 2018/2019 FS drilling program. The pipe shell model has been updated in September 2025 for mining exposures of the contacts (all lobes) and at depth in the South Lobe using new pierce points from the 2025 core drilling program. Previously, the minor kimberlite units other than KIMB3 were not resolved as discrete domains in the model due to their small volumes and generally discontinuous and dispersed distributions and hence were left as formally undefined minor volumes within the main domains. In the current updated model, the other minor units have been modelled separately to enable their volumes to be estimated and to improve knowledge of their geotechnical parameters. Between the end-September 2025 pit to 250 masl, the M/PK(S) and EM/PK(S) combined make up 94% of the pipe volume, and the minor units together make up 6% of the pipe volume.

A considerable amount of drilling, geological logging and petrographic work has been undertaken at the Karowe Mine in support of kimberlite geology development, resulting in a relatively high confidence geological model, which in the case of the South Lobe extends from surface to 250 masl.

The Karowe Mine is one of the world’s most significant producers of large and high-value diamonds including fine-gem Type IIa and rare coloured diamonds. From inception to the end of Q4 2025, Karowe has recovered 43 diamonds > 300 ct, 69 diamonds between 200 and 300 ct, and 285 diamonds between 100 and 200 ct. The mine has recovered nine diamonds in excess of 1,000 ct since 2015. The South Lobe has consistently recovered high-value diamonds in excess of 200 ct and several of the Legacy stones have come from the EM/PK(S), including the 1,109 ct Lesedi La Rona recovered in 2015 and the 2,488 ct Motswedi recovered in 2024.

The M/PK(S) and EM/PK(S) each have distinct diamond grades, size frequency distributions (SFD), average $/ct diamond values and significant stone recoveries. The SFDs are considered as coarse with roughly 60 to 70% of the mine's revenue being generated by +10.8 ct diamonds (Specials) that make up greater than 6% of the carats produced.

Diamonds at Karowe are classified into four primary mantle source suites: eclogitic, peridotitic, sublithospheric and websteritic (Motsamai et al., 2018). The occurrence of superdeep mineral inclusions in Karowe diamonds is consistent with a sublithospheric origin for the exceptionally large diamonds.

Table 7: Kimberlite Units Identified in the AK6 Kimberlite

Lobe	Unit	Domain	Description	Status at December 2025
South	BBX	BBX(S)	Country rock breccia	Mined out
	CBBX	CBBX(S)	Calcretized country rock breccia	Mined out
	CKIMB	CKIMB(S)	Calcretized kimberlite	Mined out
	INTSWBAS	INTSWBAS(S)	Large internal block of basalt	Mined out
	WBBX	WBBX(S)	Weathered country rock breccia	Mined out
	WK	WK(S)	Weathered kimberlite	Mined out
	M/PK(S)	M/PK(S)	Magmatic/pyroclastic kimberlite	
	EM/PK(S)	M/PK(S)	Eastern magmatic/pyroclastic kimberlite	
	KIMB3	KIMB3	Minor hypabyssal kimberlite; volume increases below 500 masl	
	WM/PK(S)*	WM/PK(S)	Western magmatic/pyroclastic kimberlite	
	KIMB1*	KIMB1	Volumetrically minor hypabyssal kimberlite	
	KIMB4a*	KIMB4a	Localized variant of EM/PK(S)	
	KIMB5*	KIMB5	Volumetrically minor hypabyssal kimberlite	
	KIMB6*	KIMB6	Volumetrically minor hypabyssal kimberlite	
	RFW-ALT*	RFW-ALT	Highly altered kimberlite of unknown type	
	KIMB7	n/a	Volumetrically minor kimberlite	
Centre	BBX	BBX(C)	Country rock breccia	Mined out
	CKIMB	CKIMB(C)	Calcretized kimberlite	Mined out
	KBBX	KBBX(C)	Kimberlite and country rock breccia	Mined out
	WBBX	WBBX(C)	Weathered country rock breccia	Mined out
	WK	WK(C)	Weathered kimberlite	Mined out
	CFK(C)	CFK(C)	Carbonate-rich fragmental kimberlite	Mined out
	FK(C)	FK(C)	Fragmental kimberlite	
North	BBX	BBX(N)	Country rock breccia	Partly mined out
	CKIMB	CKIMB(N)	Calcretized kimberlite	Mined out
	KBBX	KBBX(N)	Kimberlite and country rock breccia	Mined out
	WBBX	WBBX(N)	Weathered country rock breccia	Mined out
	WK	WK(N)	Weathered kimberlite	Mined out
	FK(N)	FK(N)	Fragmental kimberlite	

Notes:

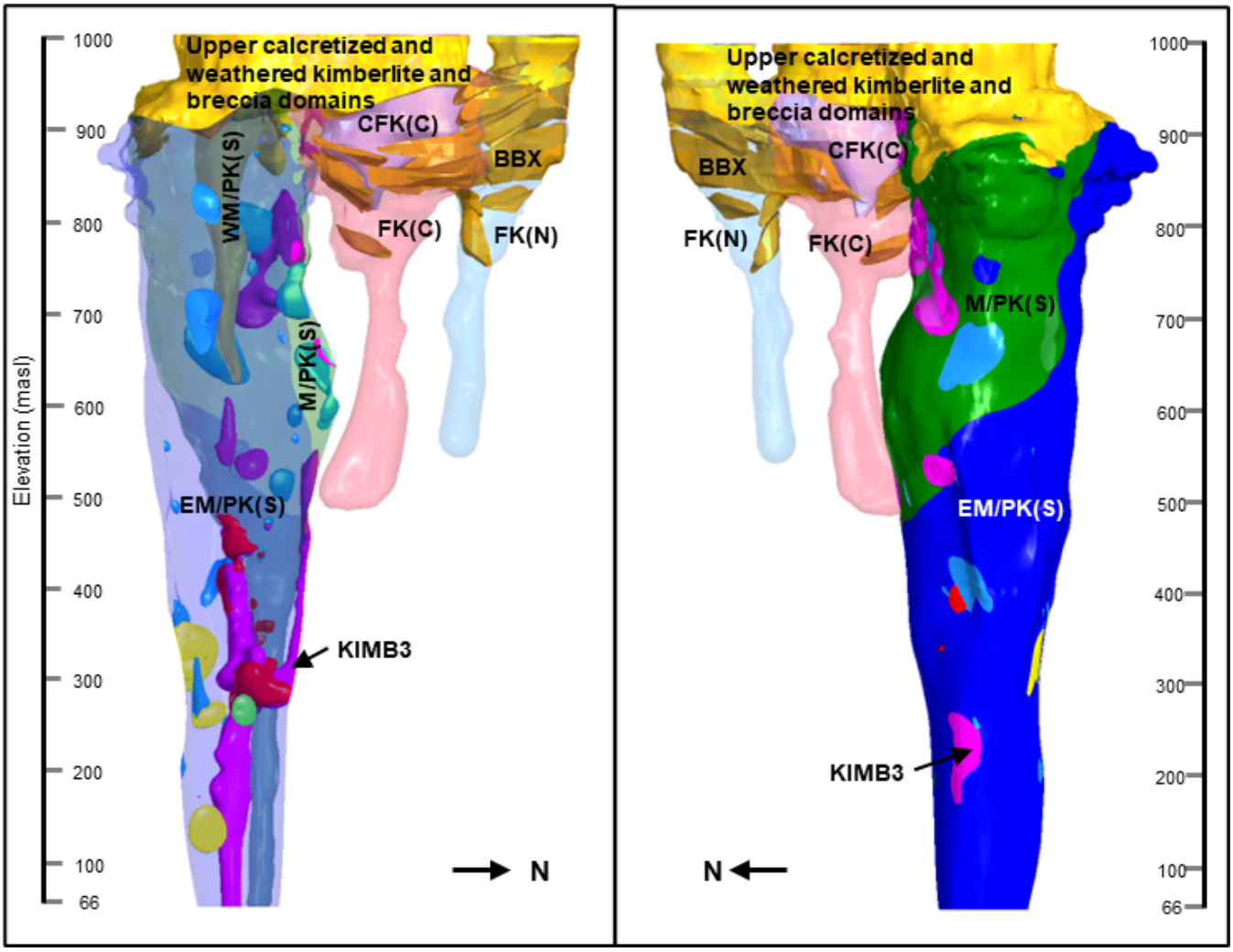
*These minor units were previously included in the major domain models and have now been modelled as separate domains.

Units occurring in more than one lobe (e.g., BBX, CKIMB, WK) are modelled as separate domains for each lobe (denoted by suffix N, C or S) in the geological model.

The historical term 'breccia' meaning country rock xenolith-rich has been maintained for continuity with previous reporting.

Source: SRK (2025)

Figure 5: Internal Geological Domains of the AK6 Kimberlite



Notes: The upper ~70 to 100 m of calcretised and weathered kimberlite and country rock breccia units which are completely mined out are shown in a single colour to simplify the figure. Some domains are rendered transparent to display the internal domains. Minor units: KIMB1 (light blue); KIMB4a (red), KIMB5 (yellow), KIMB6 (pale green), WM/PK(S) (orange).

Source: SRK (2025)

Deposit Types

The primary source rocks for diamonds currently being mined or that have been mined worldwide are kimberlites, orangeites and olivine lamproites. The vast majority of primary diamond deposits mined globally consist of steep-sided, pipe-shaped bodies infilled with volcaniclastic kimberlite (Scott Smith et al., 2013, 2018). Less common are diamond mines hosted in hypabyssal kimberlite and orangeite dykes or sills (intrusive sheets) and in pipes comprised entirely of coherent kimberlite.

Kimberlites are mantle-derived (>150 km depth), volatile-rich, ultramafic magmas that transport diamonds together with the rocks from which the diamonds are directly derived (primarily peridotite and eclogite) to the earth's surface. They are considered to be hybrid magmas comprising a mixture of incompatible-element enriched melt and ultramafic material from the lower lithosphere that is incorporated and partly assimilated into the magma.

Kimberlite deposits are typically formed from multiple batches of magma that were emplaced at or near the earth's surface. The total or remnant emplacement products of a single batch of magma is termed a phase of kimberlite (Scott Smith et al., 2018). Each phase of kimberlite typically has distinct diamond populations, grades, and values. Most kimberlite bodies

comprise more than one phase of kimberlite, and the internal architecture of the various phases and nature of contacts between them can vary considerably within and between deposits. Development of a robust geological model and lithologically controlled sampling are thus important in evaluation.

The emplacement of kimberlite at or just below the surface of the crust as sheet-like or irregular intrusions or as volcanic pipes (Figure 6) below is influenced by many factors (Clement and Reid, 1989; Field and Scott Smith, 1999; Sparks et al., 2006; Barnett, 2008) which include the following:

- Magma characteristics (volatile content, viscosity, crystal content, volume, temperature);Nature of the host country rocks;
- Local structural setting;
- Local and regional stress fields; and
- Presence of water.

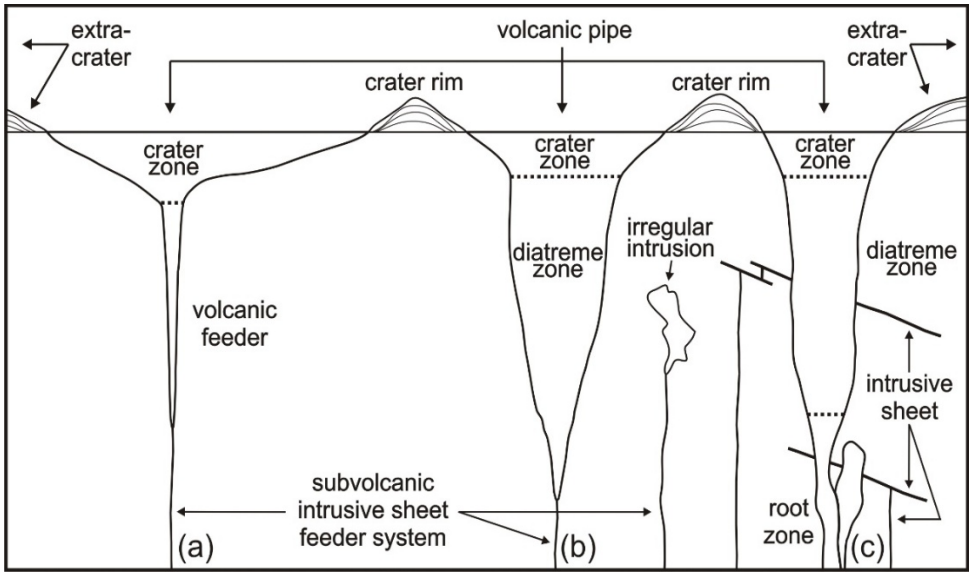
Sheets and irregular intrusions are typically emplaced along pre-existing planes of weakness in the country rock. Their emplacement does not involve explosive volcanic activity, and they typically consist of texturally unmodified hypabyssal kimberlite, a variety of coherent kimberlite. Volcanic pipes are generated by explosive volcanic activity (related to degassing of magma and/or interaction of magma with water) which produces clasts of the kimberlite magma (melt-bearing pyroclasts; Scott Smith et al., 2013) and of the country rock into which it was emplaced (country rock xenoliths). Deposits formed by explosive 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 and varying properties of the kimberlite magma, kimberlite volcanoes can take a wide range of forms and be infilled by a variety of deposit types (Skinner and Marsh, 2004; Scott Smith, 2008). Kimberlite pipes are often highly eroded with only the deeper portions preserved; crater deposits occur at some localities and extra-crater deposits are rare. Kimberlite volcanoes are infilled by a 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). Not all kimberlite volcanoes are filled with volcaniclastic kimberlite. Some pipes are filled with coherent kimberlite deposits formed extrusively by emplacement of lava flows and/or lava fountains (see below) into previously excavated pipes or craters to form lava lake deposits.

Coherent (previously termed magmatic) kimberlites are the products of direct crystallization of kimberlite magmas and typically comprise of olivine set in a fine-grained crystalline groundmass made up of serpentine and/or carbonate as well as varying amounts of phlogopite, monticellite, perovskite and spinel (chromite to titanomagnetite), and a range of accessory minerals. While some olivine crystallizes directly from the kimberlite magma on emplacement (to form phenocrysts), kimberlites generally include a significant mantle-derived (xenocrystic) olivine component that typically manifests as large (>1 mm) anhedral crystals (macrocrysts).

In addition to mantle-derived olivine, kimberlites also commonly contain other mantle-derived minerals, the most common being garnet, chrome diopside, chromite and ilmenite. These minerals, referred to as kimberlite indicator minerals, are important for kimberlite exploration and evaluation as they can be used to find kimberlites (by tracing the indicator minerals in surface samples), to provide early indications of a kimberlite's potential to contain diamonds, and for discriminating between different kimberlite phases in a particular body.

Figure 6: Kimberlite Body Types and Morphology



Source: Scott Smith et al., (2013, 2018)

Diamonds are xenocrysts (meaning "foreign" crystals) within kimberlite as they are primarily formed and preserved in the deep lithospheric mantle (the oldest, thickest parts of continents) at depths of 150 – 200 km and 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. The diamonds at Karowe include a population of 'super-deep' (sublithospheric) diamonds classified as Type II diamonds (see below) that originate from depths greater than 300 km.

Diamonds occur in kimberlite in trace amounts (ppm) as a dispersed particulate mineral. They can vary significantly within and between different kimberlite deposits in terms of their total concentration (grade in carats per hundred tonnes), particle size distribution and physical characteristics (e.g., colour, shape, clarity and surface features).

The value of each diamond and thus the average value of each diamond population is governed by the size and physical characteristics of the stones. The concentration of diamonds in any given kimberlite is dependent on the following factors:

- The extent to which the source magma has interacted with and sampled potentially diamondiferous deep lithospheric mantle;
- The diamond content of the sampled mantle;
- The extent of resorption of diamond by the kimberlite magma;
- Physical sorting and/or winnowing processes during volcanic eruption and deposition; and
- Dilution of the kimberlite with barren country rock or surface sediments.

At Karowe, the extent of mantle sampling and type of mantle sampled are considered to be the main factors controlling variation in diamond grade between phases.

The diamond size distribution characteristics of a kimberlite deposit are inherited from the original population of diamonds sampled from the mantle, but they can be affected by secondary processes such as resorption during magma ascent and sorting during eruption and deposition.

The physical characteristics of diamonds in a kimberlite deposit are largely inherited from the original characteristics in their mantle source rocks but can be affected by processes associated with kimberlite emplacement, such as:

- 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 immediately prior to or at the early stages of kimberlite emplacement; and
- Physical breakage of the diamonds during turbulent or explosive emplacement processes.

The primary difference between Type I and Type II diamonds is the presence or absence of measurable nitrogen impurities in their crystal structure:

- **Type I**: Diamonds contain nitrogen and are the most common (~98% of natural diamonds). The nitrogen affects their colour, often giving them a yellow or brown tint; and

- **Type II**: Diamonds have no detectable nitrogen and are considered the most chemically pure expression of natural diamonds. They are much rarer (1-2% of natural diamonds) and often colourless, though they can also occur in rare fancy colors like pink or blue; the latter are characterised by the presence of boron and are extremely rare (Type IIb diamonds). Large, D-colour, flawless diamonds are almost always Type IIa diamonds.

The Karowe Mine is a well-known locality where high-value, fine-gem Type IIa diamonds occur; they characteristically occur in the M/PK(S) and EM/PK(S) in the South Lobe though are not limited to these units, occurring in all three lobes of the deposit.

Conceptual Geological Model

Coherent kimberlite (CK) can occur as dykes and sills (sheet intrusions), irregular-shaped bodies separate from or associated with the root zones of diatremes, and as pipe-shaped bodies partially or completely infilling diatremes. CK that crystalizes as subsurface intrusions is referred to as hypabyssal kimberlite or intrusive CK (Scott Smith et al., 2013). The characteristics of pipe-filling CK or pfCK (Webb et al., 2008; Tovey et al., 2022) are attributed to extrusive emplacement as lava flows, lakes and/or fountains with the degree of olivine fragmentation used in conjunction with other characteristics to infer higher or lower energy emplacement processes (Tovey et al., 2022 and references therein). For all pfCK, the stage of pipe infilling by CK was preceded by more explosive activity resulting in pipe excavation, as evidenced by the low abundances of country rock xenoliths in pfCK within pipes without any volcaniclastic kimberlite (Scott Smith et al., 2018; Tovey et al; 2022).

Globally, extrusive coherent kimberlite deposits (kimberlite lavas) are not common and there are only a few known occurrences of diatremes or craters comprised entirely or predominantly of extrusive coherent kimberlite (e.g., Eley et al., 2008; Pell et al., 2013; van Straaten et al., 2011, Webb et al., 2008). Recognition of key diagnostic features of intrusive vs extrusive kimberlites has led to an increase in documented examples of extrusive CK. The pipe-filling coherent kimberlite at AK6 is broadly similar in terms of morphology, texture and fabric/structure to those described from the Canadian and Angolan localities. The M/PK(S) and EM/PK(S) units would be classified as very large volume pfCK deposits according to Tovey et al. (2022).

Basaltic systems provide a useful analogue for visualizing the processes interpreted to have been involved in the formation of pfCK and understanding the features observed in the South Lobe at Karowe (Figure 7 and Figure 8).

A lava fountain is a continuous spray of disrupted magma erupting through a vent to form a persistent fountain of molten magma above the vent. The fountain is supported either by the hydrostatic pressure of magma in the upper part of the volcanic structure, or by expanding gas released from the magma during the eruption. Fall-out from the fountain produces a spatter rampart around the vent and if the accumulation rate is high the molten spatter may coagulate to form a flow of lava (a ‘clastogenic flow’; Allaby, 2008). Relict pyroclastic textures may be evident such as diffuse melt-bearing pyroclasts, high proportions of broken crystals, and concentrations of crystal and/or lithic components.

Figure 7: Basaltic Lava Fountain and Lava Flows

Source: USGS, M. Patrick (2025)

Entablature is the term used to describe zones or tiers of irregular jointing in basaltic lava flows, including irregularly-orientated columnar joints and hackly fracturing/cube-jointing (Forbes et al., 2014). Entablature is found in basaltic lava flows in many places and is thought to form when water from rivers dammed by the lava inundates the lava flow surface and during meltwater-lava interaction in subglacial settings. The entablature features bear resemblance to the irregularly-orientated columnar joints and hackly fracturing observed in the M/PK(S) and EM/PK(S) at Karowe.

Figure 8: Irregular Columnar Jointing in EM/PK(S)

Source: (left) Alan Guest (2019); (right) SRK (2024)

Emplacement Model

Many kimberlite pipes, including those at the Orapa and Letlhakane Mines 20 km to the north and northeast, are infilled by a variety of textural kimberlite types including pyroclastic, hypabyssal and resedimented volcaniclastic kimberlite. The AK6 kimberlite, in particular the South Lobe, differs in being comprised entirely of coherent or apparent coherent kimberlite. The Centre and North Lobes display more textural variability from coherent to lesser volcaniclastic kimberlite. AK6 is similar in age to Orapa and Letlhakane (and other kimberlites in the OKF) and occurs at similar elevations to the volcaniclastic-filled pipes. None of the kimberlite at AK6 resembles the type of pyroclastic kimberlite present in the Orapa and Letlhakane pipes (termed KPK; Scott Smith et al., 2013; 2018).

The regular morphology of the South Lobe, the presence of coherent kimberlite over a significant vertical extent (900 m drill confirmed) and the characteristics of the two main pipe-filling coherent kimberlite units, M/PK(S) and EM/PK(S), indicates that

they formed extrusively by emplacement of effusive lava flows and/or lava fountains into the previously excavated pipe to form lava lake deposits. The M/PK(S) and EM/PK(S) were later intruded by various small-volume phases of hypabyssal kimberlite, mainly along internal and pipe contacts.

The characteristics of the M/PK(S) and EM/PK(S) that support this interpretation and are relevant to 3D modelling, resource estimation and mining of the South Lobe are as follows:

- Presence of two distinct phases (M/PK(S) and EM/PK(S)), each of which is continuous over significant vertical depths with sharp or gradational sub-vertical contacts between them, and that are broadly homogeneous but exhibit variations in the size distribution and relative proportions of components over several metres to tens of metres vertically and laterally, suggestive of crude layering or stacked individual flows;
- Presence of sub-horizontal discontinuities or contacts between thick vertical packages of broadly homogeneous coherent kimberlite, in some cases displaying truncation of alignment textures at the contacts, which are interpreted as flow boundaries;
- Very high total olivine abundances, high proportions of broken olivine and inhomogeneous olivine distribution, which notably contrasts with the olivine in the late-stage HK intrusions;
- Low country rock xenolith (dilution) contents (typically <15%), which are higher than in the late-stage hypabyssal intrusions (minor units) and notably lower than dilution in the pyroclastic kimberlites at Orapa and Letlhakane (typically 25-50%);
- Local rare occurrences of magmaclasts with diffuse margins that are interpreted as relict melt-bearing pyroclasts;
- Variably developed preferred alignment of components, mainly in M/PK(S);
- Presence of irregular columnar jointing, pillow structures, and tabular/blocky fractured zones displaying similarities to features in the entablature zones of some basaltic lava flows (Forbes et al., 2014; Philips et al., 2013); and
- The cross-cutting hypabyssal kimberlite sheets are texturally distinct from and locally contain clasts (autoliths) of the M/PKS or EM/PKS through which they intruded. Contacts are variably sharp to diffuse with finer-grained flow zones developed in some cases.

The geometry and distribution of M/PK(S) and EM/PK(S) indicate that EM/PK(S) was emplaced first into an excavated pipe/crater, followed by emplacement of M/PKS after the partial excavation of EM/PK(S) by one or more explosive eruptive events. Whereas the pipe infilling processes are interpreted to be low energy or non-explosive (lava fountain or lava flow), the pipe excavation process must have been explosive. The high-energy explosive mechanisms are unknown, however water-magma interaction is likely if groundwater was circulating in country rock aquifers.

4.3.6 Sampling, Analysis & Data Verification

4.3.6.1 Geological Logging and Sampling Procedures

Historical Core Logging (2005-2007)

The pilot and delineation core holes were logged in the field in detail according to a standard operating procedure. The De Beers logs described each kimberlite unit, the nature of contacts between units and the kimberlite/country rock contacts, and also briefly described the country rock intersections (McGeorge et al., 2010). The historical holes were re-logged on site and/or reviewed in photographs for the 2018 geological model update.

Core Logging 2016 to Present

Geological logging of drill core during Lucara's drilling programs was completed using standard operating procedures (SRK, 2019, 2025). Detailed kimberlite logging was completed by Lucara geologists under the guidance and supervision of Kimberley Webb, P.Geo. of SRK, who also logged or reviewed all core on site and/or in photographs.

A 'quick log' was generated for each hole at the rig site and geologists ensured the core was in order and that the core boxes and meterage were correctly labelled and marked. Total core recovery and rock quality designation data were collected at the rig. All core was photographed before being logged or sampled.
Detailed logs of the kimberlite recorded the key textural and component characteristics of the units including several specific to the kimberlite types found at the Karowe Mine; these include olivine size and abundance, structure/fabric, the size, relative

abundance and alteration/reaction state of mantle xenocrysts, and the abundance, size and relative proportions of different country rock xenoliths. Geologists used a binocular microscope during logging to aid in the identification of textures and components. Magnetic susceptibility readings were collected every metre downhole.

Mantle Xenocryst Counts

Systematic counts of mantle xenocrysts (garnet, ilmenite, orthopyroxene) were collected on drill core during Lucara's drilling programs to supplement core logging observations. The method provides semi-quantitative data to support characterization of kimberlite units and assessment of geological continuity within units. The procedure involves counting all mantle xenocrysts irrespective of alteration/reaction state along an arbitrary line drawn along the center of the core on a continuous basis downhole (2016-2017) or over 1 m intervals every 5 m downhole (2018-2019 and 2025).

Dilution Line Scans

Internal country rock dilution measurements by the line scan method were collected during all drilling programs to supplement visual estimates recorded during core logging.

The line scan procedure involves measuring all country rock xenoliths (CRX) 0.5 cm and larger along an arbitrary line drawn along the center of the core. For historical (2005 to 2007) drill core, the line scan measurements were conducted over 0.3 and 0.5 m intervals at ~4 to 5 m spacing downhole, and for the 2016-2017, 2018/2019 and 2025 drill core, by line scans over 1 m or 3 m intervals on a continuous basis downhole, with data collected per CRX type (basalt, basement, sedimentary). The minimum dilution percentage was calculated as: $Total\ CR$X ≥ 0.5 cm / $Total\ Length$ of Core $Measured$ × 100.

Drill Core Sampling

A key requirement of the South Lobe Mineral Resource Estimate is demonstration of geological continuity within the M/PK(S) and EM/PK(S) with depth. Sampling of drillhole material in support of AK6 resource estimates is well documented in previous Technical Reports (McGeorge et al., 2010; Nowicki et al., 2018). Sampling was undertaken for bulk density, petrography and microdiamond analysis following standard operating procedures. Sampling of the five 2025 drillholes was completed during Q4 2025, following the same sampling protocols as previous campaigns.

4.3.6.2 Sample Preparation Analyses and Security

The sample preparation, analyses and security measures applied to samples from the original evaluation programs by De Beers during the period 2003-2007 are summarized in the Karowe Technical Report (2026) and described in more detail in previous Technical Reports (McGeorge et al., 2010; Lynn et al., 2014; Oberholzer et al., 2017). Information relating to samples collected during Lucara's drilling programs in 2017 and 2018 and which support this updated Mineral Resource Estimate is provided in Section 11 of the Karowe Technical Report (2026).

Historical Samples (De Beers)

LDD Reverse Flood, 23" Drill Samples

These samples were collected by De Beers during Phase 1 and 2 exploration from the LDD holes described in Section 11.1 of the Karowe Technical Report (2026). They formed the basis of the grade estimates in the upper portion of the South Lobe in the June 2023 MRE (Doerksen et al., 2024) as described in Section 14.4.1 of Karowe Technical Report (2026).

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 in a secure cage. The drums were placed in sea containers with infrared motion detector surveillance and transported to the

GEMDL in Johannesburg inside the sealed shipping containers 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 the GEMDL. The diamond recovery parameters were the same for both drilling phases. The GEMDL facility was fully ISO17025 certified at the time of sample processing. The recovery area is a security "red area" and is subject to access control, three tier surveillance and hands-off processing. The concentrates arrived 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 (DTC) 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 Samples

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 re-weighing 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.

Microdiamond Samples

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.

Lucara Samples: 2017 to 2025

All drill core petrography, bulk density and microdiamond sampling information in the current Technical Report pertains to previously-reported samples. Grab samples were collected from the open pit in late 2024 for petrographic analysis to support internal domain contact delineation. Sampling of the core holes from the 2025 drilling campaign was completed in Q4 2025 and were shipped to Precision Petrographics Ltd. in February 2026 for preparation of polished slabs and thin sections.

Petrography Samples

All petrography samples collected from delineation core holes in 2017 and 2018-2019 were labelled with the drillhole number, depth and way-up direction by Lucara Botswana geologists. Grab samples collected from the open pit in 2024 were labelled with a unique identifier and their locations were surveyed using a hand-held GPS. No further sample preparation was carried out on site.

Petrography samples were shipped to Vancouver Petrographics Ltd. (2017) and Precision Petrographics Ltd. (2019; 2024; 2026) in Vancouver Canada 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

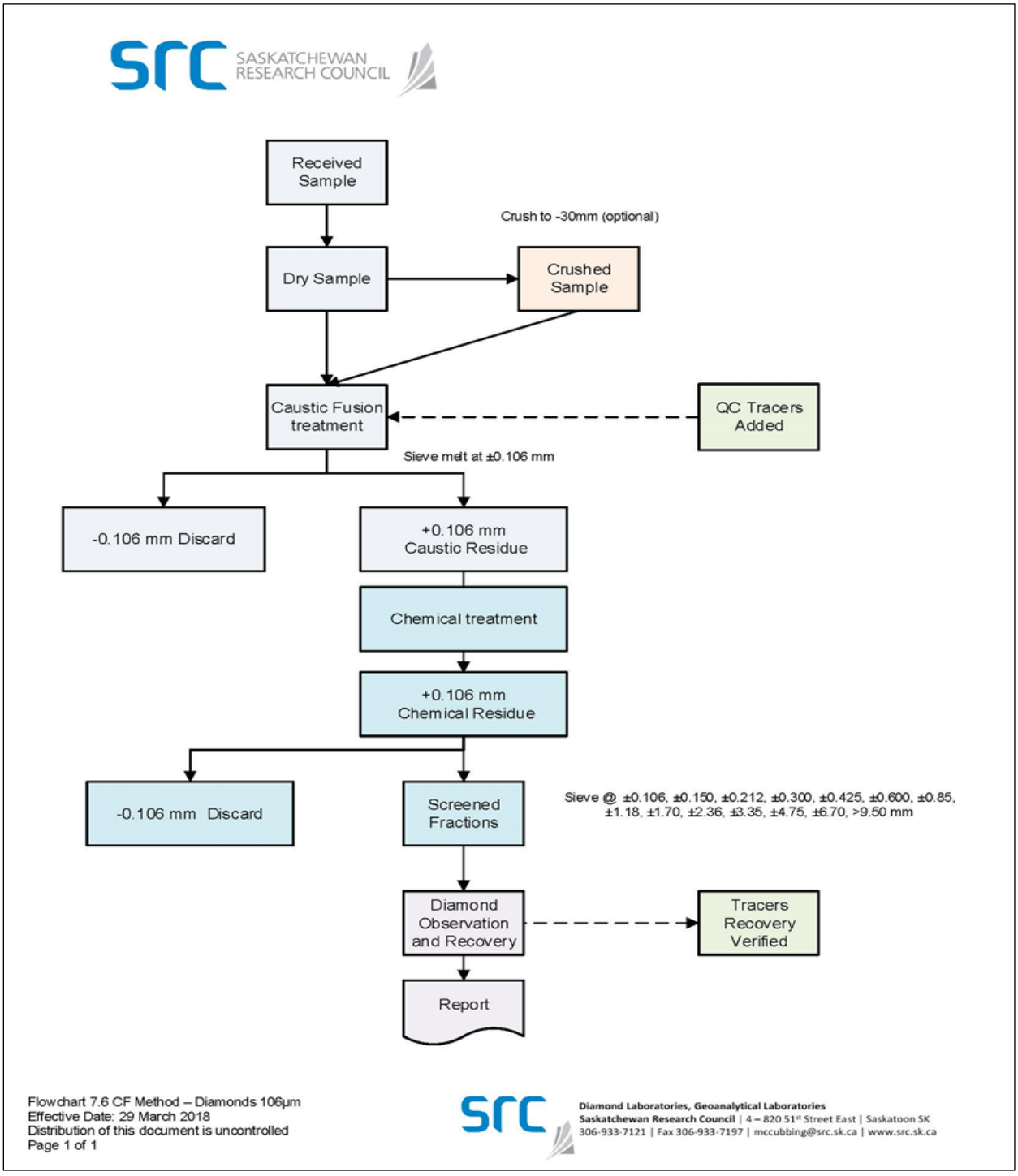
All bulk density sample measurements in 2017 and 2018-2019 were carried out on site by Lucara Botswana geologists. Sample masses were recorded at an on-site laboratory and sample volumes were determined by a water-immersion method as per Lipton (2001). No drying of samples was carried out; the bulk density measurements collected in 2017 and 2018-2019 are not of dry bulk density, and a minor adjustment to account for internal moisture content and to ensure compatibility between the Lucara and historical datasets was applied in Section 12 of the Karowe Technical Report (2026).

Microdiamond Samples

No preparation of microdiamond samples collected in 2017 and 2018-2019 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 (SRC) Geoanalytical Laboratory in Saskatoon, Canada. Sample drums were sealed with security tags prior to shipping and the tags were verified by SRC upon receipt. Processing information in this section was provided by the SRC and their process flowsheet from the time the samples were processed is shown in Figure 9 below.

Each eight-kilogram sample is 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 are added to alternating samples as QA/QC spikes. The furnace pot is heated in a kiln to 550°C for 40 hours and then removed and allowed to cool. The molten sample is poured through a 0.106 mm screen, which is then discarded after use. Microdiamonds and other insoluble minerals (typically ilmenite and chromite) remain on the screen. The furnace pot is then soaked with water to remove any remaining caustic and microdiamonds. The water is poured through the same screen. Samples are then acidized to neutralize the caustic solution. The residue is then rinsed and treated with acid to dissolve readily soluble materials. Samples are 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 is allowed to cool and is 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 are stored in plastic vials filled with methanol.

Figure 9: Processing Flowsheet for Microdiamond Samples Processed at the SRC



Source: SRC (2019)

4.3.6.3 Data Verification

Geological Model

Drillhole Collar and Orientation Surveys

Historical (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. Ms. Webb 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 2019 geological model update (Doerksen et al., 2024). The 2025 drillholes were surveyed using a gyroscope-based system. Ms. Webb reviewed the recent survey 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 by Ms. Webb of SRK while employed by MSC, resulting in update of the internal geology (re-modelling of the M/PK(S)-EM/PK(S) boundary) as documented in Nowicki et al. (2018) and references therein. Ms. Webb reviewed all 2018/2019 and 2025 drill cores intersecting the South Lobe on site or in photos to verify the mine-generated drill logs and data supporting geological continuity within domains. Logged contacts were verified in core photos for all holes for which the drill core was not examined.

Internal Dilution Data

Estimates of the volume percent of country rock xenoliths greater than 0.5 cm in size were determined for historical (2005-2007) drill core by line scan measurements over 0.3 and 0.5 m intervals at ~4 to 5 m spacing downhole, and for 2016-2017, 2018-2019, and 2025 drill core by line scan over 1 m or 3 m intervals on a continuous basis downhole. The methods are considered by Ms. Webb to be appropriate and consistent with industry standard practice, and no inconsistencies between the datasets or between the data and Ms. Webb'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, Ms. Webb is of the opinion that the data (excluding the 2017 orientation survey data mentioned above) are sufficiently reliable for use in generation of a geological model of appropriate confidence to support the estimation of Mineral Resources.

Mineral Resource Estimate

Bulk Density

The bulk density data used for estimation at Karowe Mine derives from regular-spaced sampling of historical delineation and pilot drill cores and Lucara's 2017-2019 delineation and geotechnical drill cores. Dr. Grütter considers the methods used to be in line with industry standard practice. He reviewed the bulk density database and verified that samples were correctly coded according to domains in the current geological model. No significant issues or discrepancies were found.

Microdiamond Data

Microdiamond assay results for samples from drill core were compiled from original laboratory certificates. All microdiamond samples were processed at the Saskatchewan Research Council (SRC) in Saskatoon, Canada, which uses a systematic quality control system. Synthetic diamonds (referred to as Tracers) are added to samples prior to caustic fusion and during chemical treatment of caustic residues; recoveries of these synthetic diamonds are reported along with microdiamond recovery results. Dr. Grütter reviewed the microdiamond sample and quality control results, and no significant issues were noted.

2006-2007 Macrodiamond Data

Large-diameter drilling and bulk sampling campaigns conducted in 2006 and 2007 provided the primary macrodiamond data utilised in prior mineral resource estimates. These data were found to be consistent with the original bulk sampling documentation by Mr. Revering, an independent resource QP (Section 12.2.3 of Doerksen et al., 2024). Dr. Grütter examined digital records of the 2006-2007 macrodiamond data and retraced their utilization in the June 2023 Mineral Resource Estimate. No significant issues or discrepancies were found.

Run-of-Mine Macrodiamond Data

Selections of discrete daily ROM production over the period January 2016 to September 2025 constitute the primary macrodiamond data utilised in support of the current Mineral Resource Estimate. Dr. Grütter reviewed compilations made by Lucara staff of daily production provenance, weightometer records, select process plant metrics, sieve size data for macrodiamonds recovered, and also reviewed the consolidation of select, discrete daily records by calendar month. No significant issues were noted.

Production and Sales Data

Annual sales data dating back to the start of mining operations in 2012 were provided to SRK as part of the 2025 Mineral Resource update. Dr. Grütter reviewed these data in the context of general reconciliation of past production and diamond revenues with the current Mineral Resource Estimate. Explicit tracing by Lucara staff of discrete daily diamond production through consolidation into parcels for final sale was also reviewed by Dr. Grütter, in the context of constraining characteristic diamond revenues for major geological units in the Karowe Mine resource. No material issues or discrepancies were noted.

After review of the microdiamond, bulk sample, and production and sales data for Karowe Mine, Dr. Grütter is of the opinion that the data are sufficiently reliable to use for Mineral Resource estimation.

Mineral Processing and Metallurgical Testing

An assessment of the plant capacity when treating UG ore was conducted by testing X-ray transmission sorting and ore hardness of the deeper UG ore compared to the OP ore.

Comminution Testwork

Comminution testwork to determine the characteristics of the deeper kimberlite ore was carried out at Base Metallurgical Laboratories (BaseMet) in Kamloops, BC, 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 OP at approximately 900 masl. Diamond drill core was sampled at varying depths below the OP and within the planned UG mining area of the deposit. The testwork 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 UG material is processed.

The comminution testwork 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 testwork 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 no significant difference in the hardness between EM/PK(S) and M/PK(S). The samples demonstrated similar characteristics to the OP material processed in the existing AG mill, and therefore, the current comminution circuit at the same production rate should be able to process the UG material planned to be mined.

XRT Testwork

The predominant diamond separation and extraction process in the existing process plant uses Tomra X-ray Transmission ("**XRT**") bulk sorting 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 Project is planned to mine kimberlite through a carbonaceous shale host lithology. It is expected that some carbonaceous shale will report as dilution to the mill and potentially the XRT bulk sorters during the later stages of UG 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 Sorting Solutions laboratory in Germany.

Results of the First Inspection Report tests completed by Tomra determined that the coal and carbonaceous shales using a standard sorting algorithm for 16-32 mm feed material, as well as all other host waste rock lithologies tested could potentially be identified and separated by the XRT machines from the diamonds. Due to the shales and coal being broken down to smaller than 4 mm in the comminution circuit it is unlikely they would report to the downstream XRT's and impact recovery. To successfully separate the diamonds, additional sampling and testwork using the proposed UG ore is recommended to ensure the current Tomra system is programed to correctly recognize the waste from the diamonds.

4.3.7 Mineral Resource and Reserve Estimates

Mineral Resources

The Karowe Technical Report (2026) includes an updated Mineral Resource Estimate ("MRE") as of the effective date, September 30, 2025. Details of the September 2025 MRE are provided in the NI 43-101 report; significant aspects are summarized as follows:

- Back-captured and recompiled daily open pit production data for the period January 2016 to September 2025 were used to validate and endorse previously estimated global grades of 21.0 cpht for the major EM/PK(S) domain and 10.8 cpht for the major M/PK(S) domain, to a depth of 250 masl (760 mbg) in the South Lobe kimberlite.

- Limited drilling during Q3 2025 targeted geotechnical and geological characterization of the KIMB3 and six additional minor geological units (KIMB1, KIMB4a, KIMB5, KIMB6, WM/PK(S), RFW-ALT), which constituted new minor-volume domains in the September 2025 MRE.

- Depletion of the open pit to approximately 715 masl has left North and Centre Lobe kimberlite stranded in locations that are deemed uneconomic for open pit and underground mining. As a result, the remaining North and Centre Lobe kimberlite volumes have been relegated to an Unclassified status and do not appear in the September 2025 MRE.

- The back-captured open pit data enabled tracing of diamonds recovered from South Lobe M/PK(S) and EM/PK(S) production through parcel consolidation to actual final sales revenues across three sales channels (HB Antwerp, Tenders and Clara). The September 2025 MRE accordingly reports updated actual average US$ per carat prices (i.e., not estimated prices, also not modelled prices).

- A new Revenue Frequency Distribution model was developed for >US$5.0M Legacy diamonds recovered over a 12-year period from the Karowe Mine. The model permits attribution of mean annual Legacy diamond revenue of US$43.0 million per million tonnes (Mt) processed for the EM/PK(S) and US$13.7 million per Mt processed for the M/PK(S) (SRK, 2025).

The 2026 in-situ Mineral Resources for Karowe Mine (Table 8) are effective as of December 31, 2025 and are classified as either Indicated or Inferred Mineral Resources, according to CIM Definition Standards for Mineral Resources and Mineral Reserves (CIM, 2014). Mineral Resources reported are exclusive of stockpiles and inclusive of those portions of the Mineral Resource that have been converted to Mineral Reserves. The 2026 Mineral Resource statement incorporates production and pit depletions since completion of the September 30, 2025 MRE (see Moss et al., 2026). Average diamond values were provided by Lucara Diamond Corp. and reflect trends in actual sales prices achieved over the 4-year period prior to December 31, 2024.

Table 8: Karowe Mine 2026 Mineral Resource Estimate (effective date of December 31, 2025)

Classification	Domain	Volume (Mm^3)	Density (t/m^3)	Tonnes (Mt)	Carats (Mcts)	Grade (cpht)	Price (US$/ct)
Indicated	South_M/PK(S)	5.20	2.97	15.45	1.67	10.8	520
	South_ EM/PK(S)	5.94	2.92	17.38	3.65	21.0	695
Total Indicated		**11.14**	**2.95**	**32.82**	**5.32**	**16.2**	**640**
Inferred	South_M/PK(S)	0.10	2.97	0.30	0.03	10.5	520
	South_EM/PK(S)	1.39	3.00	4.16	0.87	20.9	695
	South_KIMB3	0.45	2.68	1.20	0.13	10.9	
	South_WM/PK(S)	0.13	2.62	0.33	0.02	5	
	South_KIMB4a	0.10	2.95	0.30	0.05	15	
	South_KIMB1	0.07	2.74	0.20	0.03	15	
	South_KIMB5	0.06	2.96	0.17	0.02	10	
	South_KIMB6	0.00	2.96	0.01	0.00	15	
	South_RFW-ALT	0.02	2.35	0.04	0.00	10	
Total Inferred		**2.31**	**2.90**	**6.71**	**1.15**	**17.1**	

Notes:

1. The Mineral Resource Estimate was prepared by Hermanus Grütter, P.Geo., Ph.D. of SRK Consulting (Canada) Inc., an independent Qualified Person as defined in NI 43-101;
2. CIM definitions were followed for Mineral Resource Estimates;
3. All numbers have been rounded to reflect accuracy of the estimate;
4. Mineral Resources are stated above a +1.25 mm bottom cut-off;
5. Average diamond value estimates are based on diamond sales data provided by Lucara;
6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability;
7. Mineral Resources are in-situ and are inclusive of in-situ Mineral Reserves;
8. Mineral Resources have been estimated with no allowance for mining dilution and mining recovery;
9. Mineral Resources are exclusive of all mine stockpile material; and
10. 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 to a Mineral Reserve.

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. Stockpiled ore consists of a mix of all three kimberlite lobes (South, Centre, North).

The Karowe Technical Report (2026) did not identify any mining, metallurgical, infrastructure, permitting, or other relevant modifying factors that may materially affect the estimates of the Mineral Reserves or potential production. 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, 2025.

Table 9: Karowe Mine 2026 Mineral Reserve Estimate (effective date of December 31, 2025)

Domain	Reserve Category	Ore Tonnage (Mt)	Carats ('000s ct)	Grade (cpht)	Price (US$/ct)
Open Pit					
South - EM/PK(S)	Probable	0.1	15	21.0	695
South - M/PK(S)	Probable	0.8	85	10.8	520
	Total	**0.9**	**100**	**11.6**	**546**
Underground					
South - EM/PK(S)	Probable	14.2	2,429	17.1	695
South - M/PK(S)	Probable	14.3	1,240	8.6	520
	Total	**28.5**	**3,669**	**12.9**	**636**
Stockpile					
Mixed Stockpile	Probable	4.0	514	13.0	250
Life of Mine	Probable	3.2	182	5.6	444
	Total	**7.2**	**696**	**9.7**	**301**
Combined					
All	**Total**	**36.6**	**4,465**	**12.2**	**582**

Notes:

1. The Mineral Reserve Estimate was prepared by Brandon Chambers, P.Eng. JDS Energy & Mining Inc.; an independent Qualified Person as defined in NI 43-101;
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;
4. The bottom elevation of the Probable Reserve is 250 mL;
5. Mineral Reserves 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. Average diamond price estimates are based on diamond sales data provided by Lucara Diamond Corp; prices were updated in 2025 for actual rough diamond sales over the period 2021 to end 2024, with partial sales data in 2025. The value of Legacy diamonds (>US$ 5M) are in addition to the diamond price estimate;
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. Rounding may cause minor discrepancies in the Mineral Reserve Estimate;
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$35/t based on an OP mining cost of US$13/t, a processing cost of US$12/t and a G&A cost of US$10/t;
10. Underground Mineral Reserves are estimated at a cut-off value of US$37/t based on an UG mining cost of US$15/t, a processing cost of US$12/t and a G&A cost of US$10/t;
11. OP dilution was assumed to be 0% as mining activities are primarily within the kimberlite. OP Mining Recovery of 95% has been assumed to account for potential challenges in achieving final bench elevations;
12. UG dilution assumptions were revised in 2025 as a result of geomechanical cave simulations. A total UG dilution of 23%, or 5.3 Mt has been included in the UG reserve estimate. Internal inferred domains are included as zero-grade waste. Cave drawdown simulations indicate that mine recovery will be 80% as of December 2037;
13. Stockpile Mineral Reserves are estimated at a cut-off value of US$19.50/t based on a rehandle cost of US$2.50/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. Stockpile Reserves are not included in the Karowe Mineral Resource Estimate, which covered only in-situ mineralized material.
15. Stockpile Reserves are based on surveyed volumes and block model grades; and
16. Stockpile LOM diamond price is determined from the weighted average of the North, Centre, South - M/PK(s), and South - EM/PK(S) lobe ratios. North lobe diamond price is estimated at $155/ct; Centre lobe diamond price is estimated at $210/ct.

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.

4.3.8 Geotechnical and Hydrogeology Context

Geotechnical

Multi-year investigations (2017–2025) combining drilling, lab testing, photologging, hyperspectral analysis, and advanced modelling have defined the geotechnical conditions of the South Lobe pipe and host rocks. Above ~520 masl the pipe is bounded by sedimentary country rock (sandstones/mudstones) and below by granite basement. Rock mass indices and fracture frequency distributions show a general improvement in quality with depth into the basement. Portions of the Upper Carboniferous to Triassic sedimentary rocks of the Karoo Supergroup contain mudstone sub domains between 655 masl and 525 masl that locally degrade to “poor” while kimberlite and granitic basement units exhibit “good” rock mass quality overall supporting the placement of major underground excavations (crusher chambers, loading pockets, flood control levels, access drives) within the granite host unit.

Country rock (CR) mudstones and siltstones record the lowest Unconfined Compressive Strength (UCS) of 25–50 MPa, with other CR units typically 50–100 MPa (strong). Kimberlite facies average ~139 MPa UCS (very strong) with negligible intact strength anisotropy, supporting direction independent parameters in modelling. Reliable UCS and density–strength correlations for kimberlite underpin mine scale strength mapping.

A NW–SE fracture corridor terminates at the pipe and has been modelled along with minor structures to inform cave damage and propagation models.

The granite basement and kimberlite pipe, which form the primary focus of the Karowe underground mine plan, both demonstrate robust resistance to weathering under operational conditions. The upper portions of the granite basement exhibit some weathering, dominated by kaolinite alteration. These weathered zones are typically thin and localized, with most of the granite remaining fresh and competent at depth. Field and laboratory assessments confirm that the fresh granite is highly resistant to chemical and physical weathering, retaining its strength and integrity even after exposure. The kimberlite facies within the South Lobe show little to no alteration or degradation under repeated wet–dry cycles, indicating strong resistance to weathering. At the contact between kimberlite and country rock, some increased clay alteration (saponite, serpentinite) is present, but the bulk kimberlite remains structurally sound. Laboratory and field observations confirm that intact kimberlite maintains its rock mass strength even after exposure, supporting its suitability for long-term underground mining. Susceptible mudstones located above the granite basement can lose >50% rock mass strength on short exposure, necessitating prompt support and sealing of development faces.

The cavability of the South Lobe kimberlite was evaluated using a combination of empirical methods and advanced numerical modelling. Empirical assessments applied the Laubscher IRMR/MRMR system and hydraulic radius calculations to map rock mass quality and geometry at various depths within the pipe. These analyses revealed that the upper portion of the kimberlite column, from approximately 665 masl to 480 masl, possesses favorable rock mass conditions and geometry for free caving, allowing gravity-driven cave propagation. In contrast, the lower section of the pipe, from about 480 masl to 310 masl, narrows significantly and exhibits less favorable structural characteristics, necessitating a transition to blast assisted cave mining to initiate and sustain cave development.

To validate and refine these empirical findings, large-strain coupled discontinuum and hydro-mechanical models were developed by Beck Engineering (Beck, 2025a, 2025b, 2025c). These advanced simulations confirmed that free caving is achievable in the upper zones, while the lower zones require controlled drilling and blasting to create a broken, mobile rock mass. The models also highlighted the importance of pipe geometry, rock mass structure, and ambient stress conditions in controlling cave propagation and flow behavior. Notably, the transition from free to assisted caving was found to be depth-dependent, with the effectiveness of gravity-driven caving diminishing as the pipe narrows.

Overall, the combined empirical and numerical assessments support a dual-regime caving strategy for the UGP which involves free caving in the wider, structurally favorable upper column, and blast-assisted caving in the competent but less amenable lower column. Continuous monitoring and adaptive management are recommended to address potential risks, such as instability at the extraction level and variability in cave propagation, ensuring reliable and safe cave performance throughout the mine’s life.

Extraction level footprint modelling suggests damage is non catastrophic but significant, specifying heavy ground support strategies and staged development to detect and mitigate emerging instability, especially near pipe edges, contact zones, and local domains of weakness.

Coarse resolution coupled modelling and site understanding indicate surface runoff, pit geometry, crater formation, fractured halo, and water bearing structures will channel water toward and then into the cave margins, with progressive migration into high flow draw columns as fines are mobilised. This elevates mudrush risk, choke potential, and wetting of muck. Mitigations include effective surface bunding, drainage management, pumped sumps, and an explicit mudrush risk management system incorporated into operations and trigger-action-response protocols (TARPs).

A comprehensive instrumentation and monitoring (I&M) program have been established to ensure the safe and effective development of the Karowe underground mine. The strategy integrates cave, surface, and excavation monitoring systems to provide real-time data on ground conditions, cave propagation, and operational performance. In the cave domain, smart markers and slough metres are installed in strategically placed boreholes to track three-dimensional cave movement and rockwall decoupling. A network of microseismic sensors, both underground and on the surface, enables detection of fracturing and blast effectiveness, particularly around critical drawbell pillars. Surface monitoring combines high-resolution deformation mapping, regular drone photogrammetry, and routine surveying to detect subsidence, pit break-back, and changes in surface infrastructure. Within underground excavations, LiDAR surveys and multi-point borehole extensometers are used to monitor deformation and stability in key areas such as the extraction and undercut levels, crusher chamber, and interburden zones. All monitoring data is centralized in an automated dashboard system, which incorporates TARPs to facilitate rapid operational decision-making. This integrated approach allows for adaptive mine management, ensuring that emerging risks are identified early and that ground support and mining strategies can be adjusted in response to changing conditions.

Hydrogeological

The Karowe Mine employs a comprehensive groundwater management system for both its OP and UG operations. Water in the pit is managed primarily via a sump pump, with measured pumping rates increasing as the pit deepens. Dewatering boreholes (28 active as of 2025) are installed around the pit perimeter and within the pit to control inflow and depressurize slopes. Groundwater levels are monitored through a network of boreholes and piezometers, mainly in sandstone units, with limited data from deeper granite formations. Water quality monitoring indicates high salinity in deeper units, with total dissolved solids (TDS) reaching up to 46,000 mg/L in the granite and Mea formations.

The groundwater flow model was updated and calibrated in 2025 by Aqualogic (Aqualogic, 2025) and subsequently used to predict groundwater flow for future mine plans as presented herein. The model simulates pore pressure distributions and inflow rates over the LOM, using hydraulic conductivity (K) values established from field testwork.

The hydrogeology model incorporates mine plan data including:

- All existing and planned dewatering boreholes, with rates based on recent measurements from dewatering wells and underground probe holes;
- Updated OP and UG mine plans, including impermeable concrete-lined shafts; and
- Ground displacement due to caving operations.

Predicted Maximum Groundwater Inflows are 300 m^3/hr by 2032 and have been used to prepare underground water management plans and budgets.

4.3.9 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 2.85 Mt of kimberlite feed to the mill. All open pit mining and processing activities are performed by Botswanan mine contractors working 365 days per year. The open pit mine operation is expected to terminate mid-2026, ending at an elevation of approximately 665 masl.

There are substantial resources remaining below the economic extents of the open pit that may be extracted by underground mining methods. A 7,800 t/d shaft operation utilizing fully assisted caving with transition to natural caving is under construction to provide an additional 10 years of mine life to the Karowe Mine operation after an eight-year construction period which commenced in 2020.

The Underground Project targets South Lobe resource, which is sub-cropping, vertical, roughly cylindrical, and narrows at depth. Two other Lobes, Center and North, have been mined out in the open pit, and any remaining mineralized material at depth is not classified as a resource nor pursued by underground mine methods.
The two Indicated domains of economic interest in the South Lobe are referred to as EM/PK(S) and M/PK(S). Several smaller domains (classified as Inferred) exist and will be incidentally mined and are, for reporting and economic modelling purposes, treated as zero-grade dilution in the UG mine plan. The ratio of EM/PK(S) to M/PK(S) increases at depth and EM/PK(S) has approximately twice the diamond grade and contained value of M/PK(S). These two features drive several mine plan design decisions which focus on accessing the deeper, higher-value EM/PK(S) resource early in the mine life.

The large continuous nature of the South Lobe lends itself to bulk mine methods, and past studies have investigated several methods including sub level caving and BAC / LHS, with the latter being featured in the Feasibility Study (2019) (Doerksen et. al., 2019) and the Karowe Technical Report (2024). The small hydraulic radius at depth (27 m), low in situ (horizontal) stress in combination with high compressive and tensile strength of the kimberlite suggests that the resource will not cave naturally below 500 masl. This feature led to the selection of LHS mine method which was planned to extract resources from 310 masl to the base of the open pit.

Updates to geological, structural and geotechnical models and risk reviews conducted between 2024 and 2025 prompted a reassessment of natural caving scenarios to establish protocols for managing potential natural caving events at the mine. Hydraulically coupled cave simulations were performed to verify the location, progression rate, and development of a natural cave within the South Lobe. Findings confirmed that natural caving is not feasible at depth and predicts effective cave response 170 m above the proposed extraction horizon. This study recommends maintaining BAC mining up to the point where natural caving is expected, followed by a planned transition to block caving.

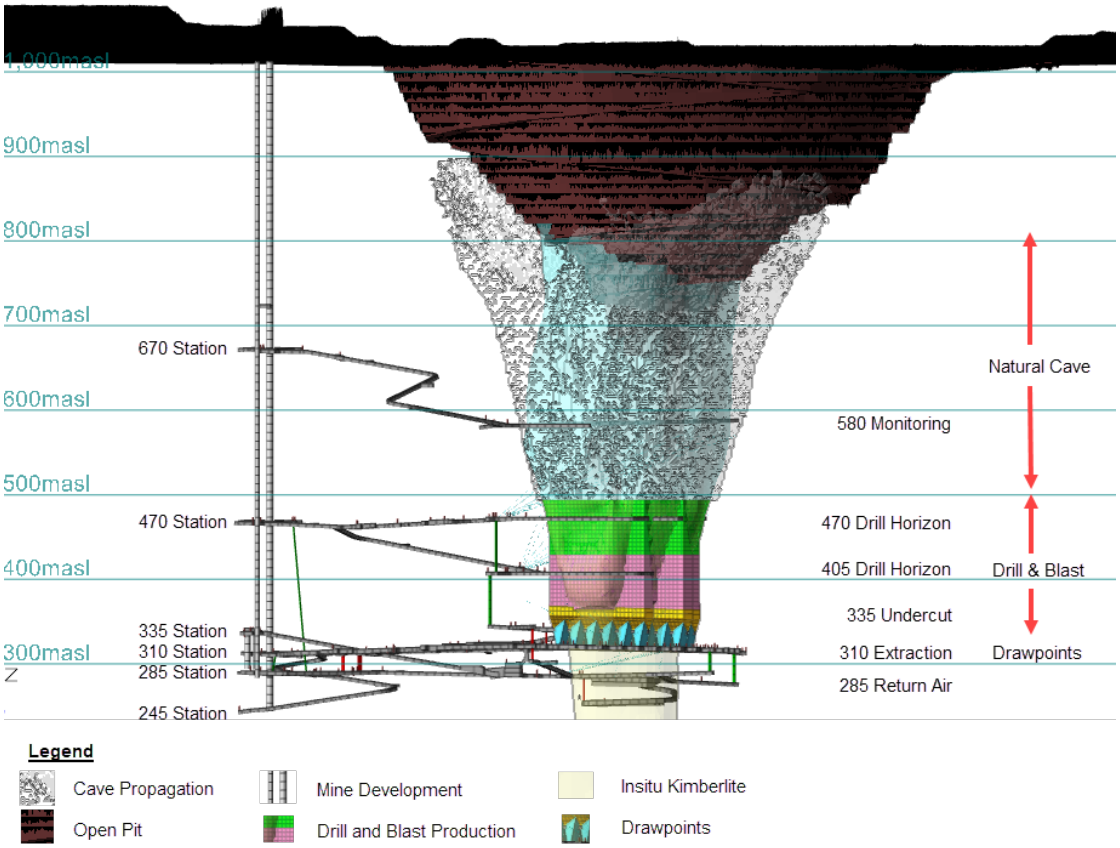
LHS stoping is planned to systematically drill and blast the base of the South Lobe using a vertical retreat approach. This method, conceptually similar to BAC, involves leaving the blasted muck in the excavation during stoping to provide host rock stability, with only the swell removed during the drilling and blasting phase. Mucking is performed from drawpoints located at a single extraction horizon 700 mbg. As ore is blasted, it expands beyond its original volume, and this additional material is extracted from the drawpoints to maintain an adequate void for further blasting within the cave. Once blasting progresses approximately 170 m above the extraction level, it is expected that the South Lobe will become unstable and initiate natural caving in 2029. LHS stoping will be sequenced strategically to control both the location and rate of cave back exposure, thereby managing the development of the natural cave. Following LHS stoping, mining operations will transition to conventional block caving, continuing to draw from the drawpoints, with ongoing monitoring via instrumentation holes drilled from the surface and dedicated development drives. Cave draw will continue until dilution and recovery levels reach economic limits in 2037, some eight (8) years following cave initiation. Once cave draw concludes the underground mine will begin closure and reclamation processes while processing remaining OP stockpile inventories.

Access to the underground mine will be from a 767 m deep P/S, 8.5 m 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 personnel and material movement, and an auxiliary cage for shaft inspections and personnel transport. Shaft conveyances will be managed by three independently operated winders. This shaft will also serve as the main fresh air intake to the mine. A second V/S, 6.0 m 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 ~375 m northwest of the South Lobe, well outside of the potential subsidence zone, and 100 m from each other. Shafts have been sunk blind using conventional drill and blast equipment and have been developed concurrently. The P/S is sunk and lined to final elevation and entering final equipping stage, and the V/S is sunk to its final elevation. Shaft sinking construction efforts commenced in 2020 and are expected to conclude in 2026.

It is expected to take approximately two years from shaft handover to complete all Underground Project 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 or mining level ("**lvl**") (Figure 10). The 310 lvl will serve as the primary working level and provide access to the main UG infrastructure including production drawpoints, crusher, and maintenance facilities. Above this level will be three drilling horizons: 340 lvl, 405 lvl, and 470 lvl; 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.

Figure 10: Mine Development Schematic



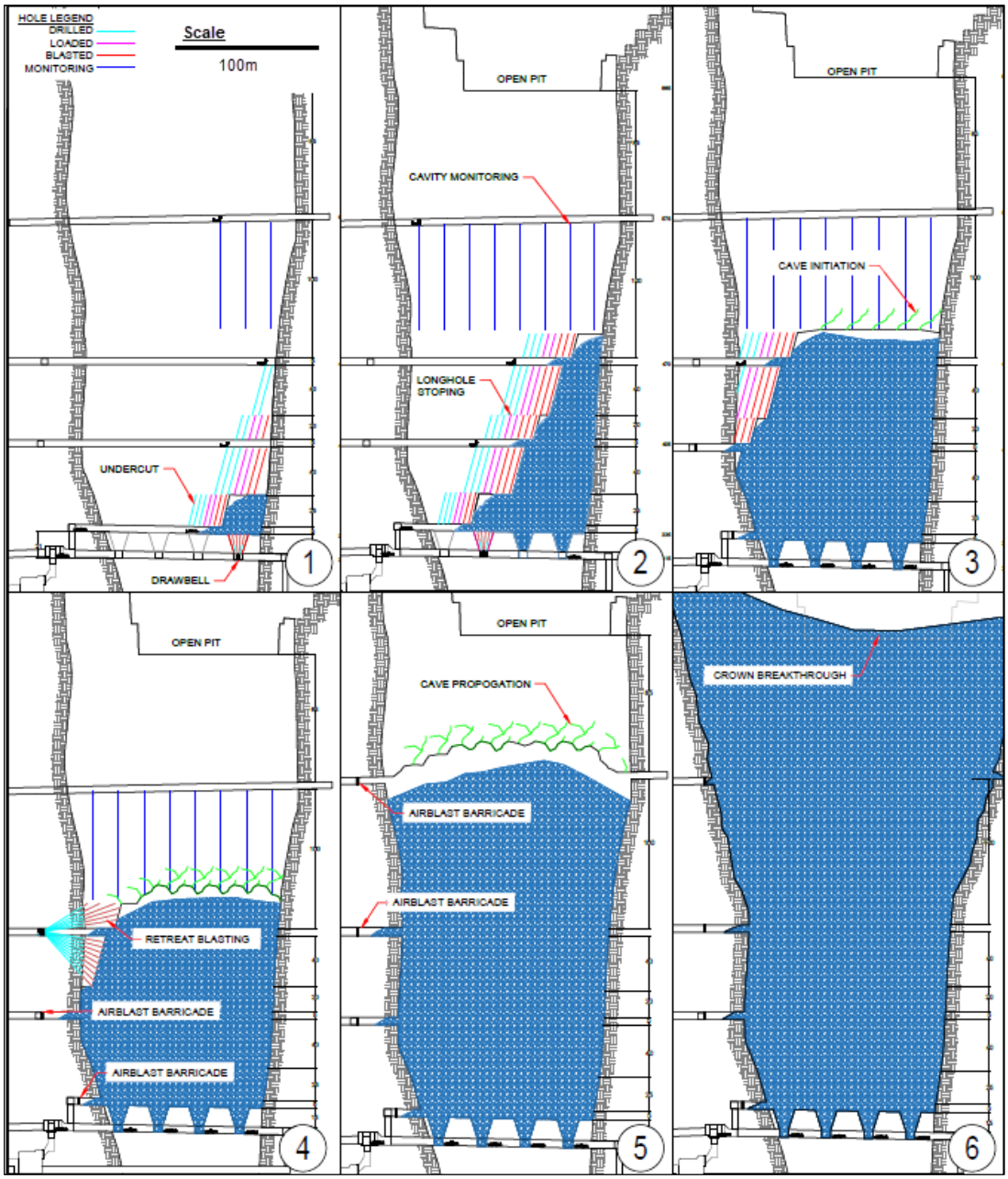
The Underground Project lateral development will be driven by seven bolt-bore development jumbos. The jumbos will be mobilized in a phased approach with most of the early development occurring on the 285 lvl and 310 lvl. During the peak lateral development stage, each jumbo will drive an average of 3.75 m/day. Heading advance rates will range from 1.3 – 4.5 m/day depending on the heading profile size and ground support requirements. During pre-production, a total of 16 km of development will be driven.

Drill horizons are spaced at 65 m vertical intervals. Stopes will be mined in 65.0 m x 31.5 x 5.0 m rings in retreat fashion using both downholes and up holes. Two stoping levels, each with four parallel stopes, will be mined from east to west in an echelon pattern to target a stable arched cave back profile. Dump angles of 20 degrees and ring offsets between blasting horizons using both down and up hole drilling will achieve a toe-to-toe cave front of approximately 50 degrees.

Six In-the-hole hammer (ITH) drills will be utilized to drill and blast approximately 21,000 t/d in order to supply 7,500 t/d of swell to the draw bells for the first two years of operation.

Figure 11 illustrates a schematic cross section of the pipe, showing the advance of stopes and transition to natural cave.

Figure 11: Mining Method Illustration



A single El Teniente style extraction level will be made up of five panels that are driven 31.5 m apart and run the entire length of the lobe. Panels will access one of 29 drawbells which are required for the life of mine. A perimeter drive around connecting extraction panels allow traffic to go around panels in the event of a blockage or maintenance at the drawpoints. At the northwest side of the extraction level, the five panels will access a static grizzly tip from three sides. Re-muck bays will be located near the grizzly tip to allow for continued drawpoint mucking during maintenance of the comminution circuit and a quick re-handle once the circuit returns to normal operation. Four loaders, two 21 t and two 17 t, initially used for lateral development will be required to maintain production at the draw bells. As loaders are replaced over the mine life, opportunities for standardizing 21 t fleets or moving towards hybrid or electric equipment will be investigated.

Material dumped onto the grizzly will feed a 1.3 m x 1.5 m (50” x 60”) UG jaw crusher with 643 tonnes per hour (t/h) capacity located 32 m below the extraction level. Crushed material will report to a sacrificial conveyor equipped with metal detectors

and magnets. This material will be transferred to a longer conveyor for transport to the 335 lvl shaft station and discharged into one of two 7.3 m diameter fine ore storage bins, each with a capacity of 2,600 t at 75% fill.

The storage bins will discharge onto a skip loadout conveyor which will direct material to one of two 21 t skips. Skips will cycle to surface every two minutes and dump into an elevated bin for either direct truck loading or for conveyance to a surface stockpile for rehandle. 39 t trucks will load at the shaft and tram ore to the plant or waste to the waste rock storage facility, some two kilometres away.

The table below (Table 10) states the annual schedule of material hoisted to surface from the Underground Project operation.

Table 10: Underground Project Schedule

Year	EM/PK(S)			M/PK(S)			Total		
	Tonnes[1]	Grade	Carats	Tonnes[1]	Grade	Carats	Tonnes[1]	Grade	Carats
	Mt	cpht	Kc	Mt	cpht	kc	Mt	cpht	kc
2026	0.0	15.9	2	0.0	0.1	0	0.01	15.0	2
2027	0.5	15.4	75	0.0	6.5	2	0.52	14.9	77
2028	2.3	17.9	411	0.2	8.8	13	2.45	17.4	425
2029	2.5	18.5	460	0.3	9.6	29	2.78	17.6	489
2030	2.2	19.7	431	0.6	10.2	62	2.79	17.6	493
2031	1.4	20.5	296	1.4	10.5	148	2.85	15.6	444
2032	0.9	20.4	175	2.0	10.5	211	2.86	13.5	385
2033	0.6	20.3	125	2.2	10.4	234	2.85	12.6	358
2034	0.6	18.9	122	2.2	9.6	213	2.85	11.7	334
2035	0.8	15.4	118	2.1	8.0	166	2.85	10.0	284
2036	1.0	10.9	114	1.8	5.7	104	2.86	7.6	218
2037	1.3	7.6	101	1.5	4.0	60	2.85	5.6	161
Total	**14.2**	**17.1**	**2,429**	**14.3**	**8.6**	**1,240**	**28.5**	**12.9**	**3,669**

Notes:
1. Tonnes are fully diluted with waste and inferred dilution indirectly mined from drawpoints with ore.

The ventilation network will consist of 422 cubic metre per second (m3/s) fresh air intake by the P/S and one exhaust route by the V/S. Fresh air will be pulled into the mine workings through the P/S. Bifurcated surface exhaust fans will be mounted over the V/S collar to service the mine. UG level ventilation will be controlled by a combination of regulators, doors, ducting, and auxiliary fans.

UG wet-bulb temperatures will be maintained below 27.5 degrees Celsius through a seasonally operated 7.5 Mega Watts of Refrigeration surface bulk air cooler plant mounted to a subsurface plenum connected to the P/S fresh air intake.

Mine and ground water will be collected at the various level sumps and allowed to drain down via gravity to the main pump stations placed at strategic locations in the mine. Pump stations will be constructed in phases with a final configuration of 16 pumps operating in parallel, with a peak dewatering capacity of 550 cubic metres per hour (m3/hr) during stormwater events. To mitigate sudden inrushes of stormwater during major events, dedicated flood chambers will be provisioned below the extraction drive.

The UG mine will be contract developed and Owner operated. Contractors will be utilized for shaft sinking, lateral development, production drill and blast, and raise development. Applicable existing OP employees will be trained during pre-production to transition to the UG mine as the OP winds down and UG production ramps up. Total mine construction workforce required will peak in 2027 with on-site dayshift requirements of 553 and 955 total employed.

The open pit will continue to operate until Q2 2026. During the open pit / underground project transition, surface stockpiles will be consumed by the plant based on processing the highest value ore first. The total blended mine and mill feed from both the UG, open pit, and stockpile operations is show in the figures below (Figure 12, Figure 13 and Figure 14).

Figure 12: Summary of Mine Production

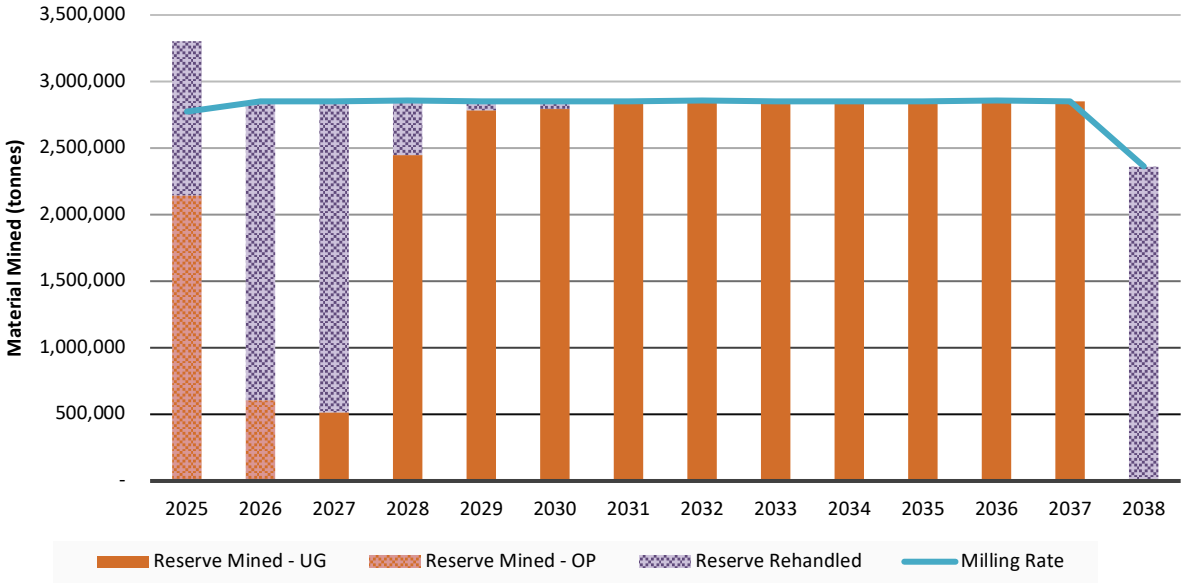


Figure 13: Summary of Mill Production

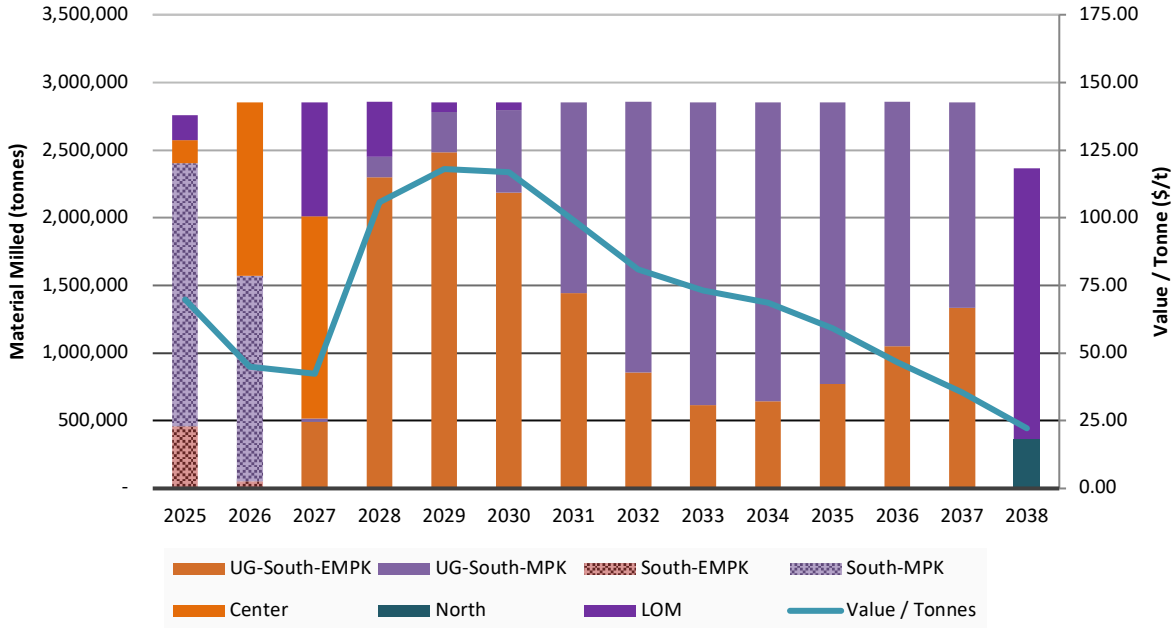
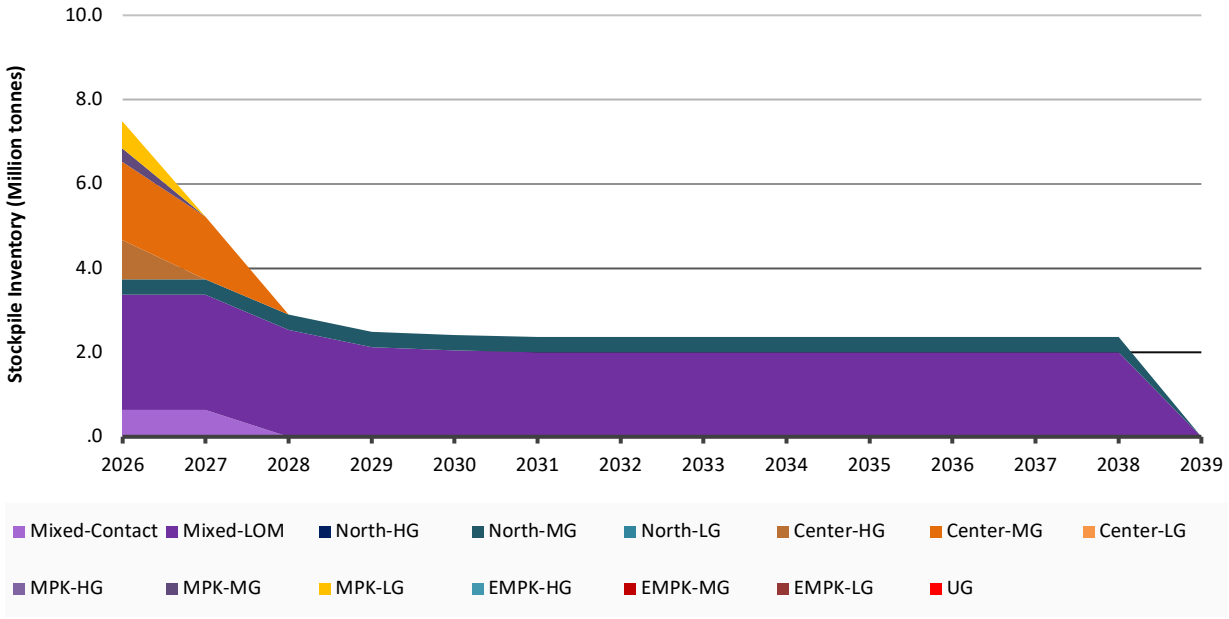


Figure 14: Summary of Stockpile Inventory Opening Balance



4.3.10 Recovery Methods

Karowe Mine Plant History

The Karowe Mine processing plant was designed by DRA Mineral Projects for operations beginning in 2012. It consisted of a milling DMS and recovery plant, associated crushing, screening and thickening systems. It was designed to process 2.5 Mt of run-of-mine material per year with a single 200 t/h DMS module. The concentrate material from the DMS was subsequently treated through a 2.5 t/h wet magnetic roll (or MagRoll) separators and X-ray recovery system for material volume reduction and diamond winning. This circuit was designed with adequate space to accommodate future expansions.

The Karowe Mine plant was upgraded in 2015 with the inclusion of XRT machines installed in addition to the DMS in order to recover large diamonds. This upgrade included the construction and commissioning of a new secondary (gyratory) crusher, tertiary crusher, upgrade to existing recovery building, XRT sizing and XRT diamond recovery circuits.

In 2017, the Mega Diamond Recovery Project was completed – which included adding XRT sorting technology ahead of the AG Mill. The objective of this project was to sterilize the feed of liberated diamonds above 50 mm by adding a recovery step up front.

In addition to the large-scale upgrades outlined, there have been several smaller improvements since 2017 including:

- Addition of a wet dust scrubber at the primary crushing section;
- Installation of a secondary gyratory crushing feed bin;
- Addition of wet dust scrubber at the pebble crushing section;
- Procurement of a mill relining machine;
- Incorporation of a Phase II audit XRT machine as part of the mainstream plant in a primary “scavenger” application / duty;
- Addition of a new XRT audit plant treating DMS, grits and XRT tails material;
- Restart of the dust suppression system:
  - The existing dust suppression system has been restarted at the end of August 2019 using Reverse Osmosis (R/O) plant filtered water quality to combat ore transfer point dust emissions.
- Expansion of the R/O plant capacity;
- Installation of new raw and process water tanks, complete with new pump manifolds and pumps;
- Decommissioning of recovery magnetic roll (or MagRoll) separators;

- Upgrade to the XRT sort house;
- XRT replacement / refurbishment;
- DMS/XRT floats (i.e., coarse ore stockpile):
  - Material from the coarse ore stockpile treated through the Bulk Sample Plant (BSP).
- Recovery plant red area tails dump treatment initiative regarding all associated stockpiles (inclusive of all tertiary crusher bypassed feed material).

4.3.11 Tailings Management

Knight Piésold conducted a 2019 Feasibility Study (Knight Piésold, 2019) to address evolving operational needs and environmental considerations for the design requirements of fine residue deposit ("**FRD**"). The study initially proposed raising FRD 1 to 1,042 masl and constructing a new FRD 2 at the same elevation. However, 2021 design revision imposed a height restriction on FRD 1, capping it at 1,031 masl, while FRD 2 was redesigned to store tailings until 2027 within existing boundaries (Knight Piésold, 2021).

Construction of FRD 2 began in 2022, featuring two paddocks separated by a wall and using a two-stage lifting process. A 2022 site selection study (Knight Piésold, 2022) identified a new location for FRD 3 west of the existing facilities, with detailed designs concluded in 2024 (Knight Piésold, 2024). Both FRD 2 and FRD 3 designs adhere to a final design criteria elevation of 1,031 masl, in line with the 2024 FRD 3 feasibility design requirements. As deposition into FRD 2 proceeds according to underground production plans, the Karowe Technical Report (2026) details the feasibility designs for the Coarse Residue Deposit (CRD), FRD 2, and FRD 3, outlining a strategic approach for sustainable mine residue storage (Knight Piésold, 2025). The FRD facilities are GISTM compliant facilities.

4.3.12 Infrastructure, Permitting and Compliance Activities

Infrastructure

The UGP at Karowe will utilize a combination of existing and newly constructed infrastructure at the Karowe Mine. All current and planned surface installations have been designed to fully support the long-term operation of the underground mine and the processing plant. Over the past four years, Project construction has advanced with the completion of the majority of key surface infrastructure components. These include:

- A new 132 kV substation and switchyard at Botswana Power Corporation's Letlhakane substation, 29 km-long 132 kV overhead powerline to site, on site 11 kV distribution to the UGP E-house, and eight MW of diesel generator back-up power;
- Expansions to water treatment plants and distribution of filtered and potable water;
- Surface water management ponds for settling and mechanical evaporation;
- Construction facilities including a 200-person camp, office complex, warehouse, change house, lamp room, material testing, laydowns, and workshops;
- All required sinking headframes, hoist houses, and associated infrastructure;
- Fully sunk and lined shafts with shaft stations excavated;
- All required permanent shaft winding equipment and buildings;
- All permanent fixed plant infrastructure including compressors, bulk air coolers, grout and batch plants; and
- Surface fire water systems, hydrants, and detection systems.

This completed infrastructure forms the foundation for the transition to underground mining and positions the Project for the safe and efficient execution of the remaining development activities.

The UGP will make use of existing operation infrastructure including the processing plant, site access road, airstrip, pit dewatering pipeline, maintenance facility, FRD (slimes storage facility), waste dump, coarse reject facility, explosive magazines and bulk fuel storage.

Major surface facilities remaining to be built for the UGP include the primary ventilation fans, permanent P/S conveyances, UG control room, and sustaining water management ponds and TSF expansions.

Environment and Permitting

Karowe Mine has been operating since 2012, completed its latest Environmental Impact Assessment ("**EIA**") / Environmental Management Plan ("**EMP**") in 2020 (to incorporate the UGP) and received approval from the Botswana Department of Environmental Protection (formerly Department of Environmental Affairs) during the same year.

A new EMP has also been approved in 2024 for the on-site storage and mechanical evaporation of significant volumes of produced saline groundwater (total dissolved solids (TDS) ±30,000 mg/l) in a lined pond. By 2031, additional produced water disposal plans will need to be developed for the remaining LOM. The first of three ponds was constructed and licensed for operation in 2024. Future ponds will be subject to an additional EIA and its regulatory approval.

The area hosting Karowe Mine, features farming and grazing activities. There are no artisanal mining activities at or near Karowe Mine. Lucara continues to enjoy very good relationships with local communities. Lucara updated its Stakeholder Engagement Plan, which includes a grievance mechanism in July 2025, and the next review is scheduled for July 2027. Lucara's 2021 Human Rights Review and Human Rights Risk Assessment in 2024 (Prizma, 2025) identified access to water as a salient topic.

The area of the Mining License is covered by a mix of two vegetation types: mopane tree savanna and mopane shrub savanna, and due to grazing, farming and diamond mining, deemed to be modified habitat. The area features several species with conservation status. These include the White-backed vulture (*Gyps africanus*, International Union for Conservation of Nature: critically endangered), African elephant (*Loxodonta Africana*, International Union for Conservation of Nature: endangered, but common in Botswana), as well as Devils claw (*Harpagophytum procumbens*) and Hoodia (*Hoodia currorii*), two plants which are included in Botswana's "Red Book" and considered threatened. Karowe Mine enacted a Memorandum of Understanding with Birdlife Botswana in January 2023 and with their assistance conducted a comprehensive Biodiversity Assessment Survey of the Karowe Mine lease area in July 2024.

Recent Archeological Impact Assessments (AIA) were carried out in 2018 and 2022. These did not reveal evidence of graves, cultural sites, archaeological sites, historical structures or buildings within the area planned for development. The AIA reports' recommendations include archaeological monitoring during ground disturbing activities to deal with chance finds. In 2022 surveys were conducted for FRD 2 and the underground water management pond was surveyed in March 2025. No sites of archeological or cultural importance were identified in these surveys, and the project area remains graded "5" (No further archaeological work required) on the Botswana Department of National Museum and Monuments (DNMM) grading scale. Monitoring will continue again in future during construction of FRD 3.

The Environment, Health, Safety & Community Relations Department comprises approximately 37 positions. The department includes dedicated health and safety, medical/wellness, sustainability, environmental, waste management, stakeholder engagement as well as corporate social investment functions.

Karowe Mine received ISO 45001 recertification for its occupational, health and safety management system in November 2024, and is pursuing ISO 14001 certification for its environmental management system. Lucara is also a certified Member of the Responsible Jewellery Council (expires March 2027) and is a Participant of the United Nations Global Compact (UNGC) and completed the 2025 Communication on Progress in 2025.

In line with its EIA/EMP, the mine continues to routinely monitor its environment and social performance using key performance indicators common to mining operations. Monitoring includes air quality, groundwater quality, water use, greenhouse gas (GHG) emissions, waste management, biodiversity, environmental incidents, and community grievances. The results are reported to regulators, project financiers, and other stakeholders, including via Lucara's web published annual sustainability reports (latest publication was for the 2024 period).

The Karowe Mine is connected to the national grid and operates a diesel-fueled mobile fleet. Lucara continues to publicly disclose its annual GHG emissions and plans. These describe a series of decarbonization initiatives, a completed feasibility study for a large-scale solar PV power plant, and opportunities to reduce GHG emissions. Lucara's 2024 reporting indicates that the Karowe Mine's GHG emissions totalled 96,961 tonnes of carbon dioxide equivalent (tCO_{2e}) (Scope 1 and 2) and GHG intensity was 24.57 (Total CO_{2e}(kt)/ore + waste rock mined (t)). As part of the EMP, a Mine Closure and Rehabilitation Plan (MCRP) and

associated costing was updated in 2024. The estimated reclamation liability is approximately US$37.9 million. Lucara Botswana has provided financial guarantees totalling BWP 270.0 million for reclamation obligations.

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.

4.3.13 Capital and Operating Costs

Capital Costs

The Karowe Technical Report (2026) provided an update to the Karowe Technical Report (2024) and 2021 financed base case to reflect changes to capital expenditure, project schedule, and applied mining technical solutions for the Underground Project.

With the update to the Underground Project and schedule the Karowe production and cash flow models were updated for the revised project schedule and cost estimate. Open pit mining is expected to continue to H2 2026 and to provide mill feed to this time. Stockpile material from working stockpiles and life of mine stockpiles are expected to provide mill feed until 2028 when the Underground Project's development is complete. Full scale underground production is planned for H1 2028.

The capital cost estimate was prepared using a combination of first principles, benchmarking against similar projects and using vendor/contractor provided quotes where possible. The estimate is derived from engineers, contractors and suppliers who have provided similar services to existing operations.

The Underground Project capital cost estimate consists of three parts (Karowe Technical Report 2026):

- Pre-production period - Incurred – UGP capital costs prior to the effective date of the FS (September 30, 2025) of US$436.0 million;
- Pre-production period – To Completion – Estimated UGP capital costs from the effective date of the FS until commercial production of US$343.2 million; and
- Sustaining – Estimated UGP capital costs occurring after commercial production (March 1st, 2028), as well as capital costs for existing infrastructure constructed prior to the UGP, totaling US$240.9 million.

Total UGP specific pre-production capital costs (incurred plus to completion), are estimated to be US$779.2 million.

The cost estimate is a Class 3 Estimate according to the Association for the Advancement of Cost Engineering. Costs are expressed in 2025 US$ with no escalation unless stated otherwise.

Table 11: Summary of Capital Cost Estimate for Life of Mine

WBS	Capital Costs	Pre-Production			Sustaining (US$M)	LOM Total (US$M)	Weight (%)
		Incurred (US$M)	To Completion (US$M)	Subtotal (US$M)			
1000	Mining	254.6	183.9	438.5	59.4	497.9	53
2000	Site Development	17.6	3.8	21.4	6.8	28.2	3
3000	Process Plant	-	-	-	-	-	0
4000	Tailings and Mine Waste	-	-	-	42.4	42.4	5
5000	On-site Infrastructure	11.6	0.2	11.8	92.2	104.0	11
6000	Buildings and Facilities	2.5	0.7	3.3	-	3.3	0
7000	Off-site Infrastructure	27.0	-	27.0	-	27.0	3
8000	Project Indirects	15.9	10.6	26.5	2.6	29.1	3
9000	Owner Costs	106.8	91.6	198.4	0.8	199.2	21
Subtotal		**436.0**	**290.8**	**726.8**	**204.1**	**930.9**	**100**
10000	Contingency	-	52.4	52.4	7.0	59.3	
11000	Closure	-	-	-	29.9	29.9	
Total Capital Costs		**436.0**	**343.2**	**779.2**	**240.9**	**1020.1**	

Note: Numbers may not round due to rounding

As at December 31, 2025, $461.4 million of the pre-production capital expenditure has been incurred excluding total borrowing costs of $53.1 million. In 2026 capital costs for the UGP are expected to be up to $110.0 million. Expenditures in 2026 will focus predominantly on shaft equipping, and advancing lateral development. Surface works will focus on the removal of stage and ropes and headgear change over.

In 2026, sustaining capital and existing project expenditures are expected to be up to $11.5 million with a focus on the replacement and refurbishment of key asset components, pit steepening and tailings advancement.

Operating Costs

The Karowe Mine's 2026 estimated Open Pit and stockpile cash cost per tonne of ore processed is expected to be between $27.50 to $31.00.

Exchange Rate Forecast for 2026 Capital and Operating Costs

The capital and operating costs for 2026 have been forecast using foreign exchange rates of BWP14.0:US$1.00, where applicable.

Tax Rate Forecast 2026

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 22% 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 2025. Based on 2026 revenue of $159.7 million and planned capital expenditures, the expected tax rate for 2026 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 after-tax economic model was developed to estimate the 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 $432.1 million and using the cost assumptions described within Section 1.15.1 of the Karowe Technical Report (2026) . The LOM all-in sustaining cost ("AISC") is $423/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 $742/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 Karowe Technical Report (2026). For information related to project financing, please see *Item 3 – "**General Development of the Business – Project Financing**".*

4.3.14 Development and Production Schedule

The overall development period for the Karowe Project is estimated to be eight years from the start of detailed engineering to the UG reaching over 75% production capacity. To date, the UG site has been nearly fully developed with remaining infrastructure scheduled to be constructed as shaft sinking transitions into shaft equipping and lateral development.

The shafts are expected to be complete by H2 2026 with concurrent underground development commencing during shaft equipping. Underground crushing and conveying infrastructure will commence in H2 2026, shortly followed by drawbell construction in H2 2027. Production stoping will ramp up through 2027, reaching full production in H1 2028. Additional details are provided in Table 12 below.

Table 12: Underground Project Execution Schedule

Description	2025	2026		2027		2028
	H2	H1	H2	H1	H2	H1
OPEN PIT						
OPEN PIT OPERATIONS						
SHAFTS						
PROD SHAFT - SINKING						
PROD SHAFT - EQUIP and COMMISSION						
PROD SHAFT - SKIP HOISTING						
VENT SHAFT - SINKING						
VENT SHAFT - EQUIP and COMMISSION						
DEVELOPMENT						
670 LEVEL						
470 LEVEL						
405 LEVEL						
310 LEVEL						
285 LEVEL						
INFRASTRUCTURE						
MAIN FANS						
PUMP ROOM						
FINE ORE BIN						
CRUSHER						
CONVEYOR						
WORKSHOP						
UGP PRODUCTION						
DRAWBELLS						
UNDERCUT						
STOPING						
PRODUCTION ACHIEVED (75%)						

Recent Activities

Activities in 2025 primarily focused on advancing shaft sinking, lateral development, and key infrastructure installations for the Underground Project. The ventilation shaft reached a final depth of 729 metres and the production shaft reached a final depth of 776 metres.

Infrastructure developments included the completion of the Banksman cabin and procurement of main surface ventilation fans. Additional progress was made on mining engineering, with a focus on underground infrastructure and completion of drilling level plans.

On December 1, 2025, the Company announced the execution of the lateral development contract for the Underground Project with Group R Mining and Exploration Botswana (Pty) Ltd. ("Group R"). The lateral development contract is for the execution of all underground lateral development from the production and ventilation shafts to the orebody, including construction of the extraction level, underground crushing chamber, fine ore bins, pump stations with associated vertical dams, drilling horizons, workshop facilities, and all connecting infrastructure required to advance development toward the kimberlite. Group R is expected to mobilize in Q2 2026, with lateral development work commencing in July 2026. Recruitment and work permits started in early 2026, with a focus on local employment.

Activities in 2026 are primarily focused on lateral development towards the ore body, production shaft equipping and headframe modifications, equipping the under-cut levels, and operational readiness, including advancing staffing plans, preparing for operation and maintenance of permanent infrastructure, and establishing operating procedures.

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 Social Responsibility Charter, a Responsible Mining Policy, an Environmental Policy, and a stand-alone Human Rights Policy, all of which are located on the Company's website at www.lucaradiamond.com. 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 Social Responsibility Charter, the Company has initiated projects with local communities in Botswana. 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, which has been supported by partnering with the Lundin Foundation and through the direct oversight of a Botswana-based sustainability team. 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 Responsible Jewellery Council ("**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 engaged the RJC to conduct an independent audit against the RJC Code of Practices, and as a result, Lucara received its RJC member certification. As part of the recertification process, an independent audit was completed again in 2021 and most recently in 2024 at the Karowe Mine and Lucara's 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.

The Company also achieved ISO 45001 certification in October 2021 in accordance with the International Organization for Standardization, and recertification in July 2024 following a third-party recertification audit. The Company achieved ISO 14001 certification in October 2025.

The implementation of a tailings framework aligned to the GISTM continued in 2025. In accordance with GISTM, a site visit was conducted by a three-person independent technical review board ("**ITRB**") in November 2025, and work continues toward full implementation. The ITRB review had no significant findings.

On an annual basis, the Company publishes a Sustainability Report for its stakeholders which is structured in alignment with the Sustainability Accounting Standards Board Standards for Metals and Mining (2021), and with reference to the GRI Universal Standards (2021). The Sustainability Report 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.

The risks set out below are not the only risks facing the Company. There are widespread risks associated with any form of business and specific risks associated with Lucara's business and its involvement in the diamond industry. 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. Risks and uncertainties not presently known by Lucara, or which are presently considered immaterial may also adversely affect Lucara's business, properties, results of operations and/or condition (financial or otherwise). Additional risks and uncertainties not presently known to Lucara or those that are currently deemed immaterial may also impair the Company's business operations. If any such risks actually occur, the business, financial condition and operating results of the Company could be materially harmed.

An investment in securities of the Company involves a significant degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of its mineral property interests. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company.

In addition to the other information set forth elsewhere in this AIF, the following risk factors listed by risk area in order of priority, should be carefully reviewed by prospective investors. All references to "Lucara" or the "Company" in this Section entitled "Risks and Uncertainties" include Lucara and its subsidiaries, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties herein, as well as the other information contained in the Company's public filings.

Risk of Non-Compliance with Credit Facilities and the Ability to Maintain Obligations

Lucara is currently subject to restrictive covenants under the Bond Financing (2026). The Company's Bond 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 Bond facility, 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.

If the Company were to default on its obligations under the Bond facility 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.

Global Economic and Geopolitical Risks

Ongoing global conflicts and geopolitical tension including the conflict between Russia and Ukraine and the war in the Middle East continue to create economic uncertainty and volatility in global markets. Although the Company does not operate in these or other conflict affected jurisdictions, the broader effects of sanctions, trade restrictions and broader geopolitical instability may impact its business. Such impacts 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 geopolitical conflict or the emergence of new conflicts 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 the Company's 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.

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 elsewhere could have an adverse effect on the price and/or demand for diamonds affecting revenues and cash flows.
Trade policies including tariffs and other trade restrictions, particularly those involving the United States and other major economies remain subject to change. These tariffs may impact procuring goods and services used in the Company's operations, directly and indirectly impacting production costs. Disruption to trade practices may also impair the Company's ability to market its diamonds. Such developments may adversely affect operating margins, liquidity, financial performance and the ability for the Company's ability to service its indebtedness including the Bonds.

Diamond Prices and Marketability

The diamond industry is intensely competitive, with prices affected by global economic and geopolitical factors, supply-demand patterns, and increasing competition from Laboratory Grown Diamonds ("**LGDs**"), and there is no assurance that a profitable market will exist for rough diamonds. Under the NDSA with HB, the Company's revenue is further exposed to polished diamond market price movements with delayed payment terms (60-120 days) and risk of "top-down" payments if actual polished sales prices fall below initial estimates, which could materially and adversely affect the Company's operations and financial results. The NDSA is a 10-year agreement executed in February 2024, effective retroactively from December 1, 2023, and is intended to enhance long-term value realization on large stones. While the structure exposes the Company to polished price timing and counterparty risk, it also provides greater participation in downstream pricing compared to traditional rough tenders.

The value of any future diamonds recovered will also be significantly affected by changes in the worldwide market price for diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including currency exchange rates.

LGDs Effect on Diamond Supply and Pricing

LGDs, which are synthetically produced rather than formed through natural geological processes, have become an increasingly significant presence in the jewelry market. Growing supply and consumer acceptance of LGDs have already contributed to pricing pressure on natural diamonds. Continued expansion in LGD production and/or further shifts in consumer preferences toward these alternatives could further adversely impact demand and the prices achievable by the Company for its natural diamonds.

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 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. There is no assurance that such capital will be available when needed or, if available, may not be available on terms acceptable to the Company.

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 Karowe Technical Report (2026) 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.

Underground Project Development and Lateral Advancement

The Company is developing the Underground Project. There can be no assurance that the assumptions, estimates and projections in the Karowe Technical Report (2026) will be achieved. In particular, estimated development costs, anticipated schedule and start-up timing, expected development plans and/or expected production levels and operating costs, projected net tax benefits and the receipt of all required regulatory approvals may differ significantly from current expectations or may not be achieved. Any failure to realize these assumptions or achieve such estimates and projections could have a material adverse effect on the Company's business, financial condition and results of operations. The successful execution of the Underground Project at the Karowe Mine is dependent on achieving planned monthly advance rates on critical path development activities. There is a risk that the Company may not achieve these planned advance rates due to factors including adverse geotechnical or hydrogeological conditions (particularly in the kimberlite contact zone), logistical constraints within the underground development cycle, and complications during drill and blast operations. Any such failure could result in material project delays and cost overruns, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Nature of Underground Mining

Underground mining operations present a number of inherent risks, including variations in rock structure and strength as they impact 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.

Cave Propagation and Extraction Level Performance

The economic viability of the Underground Project depends on the cave propagating as predicted. Failure could result in "chimneying" that sterilizes portions of the orebody or causes premature host rock dilution. Additionally, the small footprint of the extraction level means that the loss of drawbells or drawpoints, due to poor construction execution or geotechnical instability of apex pillars, could materially impact targeted production performance, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Mine Flooding, Mudrush, and Airblast

Underground mining operations are inherently subject to the risk of sudden inrushes of water or debris (mudrushes), which can cause harm to personnel and damage to equipment. Flooding events may occur as a result of groundwater volumes exceeding estimated levels, power failures affecting dewatering systems, or mechanical failures of such systems. In addition, if draw rates exceed the rate of cave propagation, a large air gap may form within the cave, potentially generating airblast events capable of causing injury to personnel and destruction of equipment. The occurrence of any such events could result in operational disruptions, increased costs, regulatory scrutiny, and reputational harm, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Long Hole Retreat Mining and Stoping Risk

The Underground Project will utilize long hole shrinkage drilling and stoping as its primary mining method for the lower section of the ore body. The success of this method depends on accurate drilling, controlled blasting, predictable rock mass behavior, and effective ground support. Deviations such as hole inaccuracy, excessive overbreak, underbreak, or blast damage may result in increased dilution, ore loss, reduced diamond recovery, and lower realized grades.

Corrosion and Infrastructure

Groundwater testing at the Karowe Mine has indicated high levels of Total Dissolved Solids (TDS), equivalent to seawater, which may cause rapid corrosion of underground infrastructure, including shaft steelwork, piping, and material handling infrastructure if not properly managed. Underground mining in highly saline conditions is uncommon in the Southern African

region, and mitigation practices may not be well understood. Any unexpected or early-onset corrosion may result in increased costs and schedule disruptions, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Project Development Risks

Operations at the Karowe Mine are subject to uncertainties which affect any development project. Any of the following events, among others, could affect the profitability, economic feasibility or ramp-up of the Company's operations:

- the ability of key contractors to perform services in the manner contracted for;
- the availability of a sufficiently skilled workforce;
- unexpected changes in grade of diamonds to be mined;
- unanticipated adverse geotechnical conditions;
- incorrect data on which engineering assumptions are made;
- costs of constructing and operating a mine in a specific environment;
- availability and costs of processing and refining facilities;
- availability of economic sources of power on an uninterrupted basis;
- adequacy of water supply on an uninterrupted basis;
- adequate access to the site, including competing land uses (such as agriculture and illegal mining);
- unanticipated transportation costs or disruption;
- government regulations (including regulations to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands);
- fluctuations in commodity prices and exchange rates; and
- accidents, labor actions and force majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. In the past, the Company has adjusted estimates based on changes to assumptions and actual results. These and other factors may have the effect of increasing the expected capital expenditures for the Company's development projects.

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.

Counterparty and Contractual Risk for Key Project and Mining Contracts

The Company is party to a number of material contracts that are necessary for the development, construction and operation of the Project and the Karowe 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. In addition to the mining services contracts, the Company has a few other material contracts mainly in relation to power supply, lateral development and offtake of the rough diamonds. The Company is dependent on the continued performance of the counterparties to these agreements. If there is a dispute with such counterparty or any such counterparty fails to perform its obligations, becomes insolvent, or otherwise defaults under the relevant agreement, the Company may be unable to procure replacement services or supplies on commercially reasonable terms or within a timeframe that avoids material disruption to the Project or the Karowe Mine's

operations and the Company's operations could be materially impacted. Any such disruption could result in significant delays to the development of the Underground Project, increased costs, reduced production, or an inability to sell diamonds produced from the Karowe Mine, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, certain key contracts contain provisions entitling the relevant counterparty to suspend or terminate the agreement upon the occurrence of specified events, including non-payment, insolvency of the Company, or force majeure events. The termination of any one or more of these key contracts could materially impede the Company's ability to complete the Underground Project or continue operations at the Karowe Mine.

Key contracts to which the Company is a party, contain standard termination provisions, including provisions permitting termination upon a change of control and standard terminations rights in case of financial hardships. In the event that a change of control of the relevant Company entity occurs, whether as a result of an enforcement of the Transaction Security or otherwise, there can be no assurance that the counterparties to such key contracts will not exercise their termination rights. Furthermore, certain key rights and concessions held by the Company, are linked to and dependent upon compliance with the terms of other key agreements. A default under any such key agreement could trigger termination rights, which in turn could result in the loss of rights that are fundamental to the operation of the Karowe Mine and the development of the Underground Project. The loss of any such rights or concessions could have a material adverse effect on the Company's business, financial condition and results of operations.

Access to Capital and Financing Requirements

The Underground Project has an updated total capital cost of approximately USD $779.0 million as of January 1, 2026. In addition, the Company is planning to finance the project with utilization of the Equity Financing (2026) proceeds, the Bond Financing (2026) proceeds and operating cash flows. The successful completion of the Underground Project is subject to significant risks that may impact the Company's capital requirements, including cost overruns (see the risk factor ***"Capital Costs Related to the Underground Project"*** above), construction delays, contractor performance issues, inflationary pressures on labour and materials, supply chain disruptions, regulatory or permitting delays, and unforeseen geological or technical challenges. There can be no assurance that the project will be completed within the current budget or timetable. If capital expenditures exceed current estimates, project timelines are extended, or operating cash flows are lower than forecast, the Company may be required to obtain additional financing through debt, equity, or other capital sources.

To ensure continued operations, the Company 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 the Company. Failure to obtain any financing necessary for the Company's 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. A failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition, and results of operations. 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 and aggregate interest cost on the Company's financial indebtedness will increase. 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 price of the Company's financial instruments would be materially negatively impacted. This, in turn, may adversely affect the Company's financial condition, liquidity, and ability to service its obligations under the Bonds.

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.

Loss of Diamond Value

The Company is exposed to the risk of value loss from both theft and diamond breakage and oversupply of large diamonds. While Lucara 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 and a mega diamond recovery circuit help to mitigate some of the loss associated with diamonds that could be broken during the recovery process. Additionally, completion of the Underground Project may increase overall production of large diamonds. While higher production is intended to support Company's operations, in certain market conditions it could contribute to increased supply in the diamond market, which may affect diamond prices and, in turn, the Company's revenues.

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 primarily depends on HB as the single buyer for sales, which is the most valuable part of Lucara's 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%. As such, 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.

Labour Agreements

In 2019, a chapter of the Union was duly established in accordance with Section 48 of the Trade Unions and Employers' Organisations' Act (Cap. 48:01) of Botswana. The chapter's membership was subsequently renewed in 2024 in compliance with applicable statutory requirements. The Companies Collective Labour Agreement ("CLA") between Lucara Botswana (Proprietary) Limited and the Union expired on 31 March 2024. Following its expiry, the parties formally entered into negotiations regarding the renewal of the CLA. As part of this process, an agreed engagement framework was adopted, identifying the critical policies and areas of review to be addressed during 2025 prior to the conclusion of a renewed agreement.

In light of the ongoing commissioning and ramp-up of the Underground Project, it is considered prudent to maintain an annual negotiation cycle through to 2028. This approach provides the necessary flexibility during the transition from open-pit to underground operations. Upon successful commissioning and achievement of steady-state underground operations, the parties will revisit the feasibility of negotiating a longer-term collective agreement.

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 2038). 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. Obtaining the necessary governmental permits is a complex and time-

consuming process involving numerous agencies and other interested parties. The duration and success of each permitting effort are contingent upon many variables not within the Company's control.

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.

Under Botswana law, there are no statutory connection rights or statutory rights to fair access to electricity supply. The Company's rights to electricity supply are purely contractual in nature as specified in the power supply agreement with Botswana Power Corporation. The Company's only recourse in the event of supply disruptions, curtailment, or termination of supply is therefore limited to its contractual rights under such agreement, and there is no statutory framework providing guaranteed access to electricity supply for mining operations. Any inability to enforce contractual rights or any termination of the power supply agreement could have a material adverse effect on the Company's ability to operate the Karowe Mine and complete the Underground Project.

Environmental and Other Regulatory Requirements

All phases of mining and exploration operations are subject to extensive laws and regulation including regulations, which include laws and regulations governing, among other things: exploration; development; production; exports; taxes; labor standards; mining royalties; price controls; waste disposal; the quality and quantity of effluent and emissions, protection and remediation of the environment; reclamation; historic and cultural resource preservation; mine safety and occupational health; handling, storage and transportation of hazardous substances; and other matters. From time to time, existing laws are changed or updated, and new more stringent laws are introduced. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing our mines and other facilities (including tailings dams) in compliance with such laws and regulations are significant. It is possible that the costs and potential delays associated with compliance with existing and new laws and regulations could become such that the Company would not proceed with the development of, or continue to operate, a mine.

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 changes 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 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.

Operations at the Karowe Mine are also subject to regular inspection, including compliance audits, by government officials. Such inspections and audits may from time to time lead to allegations or assertions that the Company is not or may not be operating in compliance with applicable permits and licenses. The Company may use a variety of methods to address potential non-compliance, including changes to work methods or redesign or re-engineering of affected aspects of the applicable project in a manner targeted to address issues raised during such inspections, or pursuing appropriate variations to the applicable permits or licenses. Failure to comply with applicable environmental, health and safety laws, in relation to the Company's mining operations and associated infrastructure, including in respect of waste and its disposal, can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with such laws or permits, that its compliance will not be challenged or that the costs of complying with current and future environmental, health and safety laws and permits will not materially or adversely affect the Company's future cash flow, results of operations and financial condition.

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.

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 but certain of the Company's expenses are 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 an effect on the cash flows and operating results of the Company in either a positive or negative direction.

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, maintenance of mineral

tenure and expropriation of property and corporate and withholding taxes. 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. Botswana's economy is highly dependent on diamond exports and global demand for diamonds. A sustained downturn in global diamond markets may negatively impact Botswana's fiscal position, foreign exchange reserves and overall economic stability. Deterioration in macroeconomic conditions could lead to changes in government policy, taxation, mining legislation, royalty rates, exchange control regulations or other fiscal measures applicable to the mining sector.

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.

The Government of Botswana has granted permits, licenses or concessions that enable us to conduct operations or exploration and development activities. Notwithstanding these arrangements, our ability to conduct operations or exploration and development activities is subject to obtaining and/or renewing permits or concessions from all levels of government (and often from different ministries of government), changes in laws or government regulations, or shifts in political attitudes beyond our control.

Uncertainties Related to Mineral Resource and Mineral 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 Mineral 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. Future production, if any, could differ dramatically from Mineral Resource and Mineral Reserve estimates because, among other reasons:

- mineralization or formations could be different from models developed based on drilling, sampling and similar examinations;
- calculation errors could be made in estimating Mineral Resources and Mineral Reserves;
- increases in operating mining costs and processing costs could adversely affect Mineral Resources and Mineral Reserves;
- the grade of the Mineral Resources and Mineral Reserves may vary significantly from time to time and
- there is no assurance that any particular level of diamonds may be recovered from the project; and
- declines in the market price of the diamonds may render the mining of some or all of the Mineral Reserves uneconomic.

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 the 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 Karowe Technical Report (2026).

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). As such, 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 2025 geological models, production and costs could be impacted. Diamond recovery may be impacted by unplanned breakage during blasting or rehandling operations, as well as high dilution from carbon-rich sedimentary units that may overwhelm sorting equipment.

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.

The Company introduced revenues derived from Legacy diamonds in the financial model for the Karowe asset in the Karowe Technical Report (2026). During 2025 a proprietary revenue frequency distribution (RFD) model for Legacy diamonds was developed which reflects capped annual revenues by sporadic Legacy diamond recoveries. The RFD model attributes capped mean annual revenues processed for the EM/PK(S) and M/PK(S) domains both of which extend at depth and for which geological continuity is expected to continue at Indicated Levels of confidence.

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. As reported in the Company's annual MD&A for the year ended December 31, 2025, the Company is subject to uncertainty related to tax assessments in Botswana, which require significant judgment. While some issues have been resolved favourably, certain matters remain under dispute and are being appealed. The outcome is uncertain and could impact future tax treatment and financial results.

Personnel

The Company depends on the services and technical expertise of a relatively small number of key senior management employees, the loss of any of whom could have an adverse effect on the Company, its business and future opportunities, which in turn may affect the Company's ability to attract and retain additional highly skilled employees. 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. The Company may also not be able to operate successfully if its employees and contractors that make up its workforce are not able to perform their roles in a physically or psychologically safe, respectful and inclusive work environment.

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 Shares in the future. No prediction can be made as to the effect, if any, such future sales of Shares will have on the market price of the Company's securities. The future sale of a substantial number of 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.

Potential Dilution

The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of Lucara's Shares. The exercise of Share-based payments, warrants and other exchangeable or convertible securities already issued by the Company and the issuance of additional securities in the future could result in dilution of the value of Lucara's Shares and the voting power represented by such Shares.

Furthermore, to the extent holders of the Company's stock options or other securities exercise their securities and sell Lucara's Shares they receive, the trading price of the Shares may decrease due to the additional number of Shares available in the market.

Competition

The mining industry, especially in the diamond sector, is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical capacity. Competition exists for the acquisition of mineral properties, access to skilled personnel, and the sale of diamonds. 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. develop its present properties and to select and acquire economically viable producing properties or prospects for diamond extraction. Its ability is also likely to be affected by the challenges generally associated with exploration activities and mining projects. If the Company is unable to compete effectively, this could have a material adverse effect on our business, financial condition and results of operations.

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.

In addition, Botswana law requires that all insurance effected by Botswana residents or Botswana resident companies must first be placed in the Botswana insurance market, and the market capacity of local insurers and reinsurers must be exhausted before offshore reinsurance is permitted. While a special dispensation may be granted by the Non-Bank Financial Institutions Regulatory Authority to permit up to 100% international reinsurance, there is no guarantee that such dispensation will be granted, maintained, or granted on commercially reasonable terms. These regulatory requirements may limit the Company's ability to obtain adequate insurance coverage at commercially reasonable rates or with sufficient capacity, particularly for large-scale risks associated with underground mining operations.

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, and therefore there is an increased risk to the Company's operations in Botswana.
Our business operations are subject to risks and hazards inherent in the mining industry that may result in damage to its property, delays in its business and possible legal liability. These risks and hazards include but are not limited to:

- environmental hazards;
- physical climate change-related hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents, including those that result in fatalities;
- failure of processing and mechanical equipment and other performance problems;
- labor force disruptions;
- site / province / country access disruptions;
- seismic events;
- the unavailability of materials and equipment;
- unanticipated transportation costs or disruption;
- unanticipated variations in grade and other geological problems, water conditions, surface or underground conditions;
- unanticipated changes in metallurgical and other processing problems;
- encountering unanticipated ground or water conditions and unexpected or unusual rock formations;
- cave-ins, land slips, pit wall failures, dam breaches, flooding, rock bursts and fire;
- periodic interruptions due to inclement or hazardous weather conditions; and
- force majeure factors, epidemics, pandemics, acts of God

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 cybersecurity breaches. There is no assurance that the Company will not suffer losses associated with cybersecurity 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.

To date, the Company has not experienced any material impact from cybersecurity events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its confidential personnel and commercial information and control systems could have severe financial, legal and other business implications.

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 Shares without par value. As of December 31, 2025, a total of 457,299,184 Shares were issued and outstanding. As of the date of this AIF, a total of 1,491,017,183 Shares were issued and outstanding. The holders of Shares of the Company ("**Shareholders**") are entitled to receive notice of and attend all meetings of Shareholders with each Share held entitling the holder to one vote on any resolution to be passed at such Shareholder meetings. The Shareholders are entitled to dividends if, as and when declared by the Board. Shareholders 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

Since 2020, the Company has not paid dividends, and no dividend payments are planned for 2026. The Facilities Agreement and the indenture governing the Bonds 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 and indenture, as applicable) is reached.

6.3 CONTINGENT SHARE PAYMENTS

Please see Section 3.3 Project Finance for information related to Share payments to Nemesia in relation to the Rebase Amendments, Shareholder Undertaking and Debenture.

In relation to Share payments to Nemesia, please see further information as further described in ***Section 3.3 Project Finance***.

ITEM 7: MARKET FOR SECURITIES

7.1 EXCHANGE LISTING

Lucara's 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 (Table 13) provides information as to the monthly high and low trading prices and respective aggregate monthly volumes of Lucara's Shares traded on the TSX during 2025.

Table 13: Trading Price History (2025)

Month	High (C$)	Low (C$)	Volume
January	0.465	0.36	892,707
February	0.445	0.345	5,263,551
March	0.41	0.345	2,948,747
April	0.385	0.33	1,764,694
May	0.36	0.235	3,646,176
June	0.25	0.225	1,992,297
July	0.25	0.21	1,045,717
August	0.235	0.193	1,669,041
September	0.235	0.185	3,627,632
October	0.2	0.18	3,710,249
November	0.195	0.16	4,193,420
December	0.21	0.18	3,207,305

The price of the Shares as quoted by the TSX at the close on December 31, 2025 was C$0.20 and on March 30, 2026 was C$0.25.

7.3 PRIOR SALES

The table below (Table 14) 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 2025, (ii) the number of securities of the class issued at that price, and (iii) the date on which the securities were issued.

Table 14: Equity Incentive Plan Issuance – Year ended December 31, 2025

Type of Security	Date Issued / Granted	Number	Issued Price / Exercise Price (C$)
Stock Options	February 28, 2025	4,176,325	0.39
Performance Share Units	February 28, 2025	1,379,846	N/A[2]
Restricted Share Units	February 28, 2025	4,254,538	N/A[2]
Deferred Share Units	February 28, 2025	618,751	N/A[3]
Shares	March 3, 2025	411,332	0.38[1]
Deferred Share Units	March 20, 2025	81,904	N/A[3]
Shares	March 31, 2025	675,000	0.37[4]
Deferred Share Units	May 14, 2025	41,682	N/A[3]
Deferred Share Units	May 15, 2025	357,628	N/A[3]
Shares	June 25, 2025	1,378,517	0.24[1]
Deferred Share Units	June 30, 2025	525,062	N/A[3]
Shares	June 30, 2025	675,000	0.23[4]
Deferred Share Units	September 30, 2025	604,931	N/A[3]
Shares	September 30, 2025	839,516	0.20[4]
Deferred Share Units	December 31, 2025	605,865	N/A[3]
Shares	December 31, 2025	1,470,871	0.20[4]

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 First Debenture of $15.0 million or Second Debenture of $28.0 million 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 seven (7) 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 June 18, 2026. The following table (Table 15) 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.

Table 15: Lucara Directors (at date of AIF)

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
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 2026 – 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 (Table 16) 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. The information in the table is current at March 31, 2026 and has not changed since December 31, 2025.

Table 16: Lucara Officer Information

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
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

Kendra Low British Columbia, Canada	Corporate Secretary	June 2020 to present - CEO of Vancouver Corporate Solutions Inc. June 2012 to present – President of Kalamandra Consulting Inc.	May 2025

8.2 SHAREHOLDINGS OF DIRECTORS AND OFFICERS

As at March 31, 2026, the directors and officers of the Company held, as a group, a total of 2,788,181 Shares, representing approximately 0.19% of the number of Shares issued and outstanding.

8.3 COMMITTEES OF THE BOARD

The following table (Table 17) lists the committees of the Board and their members as at December 31, 2025.

Table 17: Committees of the Board at December 31, 2025

Committee	Members
Audit	Ian W. Gibbs (Chair) Melissa M. Harmon Peter J. O'Callaghan
Compensation	Paul 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) Melissa M. Harmon William Lamb

In February 2026, the Board determined to add a Technical Committee as a committee of the Board. A formal mandate and workplan will be set forth in due course.

8.4 CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

8.4.1 Corporate Cease Trade Orders

No director or executive officer of the Company, other than as outlined below, 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.

8.4.2 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.

8.4.3 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 (Table 18) 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.

Table 18: Audit Committee Composition

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.
Melissa M. Harmon	Yes	Yes	• Bachelor of Science in Mine Engineering, Master of Business Administration, Professional Engineer. • Formerly an executive of a public company. • Serves on other public company boards
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 (Table 19) discloses the fees billed to the Company by its external auditors during the last two fiscal years. PwC were external auditors of the Company for the fiscal years ended December 31, 2024 and 2025. Effective March 3, 2026, EY was appointed auditors of the Company.

Table 19: Audit Fees

Fiscal Year Ending	Audit Fees C$[(1)]	Audit-Related Fees C$[(2)]	Tax Fees C$[(3)]	All other Fees C$[(4)]
December 31, 2025	470,000	71,380	Nil	Nil
December 31, 2024	505,000	72,225	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. Up till the date of disposal, 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. 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, as was any obligation to make any payments based on EBITDA generated.

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 First Debenture matures on August 29, 2029. As at December 31, 2025, a total of 6,652,500 Shares have been issued under the First Debenture, which includes the interest payments of 5,752,500 Shares.

Furthermore, under the terms of the Rebase Amendments, Nemesia provided funding support through a Second Debenture of up to $63.0 million consisting of two components; $28.0 million as the amended limited standby undertaking to support liquidity shortfalls until Underground Project completion and $35.0 million as a liquidity guarantee to cover cost overruns. As of the dates of this AIF, the $28 million standby undertaking has been fully drawn. 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 another 1,900,000 common shares on January 12, 2024. During the year ended December 31, 2025, the Company drew $28.0 million under the amended limited standby undertaking provided by Nemesia and issued the Second Debenture. For each $500,000 drawn under the Second Debenture, the Company will issue 7,500 common shares per month, settled quarterly, to Nemesia until the amounts borrowed are repaid. The Second Debenture matures on June 30, 2031. As of December 31, 2025, a total of 960,387 common shares have been issued for interest payments under the Second Debenture. As of the date of this AIF, the amended limited standby undertaking is fully drawn and the liquidity guarantee remains undrawn.

On January 29, 2026, Nemesia subscribed for 337,740,974 Shares at C$0.16 as part of the Equity Financing (2026).

As of the date of this AIF, Nemesia holds 30.95% 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 AGENT 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, 2025; or (ii) prior to January 1, 2025 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.

e) On December 1, 2025, the Company awarded a lateral development contract to Group R Mining and Exploration Botswana (Pty) Ltd. for the execution of all underground lateral development from the production and ventilation shafts to the ore body.

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

PwC, Chartered Professional Accountants, former auditors of the Company prepared an independent auditor's report dated March 3, 2026 in respect of the Company's consolidated financial statements for the years ended December 31, 2025 and December 31, 2024. 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.

Effective March 3, 2026, PwC resigned as auditor of the Company and the Company appointed EY as external auditors of the Company to fill the vacancy until the next annual general meeting of Shareholders.

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.

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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) together with the Corporate Governance and Nominating Committee, 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, February 20, 2025, and February 27, 2026.
Version Control	Printed copies of this document are uncontrolled. Confirm this is the current version before using.

-- END OF SCHEDULE "A" --