

**LIPARI MINING LTD.**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**For the three and nine-month periods ended  
September 30, 2025 and 2024**

**Expressed in Canadian dollars**

**(Unaudited)**



**Table of contents**

<b>Responsibility for condensed consolidated interim financial statements</b>	<b>3</b>
<b>Condensed consolidated interim statements of financial position</b>	<b>4</b>
<b>Condensed consolidated interim statements of operations and other comprehensive loss</b>	<b>5</b>
<b>Condensed consolidated interim statements of changes in shareholders' equity</b>	<b>6</b>
<b>Condensed consolidated interim statements of cash flows</b>	<b>7</b>
<b>Notes to the condensed consolidated interim financial statements</b>	<b>8</b>

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Lipari Mining Ltd. (the "Company" or "Lipari") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.



## **RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed consolidated interim financial statements of Lipari are the responsibility of the Company's management and have been approved by the board of directors of the Company (the "Board of Directors"). The condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Company's condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policy consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") appropriate in the circumstances. Management has established processes, which are in place to provide sufficient knowledge to support management's representations that it has exercised reasonable diligence that the condensed consolidated interim financial statements fairly present in all material respects the financial condition, financial performance, and cash flows of the Company, as at and for the periods presented in the condensed consolidated interim financial statements. The Board of Directors is responsible for reviewing and approving the condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The audit committee of the Company (the "Audit Committee") assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with IFRS as issued by the IASB, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Kenneth Johnson”  
Kenneth Johnson  
President and Chief Executive Officer

“Geovani Mariz”  
Geovani Mariz  
Chief Financial Officer

November 13, 2025



**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(expressed in Canadian dollars)

UNAUDITED	Notes	September 30, 2025	December 31, 2024
<b>Current assets</b>			
Cash and cash equivalents	9	\$ 28,146	\$ 249,922
Inventories	10	4,789,760	7,243,069
Recoverable taxes	11	917,304	1,023,850
Federal tax prepayments		109,423	220,428
Prepaid expenses		1,124,470	943,178
Loans receivable		-	60,000
<b>Total current assets</b>		<b>\$ 6,969,103</b>	<b>\$ 9,740,447</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	\$ 6,922,894	\$ 10,520,655
Exploration and evaluation	13	13,892,783	12,481,339
Intangible assets		45,435	35,114
Recoverable taxes	11	1,070,619	987,314
Prepaid expenses		101,510	528,486
Loans receivable	20	4,811	4,969
<b>Total non-current assets</b>		<b>\$ 22,038,052</b>	<b>\$ 24,557,877</b>
<b>Total assets</b>		<b>\$ 29,007,155</b>	<b>\$ 34,298,324</b>
<b>Current liabilities</b>			
Trade accounts payable	21	\$ 8,171,665	\$ 5,622,210
Personnel costs payable		1,316,342	683,602
Taxes, fees and contributions payable		971,503	321,856
Loans and borrowings payable	14	509,336	157,093
Provision for legal claims	16	419,864	217,533
Shareholder advances	20	4,961,557	650,782
Other liabilities		200,237	1,619,524
<b>Total current liabilities</b>		<b>\$ 16,550,504</b>	<b>\$ 9,272,600</b>
<b>Non-current liabilities</b>			
Provision for decommissioning and restoration	15	\$ 761,697	\$ 654,012
Provision for legal claims	16	2,894,483	2,451,412
Other liabilities		77,899	69,222
<b>Total non-current liabilities</b>		<b>\$ 3,734,079</b>	<b>\$ 3,174,646</b>
<b>Total liabilities</b>		<b>\$ 20,284,583</b>	<b>\$ 12,447,246</b>
<b>Shareholders' Equity</b>			
Share capital	17	\$ 103,567,738	\$ 97,435,820
Contributed surplus		1,684,890	690,554
Equity reserves	17	119,395	-
Accumulated other comprehensive income		(6,458,764)	(6,953,429)
Retained deficit		(91,834,367)	(71,223,961)
<b>Equity attributable to equity shareholders</b>		<b>7,078,892</b>	<b>19,948,984</b>
Non-controlling interest	5	1,643,680	1,902,094
<b>Total shareholders' equity</b>		<b>\$ 8,722,572</b>	<b>\$ 21,851,078</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 29,007,155</b>	<b>\$ 34,298,324</b>

Nature of operations and going concern

Note 1

Commitment and contingencies

Note 23

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Signed on behalf of the Board of Directors:

/s/ "Stephen Woodhead"  
Stephen Woodhead  
Director

/s/ "Paul Zimmisky"  
Paul Zimmisky  
Director

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE (LOSS) INCOME**  
(expressed in Canadian dollars)

UNAUDITED	Notes	Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
Revenue	22	\$ 8,424,809	\$ -	\$ 17,992,059	\$ 1,798,755
Cost of sales					
Production costs	18	(10,444,822)	(524,303)	(22,732,436)	(3,295,919)
Depreciation	18	(720,524)	-	(2,629,637)	(152,456)
<b>Gross loss</b>		<b>\$ (2,740,537)</b>	<b>\$ (524,303)</b>	<b>\$ (7,370,014)</b>	<b>\$ (1,649,620)</b>
General and administrative expenses	18	(1,117,658)	(1,384,560)	(4,727,602)	(4,437,702)
Amortization	18	(24,936)	(93,659)	(84,366)	(268,991)
Exploration and evaluation expenses	18	(211,188)	(297,724)	(791,495)	(2,250,499)
Impairment loss on non financial assets	18	(3,863,005)	-	(5,785,145)	-
Other operating gain (loss)	18	(10,002)	34,514	(45,545)	(13,522)
<b>Loss before other items</b>		<b>\$ (7,967,326)</b>	<b>\$ (2,265,732)</b>	<b>\$ (18,804,167)</b>	<b>\$ (8,620,334)</b>
Foreign exchange (loss) gain		(95,404)	(291,533)	237,009	(610,695)
Finance expenses	19	(92,410)	(79,981)	(793,055)	(316,640)
Transaction costs	2	-	-	(1,462,775)	-
<b>Net loss</b>		<b>\$ (8,155,140)</b>	<b>\$ (2,637,246)</b>	<b>\$ (20,822,988)</b>	<b>\$ (9,547,669)</b>
<b>Other comprehensive loss</b>					
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of wholly-owned foreign operations		409,802	86,920	65,802	208,598
Exchange differences on translation of foreign operations with non-controlling interests		110,442	(977,957)	383,034	(927,902)
<b>Total comprehensive loss</b>		<b>\$ (7,634,897)</b>	<b>\$ (3,528,283)</b>	<b>\$ (20,374,151)</b>	<b>\$ (10,266,973)</b>
<b>Attributable to:</b>					
Equity shareholders of the company		(8,094,214)	(2,605,923)	(20,610,405)	(9,025,204)
Non-controlling interests		(60,926)	(31,323)	(212,583)	(522,465)
<b>Net loss</b>		<b>\$ (8,155,140)</b>	<b>\$ (2,637,246)</b>	<b>\$ (20,822,988)</b>	<b>\$ (9,547,669)</b>
<b>Attributable to:</b>					
Equity shareholders of the company		(7,626,454)	(3,201,209)	(20,115,741)	(9,455,172)
Non-controlling interests		(8,443)	(327,074)	(258,410)	(811,801)
<b>Total comprehensive loss</b>		<b>\$ (7,634,897)</b>	<b>\$ (3,528,283)</b>	<b>\$ (20,374,151)</b>	<b>\$ (10,266,973)</b>
<b>Loss per share</b>	6				
Loss per share - basic and diluted		\$ (0.06)	\$ (0.02)	\$ (0.14)	\$ (0.09)
Weighted average shares outstanding - basic and diluted		146,859,936	119,038,505	143,189,931	104,464,511

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(expressed in Canadian dollars)

UNAUDITED

	Note	Equity attributable to equity shareholders								
		Number of common shares	Share capital	Contributed surplus	Share-based payments reserve	Accumulated other comprehensive income	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balances at January 1, 2024		71,420,506	\$ 59,060,307	\$ 1,188,758	\$ -	\$ (4,952,945)	\$ (53,614,985)	\$ 1,681,135	\$ 2,738,018	\$ 4,419,153
Equity issuance from related party equity financings		35,925,281	22,015,525	-	-	-	-	22,015,525	-	22,015,525
Equity issuance in settlement of related party loans payable		17,645,639	10,735,374	-	-	-	(1,001)	10,734,373	-	10,734,373
Exchange differences on translation of foreign operations		-	-	-	-	(440,477)	-	(440,477)	(280,304)	(720,781)
Net (loss)		-	-	-	-	-	(9,025,204)	(9,025,204)	(522,465)	(9,547,669)
<b>Balances at September 30, 2024</b>		<b>124,991,426</b>	<b>\$ 91,811,206</b>	<b>\$ 1,188,758</b>	<b>\$ -</b>	<b>\$ (5,393,422)</b>	<b>\$ (62,641,190)</b>	<b>\$ 24,965,352</b>	<b>\$ 1,935,249</b>	<b>\$ 26,900,601</b>
Balances at January 1, 2025		\$ 134,014,919	\$ 97,435,820	\$ 690,554	\$ -	\$ (6,953,429)	\$ (71,223,961)	\$ 19,948,984	\$ 1,902,093	\$ 21,851,077
Share exchange resulting from RTO transaction	2	12,845,017	6,131,918	994,336	-	-	-	7,126,254	-	7,126,254
Share based payment	2	-	-	-	119,395	-	-	119,395	-	119,395
Exchange differences on translation of foreign operations		-	-	-	-	494,665	-	494,665	(45,830)	448,835
Net loss for the year		-	-	-	-	-	(20,610,406)	(20,610,406)	(212,583)	(20,822,989)
<b>Balances at September 30, 2025</b>		<b>146,859,936</b>	<b>\$ 103,567,738</b>	<b>\$ 1,684,890</b>	<b>\$ 119,395</b>	<b>\$ (6,458,764)</b>	<b>\$ (91,834,367)</b>	<b>\$ 7,078,892</b>	<b>\$ 1,643,680</b>	<b>\$ 8,722,572</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(expressed in Canadian dollars)

UNAUDITED	Notes	Nine months ended September 30	
		2025	2024
<b>Cash flows from operating activities</b>			
<b>Loss for the period</b>		(20,822,988)	(9,547,669)
<b>Adjustments and non-cash items:</b>			
Depreciation, depletion, and amortization	12, 18	2,714,003	1,032,268
Impairment loss on non financial assets	12, 18	5,785,145	-
Share-based payment expense	17	119,396	
Interest expense		444,409	286,974
Unrealized foreign exchange (loss) gain		1,183,782	(105,054)
Loss on the sale of property, plant and equipment		64,861	(10,568)
Changes in inventory provisions to net realizable value	18	1,263,755	(193,077)
Changes in provisions for legal claims		289,096	145,525
Recoverable tax allowance recoveries		(10,587)	(21,388)
Other non-cash expense		22,370	45,968
Transaction costs	2	1,462,775	-
		<b>(7,483,983)</b>	<b>(8,367,021)</b>
<b>Changes in:</b>			
Inventories		3,456,738	(2,123,386)
Recoverable taxes		271,183	(852,270)
Federal tax prepayments		76,418	(78,150)
Prepaid expenses		292,462	(875,109)
Trade accounts payable		540,133	1,977,143
Personnel costs payable		503,108	124,319
Taxes, fees and contributions payable		641,789	(12,801)
Shareholder advances		3,880,494	1,153,048
Other liabilities		(891,598)	(295,971)
<b>Net cash flow used in operating activities</b>		<b>1,286,744</b>	<b>(9,350,198)</b>
<b>Cash flows from investment activities</b>			
Purchases of property, plant and equipment	12	(5,413,721)	(12,637,868)
Investments in intangible assets		(21,938)	(27,249)
Proceeds from sale of property, plant and equipment		15,278	(183)
Cash acquired from acquisition of subsidiaries		70,292	-
Disbursements for loans provided to related party borrowers		(160,500)	-
<b>Cash flow used in investing activities</b>		<b>(5,510,589)</b>	<b>(12,665,300)</b>
<b>Cash flows from financing activities</b>			
Issuance of shares	17	4,004,686	22,015,525
Interest paid	14	(33,977)	(50,482)
Repayments of loans and borrowings payable	14	(826,635)	(757,984)
Proceeds from loans and borrowings payable	14	843,961	700,643
<b>Net cash provided by financing activities</b>		<b>3,988,035</b>	<b>21,907,702</b>
<b>Effect of exchange rate changes on cash</b>		14,034	(403,044)
<b>Net increase in cash and cash equivalents</b>		(221,776)	(510,840)
Cash and cash equivalents at beginning of the period		249,922	701,052
<b>Cash and cash equivalents at end of the period</b>		<b>28,146</b>	<b>190,212</b>

Non-cash transactions include costs related to a financing agreement with Caterpillar Finance and the conversion of debt into equity as disclosed in Note 14. Other liabilities totaling \$1,029,216 were converted into equity as disclosed in Note 17. Share-based payments are also disclosed in Note 17.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Lipari Mining Ltd. ("Company" or "Lipari") is a company continued under the Business Corporations Act (Ontario).

The Company and its subsidiaries are engaged in the acquisition, exploration, development, and operation of diamond properties. The Company's registered address is 40 King St. W. Suite 2400, Toronto, ON M5H 3Y2 and its head office is located at Rua João Chagas Ortins de Freitas, 517, Sala 301, Lauro de Freitas, Bahia, Brazil CEP:42.710-610.

**Going Concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis, assuming that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

For the nine-month period ended September 30, 2025, the Company incurred a net loss of \$20,822,988 (\$9,547,669 net loss for the nine-month period ended September 30, 2024). As of September 30, 2025, the Company had a working capital deficit of \$ 9,581,401 (compared to a working capital surplus of \$467,847 as of December 31, 2024), cash and cash equivalents of \$28,146 (compared to \$249,922 as of December 31, 2024), loans and borrowings payable of \$ 509,336 (compared to \$157,093 as of December 31, 2024), and a retained deficit of \$91,834,367 (compared to \$71,223,961 as of December 31, 2024).

The ability of the Company to continue as a going concern depends on management's ability to raise additional capital and/or the willingness of its shareholders to provide continuing financial support, enabling the Company to meet its liabilities as and when they fall due. Although the Company has previously been successful in raising equity and securing debt facilities, future fundraising efforts may not succeed or may fall short of the required amounts in the foreseeable future. The above conditions indicate the existence of a material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern, and these adjustments may be material.

**2. REVERSE TAKEOVER TRANSACTION**

On March 15, 2023, Lipari Diamond Mines Ltd. ("LDM") and Golden Share Resources Corporation ("Golden Share") entered into a share exchange agreement (the "Share Exchange Agreement") which established the terms of a reverse take-over transaction ("RTO") of LDM by Golden Share. The Share Exchange Agreement was amended on October 10, 2023, March 29, 2024, June 19, 2024, July 31, 2024, September 30, 2024, November 1, 2024, December 9, 2024, and December 31, 2024.

Prior to the closing of the RTO, Golden Share completed a name change to "Lipari Mining Ltd." and consolidated its outstanding common shares (the "Consolidation") on the basis of one (1) post-Consolidation common share for every ten (10) pre-Consolidation common shares (the "Consolidation Ratio"). Following the Consolidation, all outstanding convertible securities of Lipari (i.e. Golden Share) automatically adjusted in accordance with their terms to give effect to the Consolidation such that, the holders of convertible securities of Golden Share remained entitled to acquire common shares in the capital of Lipari (with adjustments made to account for the Consolidation Ratio) (the "Common Shares").

The RTO was completed on March 19, 2025, and all of the common shares in the capital of LDM (the "LDM Shares") held by the former shareholders of LDM were converted into post-Consolidation Common Shares of Lipari, on the basis of 2.21678892 post-Consolidation Common Shares for every LDM Share (the "Exchange Ratio").

Immediately prior to the closing of the RTO, LDM completed a private placement (the "Offering") of 3,620,750 subscription receipts ("Subscription Receipts") at a price of US\$1.00 per Subscription Receipt (the "Issue Price"). Prior to the closing of the RTO, each Subscription Receipt was converted, for no additional consideration, into one LDM Share and one LDM Share purchase warrant (the "LDM

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended September 30, 2025**  
*(expressed in Canadian dollars)*



**Unaudited**

Warrants"). Each LDM Warrant entitled the holder thereof to acquire one LDM Share at a price of C\$1.55 at any time on or before March 19, 2027, subject to adjustment in certain events. The LDM Shares and LDM Warrants issued in the Offering were exchanged for Common Shares and Common Share purchase warrants of Lipari ("Lipari Warrants") based on the Exchange Ratio. Following such exchange each Lipari Warrant entitles the holder to acquire one Common Share at a price of C\$0.70 at any time on or before March 19, 2027.

In connection with the completion of the RTO, an aggregate of 134,014,919 post-Consolidation Common Shares of the Company was issued to the former shareholders of LDM in exchange for all outstanding LDM Shares, based on the Exchange Ratio and a total of 4,818,579 post-Consolidation Common Shares of the Company were issued to the former shareholders of Golden Share.

Upon the closing of the RTO the 3,620,750 Subscription Receipts issued pursuant to the Offering were automatically converted, without further consideration, into 8,026,438 post-Consolidation Common Shares and 8,026,438 Lipari Warrants, after applying the Exchange Ratio to the LDM Shares.

Following the completion of the RTO, the total number of issued and outstanding Common Shares was 146,859,936.

Following the closing of the RTO, the Board of Directors granted approximately 2,402,598 restricted share units ("RSU") to directors, officers and advisors at a price of \$0.61 per Common Share. These RSUs vest in accordance with Lipari's omnibus long-term equity incentive plan (the "omnibus Plan") and the policies of Cboe Canada Inc.

As the former shareholders of LDM control the Company following the RTO, the RTO was accounted for as a reverse acquisition whereby LDM is deemed to be the acquirer for accounting purposes. As a result, the condensed consolidated interim financial statements for the three and nine-month periods ended September 30, 2025, represent the continuation of LDM and reflect the identifiable assets acquired and liabilities assumed of the Company at fair value.

**The total purchase price was allocated based on the relative fair value of the assets and the liabilities acquired, as shown below:**

Fair value of assets and liabilities acquired:	
Cash and cash equivalents	\$ 70,292
HST receivables, prepayments and other financial assets	6,536
Exploration and evaluation assets - Band ore project	1,543,101
Accounts payable and accrued liabilities	(165,388)
Loans payable	(228,885)
Long term debt	(100,000)
Fair value of assets and liabilities acquired	1,125,655
Listing expense	1,462,775
Total fair value of consideration transferred	\$ 2,588,430

**3. BASIS OF PREPARATION**

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and the IFRS Accounting Standards as issued by IASB – International Accounting Standard Board and Interpretations issued by the IFRS interpretations Committee applicable to companies reporting under IFRS.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on November 13, 2025.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended September 30, 2025**  
*(expressed in Canadian dollars)*



**Unaudited**

**Basis of measurement**

The condensed consolidated interim financial statements have been prepared on a going concern basis under the historical cost basis, except for certain financial instruments measured a fair value, property, plant and equipment impairment measured at net realizable value (“NRV”) and inventories written down to NRV as disclosed in the accounting policies below. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Functional currency, presentation currency and basis of consolidation**

These condensed consolidated interim financial statements are being presented in Canadian dollars and comprise the financial results of the Company and the subsidiaries over which it has the ability to exercise control. The Company and all of its subsidiaries have a December 31 year end. Details regarding the Company’s subsidiaries functional currency as at September 30, 2025, are summarized in the following table:

Entity	Property/ Function	Jurisdiction	Functional currency <sup>(1)</sup>	Interest as at	
				September 30, 2025	December 31, 2024
Lipari Diamond Mines Ltd. (“LDM”)	Corporate	Canada	CAD	100%	100%
Sopemi Holdings Ltd. (“Sopemi UAE”)	Corporate	United Arab Emirates	AED	100%	100%
Lipari Mineração Ltda. (“Lipari Brazil”)	Brauna Project	Brazil	BRL	100%	100%
Mineração Montes Claros Ltda. (“MMC Brazil”)	Jaibaras Project	Brazil	BRL	100%	100%
Sopemi - Sociedade de Pesquisa e Exploração Mineira S.A. (“Sopemi Angola”)	Corporate	Angola	AOA	100%	100%
Tchitengo Mining - Sociedade de Pesquisa e Exploração Mineira Ltda. (“Tchitengo Angola”) (2)	Tchitengo Project	Angola	AOA	75%	75%

<sup>(1)</sup> CAD = Canadian dollar, AED = United Arab Emirates dirham, BRL = Brazilian real, AOA = Angolan kwanza,

<sup>(2)</sup> Tchitengo Angola. is owned 75% by Sopemi Angola and 25% by Endiama Mining, Limitada, an affiliate of the national diamond company and exclusive concessionary of diamond mining rights of Angola.

All inter-company balances and transactions, income and expenses have been eliminated upon consolidation.

**Significant estimates and judgments**

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenue and expenses during the reporting periods. Judgments, estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates. Revisions to estimates are recognized prospectively. The key areas where judgments, estimates and assumptions have been made are summarized below.

• **Inventories**

The NRV of diamond and ore in stockpile inventories are based on the most recent sale by the Company according to the valuation report issued by an independent appraisal specialist for that sale.

The NRV of spare parts is based on the aging of inventories.

• **Mineral reserves and resources**

Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data and require estimates of future prices for rough diamonds and future cost of operations. The mineral reserve and resources are subject to uncertainty and actual results may vary from these estimates. Results from drilling, testing and production, as well as material changes in rough diamond prices and operating costs subsequent to the date of the estimate, may justify revisions of such estimates. Changes in the mineral resources estimates may impact the mining properties in property, ore processing plant and equipment, as well as the carrying amount of the decommissioning and restoration liability in the consolidated

**Unaudited**

statement of financial position, and depreciation and depletion charges to be recognized in the consolidated statement of operations and other comprehensive (loss) income.

- **Depreciation and depletion of property, plant and equipment**

Property, plant and equipment are amortized over the life of the mine based on the depletion under the units-of-production method. Under the units-of-production method, depreciation is based on the level of output or usage expected to be achieved during the mine's expected useful life and estimates of future production. The estimates of future production are reviewed and revised at each reporting date to review the expected useful life. Estimated recoverable resources are determined based on a professional evaluation using accepted international standards for the estimation of mineral reserves and resources. A change in the original estimate of mineral resources would result in a change in the rate of depreciation and depletion of the related mining properties and industrial plant assets.

- **Impairment assessment**

For exploration and evaluation assets, the Company considers indicators including the Company's continued ability and plans to further develop the projects, the potential commercial viability of the projects, evidence indicating that licenses required to advance the projects have expired, and whether exploration results have not led to the discovery of commercially viable quantities of mineral resources.

At each reporting date or whenever changes in circumstances have taken place, the Company applies significant judgment in assessing (a) whether events or circumstances indicate the recoverable amount may be less than the carrying amounts of property, plant and equipment and exploration and evaluation assets and (b) whether or not there has been an impairment. The recoverable amount is the greater of its value-in-use and its fair value less cost of disposal.

An impairment loss is recognized to the extent that the carrying amount of those assets is not recoverable.

- **Provision for decommissioning and restoration**

The provision for decommissioning and restoration recorded are based on estimates of future cash flows, discount rates, and assumptions regarding timing. The estimates are subject to change and the actual costs for the decommissioning and restoration liability may change significantly.

- **Equity investments**

Upon acquiring equity securities in another entity, the Company is required to assess under IFRS (i) whether the terms of the transaction provided the Company no control, joint control or effective control over the acquiree and (ii) whether the acquiree's activities meet the definition of a business and should be accounted for as a business combination or alternatively if the transaction shall be accounted for as an asset acquisition. These assessments determine the accounting treatment for the transaction and form of consolidation thereafter.

- **Title to mineral property interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and titles may be affected by undetected defects.

- **Valuation of deferred income tax assets**

Each year, the Company evaluates the likelihood of whether some portion of deferred tax assets, if any, will be realized. This evaluation is based on historic and future expected levels of taxable income, the timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, tax planning initiatives, and deferred tax rates.



**Unaudited**

- **Income, value added, withholding and other taxes**

The Company is subject to income, value added, withholding and other taxes. Judgment is used in determining provisions for taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations, which may not coincide with the interpretation of the tax authorities. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. All tax related filings are subject to government audit and potential reassessment subsequent to the condensed consolidated interim financial statement reporting period. In case the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- **Provisions and legal claims**

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all the information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined, or additional information is required (refer to Notes 16 and 23).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2025

(expressed in Canadian dollars)

Unaudited



### 4. SEGMENT REPORTING

The reportable operating segments are those operations for which operating results are reviewed by the chief operating decision maker regarding decisions about resources to be allocated to the segment and to assess performance provided those operations pass certain quantitative thresholds. Operations with revenues, earnings or losses or assets that exceed 10% of total consolidated revenue, earnings or losses or assets are reportable segments.

Information regarding the results of each reportable segment is included below.

	Notes	Canada		Brazil		Angola		Total	
		Nine-month period ended		Nine-month period ended		Nine-month period ended		Nine-month period ended	
		September 30		September 30		September 30		September 30	
		2025	2024	2025	2024	2025	2024	2025	2024
Revenue	22	\$ -	\$ -	\$ 17,992,059	\$ 1,798,755	\$ -	\$ -	\$ 17,992,059	\$ 1,798,755
Cost of sales									
Production costs	18	-	-	(22,732,436)	(3,295,919)	-	-	(22,732,436)	(3,295,919)
Depreciation	18	-	-	(2,629,637)	(152,456)	-	-	(2,629,637)	(152,456)
<b>Gross profit</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,370,014)</b>	<b>\$ (1,649,620)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,370,014)</b>	<b>\$ (1,649,620)</b>
General and administrative expenses	18	(2,458,465)	(1,673,319)	(2,269,137)	(2,938,227)	-	173,843	(4,727,602)	(4,437,702)
Amortization	18	(1,086)	-	(38,166)	(37,321)	(45,114)	(231,670)	(84,366)	(268,991)
Exploration and evaluation expenses	18	-	-	-	-	(791,495)	(2,250,499)	(791,495)	(2,250,499)
Impairment loss on non financial assets	18	-	-	(5,785,145)	-	-	-	(5,785,145)	-
Other operating (expenses) recoveries	18	36,811	(49,438)	(68,384)	41,305	(13,972)	(5,391)	(45,545)	(13,522)
<b>Operating loss</b>		<b>\$ (2,422,740)</b>	<b>\$ (1,722,757)</b>	<b>\$ (15,530,846)</b>	<b>\$ (4,583,863)</b>	<b>\$ (850,581)</b>	<b>\$ (2,313,717)</b>	<b>\$ (18,804,167)</b>	<b>\$ (8,620,334)</b>
Foreign exchange (loss) gain		242,118	(109,417)	(55,455)	(244,577)	50,346	(256,703)	237,009	(610,695)
Finance expenses		(35,715)	(202,170)	(746,421)	(101,456)	(10,919)	(13,014)	(793,055)	(316,640)
Transaction costs	2	(1,462,775)	-	-	-	-	-	(1,462,775)	-
<b>Net (loss) income</b>		<b>\$ (3,679,112)</b>	<b>\$ (2,034,344)</b>	<b>\$ (16,332,722)</b>	<b>\$ (4,929,896)</b>	<b>\$ (811,154)</b>	<b>\$ (2,583,434)</b>	<b>\$ (20,822,988)</b>	<b>\$ (9,547,669)</b>
		September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
<b>Segments assets</b>		<b>\$ 1,619,321</b>	<b>\$ 698,669</b>	<b>\$ 16,459,838</b>	<b>\$ 22,071,774</b>	<b>\$ 10,927,998</b>	<b>\$ 11,527,879</b>	<b>\$ 29,007,155</b>	<b>\$ 34,298,324</b>
<b>Segments liabilities</b>		<b>\$ 1,275,014</b>	<b>\$ 2,706,138</b>	<b>\$ 18,784,678</b>	<b>\$ 9,474,785</b>	<b>\$ 224,893</b>	<b>\$ 266,323</b>	<b>\$ 20,284,583</b>	<b>\$ 12,447,246</b>

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended September 30, 2025**  
*(expressed in Canadian dollars)*



**Unaudited**

**5. NON-CONTROLLING INTEREST**

Tchitengo Mining – Sociedade de Prospecção e Exploração Mineira, Ltda. ("Tchitengo Mining"), is owned 75% by SOPEMI-Sociedade de Pesquisa e Exploração Mineira, S.A., ("Sopemi Angola"), a wholly owned subsidiary of Lipari, and 25% by Endiama Mining Limitada, an affiliate of the national diamond mining company of Angola. The summarized information of the above subsidiary and non-controlling interest (NCI) is as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net loss	243.703	328.634	850.332	2.314.192
Other comprehensive loss	(209.931)	1.183.004	183.310	1.160.787
<b>Total comprehensive loss</b>	<b>33.772</b>	<b>1.511.638</b>	<b>1.033.642</b>	<b>3.474.980</b>
Attributable to NCI				
- Net loss	(60.926)	(31.323)	(212.583)	(522.465)
- Other comprehensive loss	52.483	(295.751)	(45.828)	(290.197)
<b>- Total comprehensive loss</b>	<b>(8.443)</b>	<b>(327.074)</b>	<b>(258.411)</b>	<b>(817.910)</b>
Current assets	24.461	18.448	24.461	18.448
Non-current assets	10.842.250	10.177.538	10.842.250	10.177.538
Current liabilities	(3.344.837)	(177.333)	(3.344.837)	(177.333)
Non-current liabilities	(947.154)	(2.527.149)	(947.154)	(2.527.149)
Net assets	6.574.721	7.491.504	6.574.721	7.491.504
Net assets attributable to NCI	1.643.680	1.872.877	1.643.680	1.872.877
Percentage of net assets attributable to NCI	25,00%	25,00%	25,00%	25,00%
Cash flow from operating activities	(45.310)	(617.523)	(31.294)	(2.011.178)
Cash flow from investing activities	(570)	(17.331)	(689)	(433.056)
Cash flow from financing activities	-	573.227	-	2.441.670
Effect of exchange rate changes on cash	565	(5.052)	(5.070)	(6.018)
Net increase in cash and cash equivalents	(45.315)	(66.679)	(37.053)	(8.582)

**6. LOSS PER SHARE**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net loss	\$ (8,155,140)	\$ (2,637,246)	\$ (20,822,988)	\$ (9,547,669)
Adjustment				
Net loss attributable to non-controlling interests	60,926	31,323	212,583	522,465
Net loss for the purpose of basic and diluted income per share	<b>\$ (8,094,214)</b>	<b>\$ (2,605,923)</b>	<b>\$ (20,610,405)</b>	<b>\$ (9,025,204)</b>
<b>Denominator</b>				
Weighted average number of common shares outstanding - basic	146,859,936	119,038,505	143,189,931	104,464,511
Weighted average number of common shares outstanding	<b>146,859,936</b>	<b>119,038,505</b>	<b>143,189,931</b>	104,464,511
<b>Basic loss per share</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.14)</b>	<b>\$ (0.09)</b>
<b>Loss per share</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.14)</b>	<b>\$ (0.09)</b>

All convertible securities were excluded from the calculation of loss per share as they were anti-dilutive instruments.

**7. MATERIAL ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are consistent with the policies disclosed in the annual financial statements as at and for the year ended December 31, 2024, unless otherwise noted below.

Unaudited

## 8. PRONOUNCEMENTS WITH RECENT AND FUTURE ADOPTION REQUIREMENTS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Company's accounting periods beginning on or after January 1, 2026 and which the Company has not early adopted.

**Amendments to IFRS 9 and IFRS 7** - Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after January 1, 2026).

**IFRS 18** - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after January 1, 2027).

**IFRS 19** - Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after January 1, 2027)

## PRONOUNCEMENTS ADOPTED BY THE COMPANY

The following are pronouncements approved by the IASB which have been adopted by the Company and, therefore, have been applied in preparing these condensed consolidated interim financial statements. The adoption of these pronouncements has been duly implemented in the disclosures of the Company's condensed consolidated interim financial statements, resulting in no material changes to the financial results of the Company:

- IAS 21 – The Effects of Changes in Foreign Exchange Rates (“IAS 21”) - the IASB amended IAS 21 in August 2023 to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The adoption of this standard did not have a significant impact on the Company's financial statements.

## 9. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024
Cash at banks	\$ 21,347	\$ 242,318
Cash equivalents	6,799	7,604
<b>Total cash and cash equivalents</b>	<b>\$ 28,146</b>	<b>\$ 249,922</b>

Cash equivalents include highly liquid investments with a maturity of three months or less, that are readily convertible into a known amount of cash and subject to an insignificant risk of changes in value.

## 10. INVENTORIES

	September 30, 2025	December 31, 2024
Ore in stockpiles	\$ 190,543	\$ 473,502
Rough diamond inventories	2,362,743	4,521,238
Warehouse - Consumables and spare parts	2,236,474	2,248,329
<b>Total inventories</b>	<b>\$ 4,789,760</b>	<b>\$ 7,243,069</b>

The inventory amount accounted for in direct mining and processing costs (Note 18) for the three and nine-month periods ended September 30, 2025 was \$10,444,822 and \$22,732,436 (compared to \$524,303 and \$3,295,919 in the three and nine-month periods ended September 30, 2024).

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**For the nine-month period ended September 30, 2025**
*(expressed in Canadian dollars)*

**Unaudited**

As at September 30, 2025, inventories were assessed for NRV. The table below summarizes the NRV adjustments for each class of inventory.

	September 30, 2025	December 31, 2024
(-) Provision to net realizable value - Ore in stockpile	\$ (843,401)	\$ (186,573)
(-) Provision to net realizable value - Diamonds	(870,512)	-
(-) Provision to net realizable value - Consumables and Spare Parts	(692,163)	(723,235)
<b>Total inventories provision</b>	<b>\$ (2,406,076)</b>	<b>\$ (909,808)</b>

**11. RECOVERABLE TAXES**

	September 30, 2025	December 31, 2024
State value-add tax credits (ICMS) (a)	\$ 1,946,581	\$ 1,795,116
(-) Provision for state value-add tax credits (ICMS) (b)	(875,961)	(807,802)
Federal value-add tax credits (PIS, COFINS) (c)	917,304	1,023,850
<b>Total recoverable taxes</b>	<b>\$ 1,987,924</b>	<b>\$ 2,011,164</b>
	<b>\$ 917,304</b>	<b>\$ 1,023,850</b>
Current		
Non-current	<b>\$ 1,070,619</b>	<b>\$ 987,314</b>

- a) The Company claims state value-add tax credits ("ICMS credits") in Brazil on purchases of eligible goods and services used in the Company's mining and processing activities. These tax credits can be sold to other companies, usually at a discount or can be used to purchase specified machinery and equipment, subject to approval by the state government authority. The ICMS credits can only be realized in the state where they were generated, which, in the case of the Company, is in the State of Bahia, Brazil.
- b) As at September 30, 2025, the Company applied a provision valued at 45% of its ICMS credit assets, which was based on the Company's historical discount rates required to sell ICMS credits to third party buyers (December 31, 2024: 45%).
- c) The Company claims federal value-add tax credits in Brazil on purchases of consumables and property; plant and equipment used in the Company's mining and processing activities. These taxes are recoverable from the Brazilian tax authorities through various methods, including via cash refund or as a credit against payroll, supplier withholding taxes, or other taxes payable.

**12. PROPERTY, PLANT AND EQUIPMENT**

	December 31							September 30,
	2024	Depreciation	Additions	Disposals	Transfers	Effect of currency adjustment	2025	
<b>Cost</b>								
Land	\$ 134,886	\$ -	\$ -	\$ -	\$ -	\$ 17,104	\$ 151,990	
Fixed assets in progress	-	-	128,614	-	(128,614)	-	-	
Furniture and fixtures	299,429	-	4,058	(8,455)	-	34,247	329,279	
Buildings and construction assets	5,630,054	-	-	(4,001)	-	675,498	6,301,551	
Machinery, equipment and vehicles	9,048,860	-	352,053	(1,467,656)	(169)	409,991	8,343,079	
Industrial plant	14,665,656	-	-	-	-	1,859,611	16,525,267	
Mining properties (a)	34,050,363	-	5,093,306	-	-	2,394,438	41,538,107	
<b>Total cost</b>	<b>\$ 63,829,248</b>	<b>\$ -</b>	<b>\$ 5,578,031</b>	<b>\$ (1,480,112)</b>	<b>\$ (128,783)</b>	<b>\$ 5,390,889</b>	<b>\$ 73,189,273</b>	
<b>Accumulated depreciation and impairment</b>								
Furniture and fixtures	\$ (215,648)	\$ (17,816)	\$ -	\$ 2,935	\$ -	\$ (27,577)	\$ (258,106)	
Buildings and construction assets	(1,816,214)	(177,269)	-	200	-	(241,004)	(2,234,287)	
Machinery, equipment and vehicles	(7,267,717)	(322,356)	-	1,440,782	-	(210,402)	(6,359,693)	
Industrial plant	(14,477,077)	(48,025)	-	-	-	(1,839,034)	(16,364,136)	
Mining properties (a)	(29,531,937)	(3,727,293)	(5,659,599)	-	-	(2,131,328)	(41,050,157)	
<b>Total accumulated depreciation</b>	<b>\$ (53,308,593)</b>	<b>\$ (4,292,759)</b>	<b>\$ (5,659,599)</b>	<b>\$ 1,443,917</b>	<b>\$ -</b>	<b>\$ (4,449,345)</b>	<b>\$ (66,266,379)</b>	
<b>Property, plant and equipment, net</b>	<b>\$ 10,520,655</b>	<b>\$ (4,292,759)</b>	<b>\$ (81,568)</b>	<b>\$ (36,195)</b>	<b>\$ (128,783)</b>	<b>\$ 941,544</b>	<b>\$ 6,922,894</b>	

- (a) Mining properties include mine development, asset retirement obligation, and production phase stripping costs and accumulated depreciation and depletion for the Brauna diamond mining project.



As at September 30, 2025, the Company had equipment pledged as guarantee to loans of \$22,168 (BRL 154,112) related with Caterpillar Bank S.A. to finance a hydraulic excavator.

**Impairment test**

The Company conducted an impairment analysis for all of its cost generating units (“CGUs”).

The recoverable amount of the Braúna project was determined based on its value in use, calculated by discounting the future cash flows expected from the CGU’s continuing use. It was determined that the carrying amount of the CGU of \$10,545,250 exceeded its recoverable amount, resulting in an impairment loss of \$5,785,145 for nine-month periods ended September 30, 2025. This impairment loss was fully allocated to the property, plant, and equipment of the CGU and recognized as "Impairment Loss on Non-Financial Assets" in the statement of operations. Key unobservable assumptions used in determining the future cash flows included budgeted profit and loss projections for the next three years, a zero-growth rate, and a pre-tax discount rate of 16.22%. The unobservable inputs are considered to be level 3 fair value hierarchy inputs. The main input that reduced the recoverability amount is the diamond price constraints occurred during the last year. These assumptions reflect management’s assessment of future trends in the relevant industry, based on historical data from both external and internal sources.

**13. EXPLORATION AND EVALUATION ASSETS**

	December 31 2024	Acquisition of subsidiaries	Effect of currency	September 30 2025
Tchitengo project (a)	\$ 10,814,129	\$ -	\$ (343,061)	\$ 10,471,068
Jaibaras project (b)	1,667,210	-	211,404	1,878,614
Band ore project (c)	-	1,543,101	-	1,543,101
<b>Total exploration and evaluation assets</b>	<b>\$ 12,481,339</b>	<b>\$ 1,543,101</b>	<b>\$ (131,657)</b>	<b>\$ 13,892,783</b>

**a) Tchitengo Project, Angola**

The Tchitengo Project is an advanced-stage diamond exploration project. According to the terms of contractual agreements associated with the Tchitengo concession:

- (i) Sopemi Angola is required to provide a minimum of US\$5,500,000 in loan proceeds to Tchitengo Mining to perform reconnaissance, prospecting, research, and assessment activities on the project.
- (ii) Tchitengo Mining shall repay its loans due to third parties and due to Sopemi Angola before any profit distributions can be made from Tchitengo Mining to its shareholders.
- (iii) All diamonds produced from the Tchitengo Project shall be sold by Tchitengo Mining according to the legislation on rough diamond trading in Angola which is based on Presidential Decree No. 175/18 of July 27, 2018, or legislation which replaces it.
- (iv) The Company is responsible for the payment of a US\$500,000 fee to the Angolan government upon the issuance of the mining permit for the Tchitengo Project.
- (v) The Company is responsible for the payment of a US\$500,000 fee payable to the Angolan government upon commencement of commercial production of the Tchitengo Project.
- (vi) The Company shall pay to the former shareholders of Sopemi Angola an aggregate fee of US\$5,000,000 upon the commencement of commercial production for the first mine developed on the Tchitengo Project. The fee shall be payable, at the option of the Company, in either cash or Common Shares.

As of September 30, 2025, the Company has yet to determine the technical feasibility and commercial viability of the Tchitengo Project.

**b) Jaibaras Project, Brazil**

The Jaibaras Project is an exploration-stage diamond mining project located in the state of Pará, northern Brazil. The Company is responsible for the payment of US\$ 35,000 to the former owners of the Jaibaras Project within 30 days following the decision to proceed with the preparation of a preliminary economic assessment on the Jaibaras Project. The Company must also grant the former owners a 1% gross sales royalty on future diamond sales from the Jaibaras Project. As of September 30, 2025, the Company has yet



to determine the technical feasibility and commercial viability of the Jaibaras Project.

**c) Band-Ore Project, Canada**

The Band-Ore Project is 100% owned by the Company, located approximately 65 km west of Thunder Bay, Ontario, and comprised of 109 MLAS cell claims, 16 patented claims and 1 mining lease claim. The Band-Ore Project is subject to a 1% net smelter return ("NSR") royalty on all but 7 MLAS cell claims (#180514, 252727, 252728, 271780, 329655, 341514, 341515), which are subject to 1.5% NSR royalty.

On May 20, 2024 (as amended on July 10, 2024), the Company entered into an option agreement (the "Delta Agreement") with Delta Resources Limited ("Delta"). The Delta Agreement gives Delta the option to earn-in a 100% interest in the Band-Ore Project for: (1) aggregate consideration of \$2,000,000 (to be satisfied through cash payments totalling \$1.3 million over a period of five years) and \$700,000 worth of common shares in the capital of Delta over a period of five years (with the value of the shares to be based on the 20-day volume weighted average price for the 20 days preceding their issuance, subject to a minimum price of \$0.075 per share); and (2) the reimbursement of the tax payments with respect to the 16 patented mining claims and the one leased mining claim. If the option is exercised the Company will retain a 2% NSR royalty, of which 1% of the NSR can be purchased by Delta in the amount of \$3,000,000 indexed (escalated) based on the Canada Consumer Price Index (CPI) from the effective date to the purchase date. Delta retains a right of first refusal on the sale of the remaining 1% NSR. Following the 100% vesting of the option, if Delta defines a National Instrument 43-101 mineral resource on the property after earn-in, the Company will be entitled to a bonus of \$500,000 for an estimate of 500,000 gold ounces contained up to 1,000,000 ounces and a bonus of \$1,000,000 for an estimate of greater than 1,000,000 contained gold ounces.

As of the date hereof, the Company has received \$100,000 in cash payments from Delta in accordance with the Delta Agreement. In June 2025, the Company recorded the \$100,000 of cash payments as income on the statement of operations when Delta gave notice to terminate their Option Agreement.

As of September 30, 2025, the Company has yet to determine the technical feasibility and commercial viability of the Band-Ore Project.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended September 30, 2025**  
*(expressed in Canadian dollars)*  
**Unaudited**



**14. LOANS, BORROWINGS AND CONVERTIBLE DEBENTURES PAYABLE**

**14.1. Loans:**

Type of Financing	Interest rate range	Currency Denomination	Guarantees	September 30, 2025	December 31, 2024
<b>Related party loans (a)</b>					
Loans due to Aftergut N Zonen	Nil%	US Dollar	No guarantees	\$ 8.352	\$ 8.630
Loans due to BH Diamonds ME DMCC	Nil%	US Dollar	No guarantees	96.530	-
Loans due to executive officer lenders	Nil%	CAD	No guarantees	10.000	-
<b>Total related party loans</b>				<b>\$ 114.882</b>	<b>\$ 8.630</b>
<b>Third party loans</b>					
Unsecured Loan Agreements (b, c)	12%	US Dollar	No guarantees	\$ 372.285	-
Others (d)	14,97%	Brazilian Real	Secured	22.169	148.463
<b>Total third party loans</b>				<b>\$ 394.454</b>	<b>\$ 148.463</b>
<b>Total Loans and borrowings payable</b>				<b>\$ 509.336</b>	<b>\$ 157.093</b>

Notes:

- The relationships between the Company and these related parties are disclosed in Note 20.
- On March 20, 2025, as a result of RTO transaction described in note 2, the Company has acquired \$228.885 on unsecured loan agreements. These loans are due on December 31, 2025 and bear interest of 12% per year.
- On July 1, 2025, the Company entered into an unsecured loan agreement with certain creditors, whereby \$126,000 of outstanding trade accounts payable was converted into a loan.. These loans are due on December 31, 2025 and bear interest of 12% per year.
- On December 16, 2024, Lipari Mineração Ltda. ("Lipari Brazil") entered into a financing agreement with Caterpillar Bank S.A. to finance a hydraulic excavator. The financing amount was \$156,597 (BRL 638,806) to be paid in 8 installments and bearing interest of 14.97% per annum.

For the period ended September 30, 2025, and the year ended December 31, 2024, the Company's loans and borrowings payable did not have contractual covenants. Maturity dates and commitments for these loans and borrowings payable at September 30, 2025 are disclosed in Note 21.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*

**Unaudited**



**14.2. Reconciliation of liabilities arising from financing activities**

	December 31, 2024	Debt proceeds	Debt principal repayments	Interest paid	Acquisition of subsidiaries	Interest expense	Foreign exchange (gain) loss	Other non-cash changes	Currency translation adjustment	September 30, 2025
Loans and borrowings payable	\$ 157,093	\$ 853,961	\$ (826,634)	\$ (35,244)	\$ 223,100	\$ 46,925	\$ (64,702)	\$ 126,000	\$ 28,836	\$ 509,336
	December 31, 2023	Debt proceeds	Debt principal repayments	Interest paid	Interest expense	Transfer/ Reclass	Foreign exchange (gain) loss	Other non-cash changes	Currency translation adjustment	December 30, 2024
Loans and borrowings payable	\$ 4,857,095	\$ 156,597	\$ (861,145)	\$ (217,753)	\$ 126,356	\$ 498,205	\$ 103,476	\$ (4,440,806)	\$ (64,932)	\$ 157,093
Convertible debentures	7,013,454	-	-	-	117,522	-	130,203	(7,261,180)	-	-
	\$ 11,870,549	\$ 156,597	\$ (861,145)	\$ (217,753)	\$ 243,878	\$ 498,205	\$ 233,679	\$ (11,701,986)	\$ (64,932)	\$ 157,093

Other non-cash changes:

- a) On March 1, 2024, BH Diamonds ME DMCC ("BH Diamonds") exercised its right to convert the principal amount of its convertible debenture of \$6,720,430 (US\$5,000,000) into share capital. A total of 5,000,000 LDM Shares were issued to BH Diamonds. Also, at the same date, the Company settled \$4,014,944 (US\$2,960,000) in interest free related party loans through the issuance of 2,960,000 LDM Shares.

Dates	Shareholder	Description	Shares	Amount
March 1, 2024	BH Diamonds	Equity issuance in settlement of related party loans payable (b)	2,960,000	4,014,944
March 1, 2024	BH Diamonds	Equity issuance in settlement of related party loans payable (b)	5,000,000	6,720,430
			<b>7,960,000</b>	<b>\$ 10,735,374</b>

- b) On December 01, 2024, Mineração Montes Claros Ltda. ("MMC"), Chapada Brasil Mineração Ltda. ("CBM") and LDM entered into an agreement where the debt owed by MMC to CBM of \$304,218 (BRL 1,236,837) was assigned to and settled by LDM in exchange for 203,984 units (each unit comprised of one LML Share and one LML warrant at the completion of the transaction described into Note 2). Each LML Warrant entitles the holder to acquire one Common Share at a price of \$1.55 for a period of 24 months following the date of issuance subject to adjustment in certain events, the balances are accounted for as other liabilities hence this was converted to share capital after financing operation described in Note 2.
- c) On December 01, 2024, the related parties MMC, Kenneth Johnson and the Company entered into an agreement where the debt owed by MMC to Kenneth Johnson of \$114,659 (BRL 466,230) was assigned to 76,892 units of LML. Each unit was comprised of one LML Share and LML Warrant, which were granted at the completion of the transaction described into note 2.
- d) On December 01, 2024, BH Diamonds exercised its right to convert the convertible debentures interest amount of \$540,748 (US\$ 386,111 as at the conversion date) into LDM Shares. A total of 347,500 LDM Shares were issued to BH Diamonds, after deducting taxes related to this transaction.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*

**Unaudited**



**15. PROVISION FOR DECOMMISSIONING AND RESTORATION**

	December 31, 2024	Additions/ (Reversals)	Accretion	Currency translation adjustment	September 30, 2025
Provision for decommissioning and restoration	654,012	10,902	11,528	85,255	761,697
Current	-				-
Non-current	654,012				761,697

In addition to diamonds, the Braúna mine is licensed to produce construction aggregates from the granodiorite stockpile that was formed during the life of its diamond mining operations. The provision for decommissioning and restoration includes the costs estimated to close the operating facilities and reclaim land that has been disturbed as a result of mining activity. In accordance with the Braúna mine closure plan, the restoration activities are planned to be conducted between 2026 and 2074.

As of September 30, 2025, the provision for decommissioning and restoration was determined with (i) the estimated future cash flows discounted at a 11% pre-tax discount rate and (ii) the future expected cost estimates updated for inflation at a 3.5% per annum consumer price index (IPCA) (December 31, 2024 – 11.75% per annum discount rate and 4% per annum inflation rate).

The Company expects to spend approximately BRL10,674,204 (\$2,795,318) (undiscounted) on decommissioning and reclamation activities between 2026 and 2074 (December 31, 2024 – BRL10,674,204 (\$2,480,758), between 2026 and 2074).

**16. PROVISION FOR LEGAL CLAIMS**

The Company is a defendant in several labor, tax and civil claims. For its outstanding matters, management, in conjunction with its legal counsel, assesses the estimated value at risk and the Company’s probability of loss. A provision is recorded for cases in which the Company has determined the probability of loss as more likely than not, and the amount can be reasonably estimated. In the event that management’s estimate of the future resolution of these matters’ changes, the Company will recognize the effects of the changes in its financial statements on the date such changes occur.

As of September 30, 2025, the Company has recognized a provision of \$3,314,346 (\$2,668,945 as of December 31, 2024), representing management’s best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary from management estimates due to the inherent uncertainty regarding the Company’s estimates.

	December 31, 2024	Additions	Reversals/ Transfers	Payments	Foreign exchange	Currency translation adjustment	September 30, 2025
Labor litigation	\$ 217,533	\$ -	\$ (56,053)	\$ -	\$ -	\$ 23,666	\$ 185,146
Tax litigation (a)	2,451,412	125,549	-	-	-	317,522	2,894,483
Environmental litigation (b)	-	219,573	-	-	-	15,144	234,717
<b>Total provisions for legal claims</b>	<b>\$ 2,668,945</b>	<b>\$ 345,122</b>	<b>\$ (56,053)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 356,332</b>	<b>\$ 3,314,346</b>
Current	217,533						419,864
Non-current	\$ 2,451,412						\$ 2,894,483

**a) Cases of tax litigation with an assessed probable risk of loss**

In December 2022, Lipari Brazil received a citation from the State Tax Authority of Bahia, Brazil alleging that certain purchases made between 2018 and 2019 failed to meet the required criteria to qualify them for exemption from state-value add taxes (ICMS - *Imposto sobre Circulação de Mercadorias e Serviços*). More specifically, the tax authority concluded the purchases in question did not meet the criteria to be characterized as used in Lipari Brazil’s production process. On March 28, 2024, Lipari Brazil received an unfavorable decision from the 1st administrative court of appeals which ordered Lipari Brazil to pay \$2,690,000 (R\$10,152,000) in ICMS taxes due. Lipari Brazil submitted an appeal in April 2024 under the 2nd administrative courts of appeal, which remains in process as at September 30, 2025. The process can advance to a 3<sup>rd</sup> level of administrative courts of appeal, and if a favourable result is not obtained by Lipari Brazil, the process will advance to a judicial process. This case was recorded in the Company’s books as a non-current liability.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2025

(expressed in Canadian dollars)

Unaudited



### b) Environmental litigation

During nine-month period ended September 30, 2025 the Company signed an environmental compensation agreement related to the Braúna Project with the State of Bahia. This obligation amounts to approximately \$219,573 (BRL 896,292) and is for the purpose of supporting the maintenance and/or implementation of a conservation unit. The BRL amount is subject to monetary update based on the IGP-M inflation and is to be executed over a period of 36 months after the acceptance of the full terms by the State of Bahia government. This obligation was recorded in the Company's books as a non-current liability.

### c) Cases of tax litigation with an assessed possible risk of loss

In September 2022, Lipari Brazil received a citation from the Federal Tax Authority in Brazil alleging that Lipari Brazil should have paid an additional social security and labor risks management tax ("GILRAT", or Gilrat INSS - *Contribuição do Grau de Incidência de Incapacidade Laborativa decorrente dos Riscos Ambientais do Trabalho*) to some of its employees who were exposed to high noise levels at the Braúna mine during 2018, 2019 and 2020. Throughout the life of the Brauna mine operations, the Company has implemented a series of occupational health and safety measures to mitigate exposures to adverse health impacts, including the exposure to noise in question in this tax assessment. Lipari Brazil understands that its existing safety measures provide an exemption from the GILRAT tax assessed and, therefore, in October 2022 Lipari Brazil contested this citation under the 1st administrative courts of appeal. According to Lipari Brazil's assessment, this claim has a possible risk of loss and its value at risk is estimated to be R\$1,002,000 (approximately \$265,000). As at September 30, 2025, no provision has been recorded for this citation (December 31, 2024: \$nil).

In January 2023, Lipari Brazil received a citation from the Federal Tax Authority in Brazil claiming that Lipari Brazil used invalid tax credits in 2018 to offset Federal value-add tax obligations payable (PIS – *Programa de Integração Social*, and COFINS – *Contribuição para o Financiamento da Seguridade Social*). According to the tax authority, the tax credits used were invalid as they did not meet a required criteria to be sourced from purchases of goods and services used in the production process. Lipari Brazil contested the citation in March 2023 under the 1st administrative court of appeals. According to Lipari Brazil's assessment, this claim has a possible risk of loss and its value at risk is estimated to be R\$3,689,000 (approximately \$977,000). As at September 30, 2025, no provision has been recorded for this citation (December 31, 2024: \$nil).

## 17. EQUITY

### Share capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares without par value. All issued Common Shares are fully paid and have no par value. No preferred shares have been issued since the Company's inception. Changes in Common Shares for the nine-month period ended September 30, 2025, and the year ended December 31, 2024, are as follows:

Balance as at December 31, 2024	134,014,919	97,435,820
Consolidation - shares issued for RTO Transaction (Note 2)		-
Consolidation - shares issued for RTO Transaction (Note 2)	4,818,579	2,352,041
Private placement - Shares issued, net of share issuance costs	6,194,617	4,004,686
Private placement - Funds previously received in Angola	1,003,017	648,426
Private placement - Conversion of debts with suppliers	206,161	126,171
Private placement - Conversion of loan debts with related parties concurrent to the RTO	622,643	402,523
Private placement - Warrants issued	-	(994,337)
Private placement - Cash retained from brokers		(407,592)
Balance as at September 30, 2025	146,859,936	\$ 103,567,738

	Number of common shares	Share capital (\$)
Balance as at December 31, 2023	71,420,506	\$ 59,060,307
Equity issuance from related party equity financings	44,178,440	27,173,064
Equity issuance in settlement of related party loans payable	18,415,973	11,202,449
Balance as at December 31, 2024	134,014,919	\$ 97,435,820

As a result of the RTO, as disclosed in Note 2, all the LDM Shares held by LDM shareholders were exchanged, transferred, and assigned, on the basis of 2.21678892 post-Consolidation Common Shares for every LDM Share (the "Exchange"). As a result of the Consolidation and Exchange, the Company issued 134,014,919 Common Shares. All information in these condensed consolidated interim financial statements

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*

**Unaudited**



regarding prior periods has been restated to be presented on a post-Share Consolidation basis. Given the effect of the RTO 12,845,017 Common Shares were issued.

The equity issuances in settlement of related party loans payables are disclosed in Note 14.

**Warrants**

Upon the closing of the RTO the 3,620,750 Subscription Receipts issued pursuant to the Offering were automatically converted, without further consideration, into 8,026,438 Lipari Warrants, applying the Exchange Ratio to the LDM Shares.

The following table shows the changes in warrants:

	Number of Warranties	Exercise price
Balance as at December 31, 2024	-	\$ -
Warrants issued on RTO Transaction	8,026,438	0.70
Outstanding and exercisable on September 30, 2025	<b>8,026,438</b>	<b>\$ 0.70</b>

The following table summarizes information about the warrants outstanding and exercisable:

Expiry date	Number of warrants outstanding	Weighted average exercise price	Remaining contractual average life (years)
March 19, 2027	8,026,438	0.12	1.47
	<b>8,026,438</b>	<b>\$ 0.12</b>	<b>1.47</b>

The warrants were valued on the date of grant using the following assumptions:

	September 30, 2025	December 31, 2024
Weighted average price at the grant date	0.49	-
Rate of return of dividends	-	-
Expected average volatility	64.16%	-
Risk-free average interest rate	2.51	-
Expected average life	1.47	-
Weighted average exercise price	0.12	-

**Options and RSUs**

The Board of Directors has the authority and discretion to grant Common Share purchase options ("Options"), RSUs and deferred share units within the limits identified in the Omnibus Plan.

The number of Common Shares reserved for issuance pursuant to the Omnibus Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. All Options are settled by the issuance of Common Shares. The following table summarizes information about the Options outstanding and exercisable:

	Stock options #	Weighted average exercise price CAD/share
Opening balance - stock options at date of the RTO	1,845,000	\$ 0.098
Pro forma RTO transaction		
Share consolidation factor	10:1	10:1
Stock options expired	(29,500)	2.00
<b>Stock options outstanding at September 30, 2025</b>	<b>155,000</b>	<b>\$ 0.78</b>

The following table summarizes information about the Options outstanding and exercisable:

Stock options #	Expected life	Exercise price CAD/share	Replacement option grant date fair value
145,000	0.47	0.70	6,319
10,000	0.67	2.00	3
<b>155,000</b>	<b>0.57</b>	<b>0.78</b>	<b>6,322</b>

Following completion of the RTO, the Board of Directors granted 2,402,598 RSUs to members of management, directors and consultants. The RSUs vest on the first anniversary of their grant date, on March 19, 2026. Additional 300,00 RSU was granted to consultants on July 11, 2025, this RSUs vest on June 20, 2026.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2025

(expressed in Canadian dollars)

### Unaudited

The table below reflects the number of RSUs outstanding and the grant date fair value of RSUs outstanding at September 30, 2025.



Expiry date	September 30, 2025		
	Number of RSUs outstanding	Fair Value	Number of exercisable RSUs
March 19, 2026	2,402,598	213,481	-
June 20, 2026	300,000	25,179	-
	<b>2,702,598</b>	<b>238,660</b>	-

A total of \$119,395 was recognized as expenses related to the RSUs during the nine-month period ended September 30, 2025.

## 18. OPERATIONAL EXPENDITURES

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Operating Expenditures	\$ (8,196,817)	\$ 112,566	\$ (16,477,079)	\$ (3,488,996)
Payroll and directors fee	(2,475,611)	-	(4,381,404)	-
Changes in inventory provisions to net realizable value	772,252	(636,869)	(1,263,755)	193,077
Freight, vehicles maintenance and travel expenses	(92,422)	-	(157,975)	-
Royalties expenditures	(452,224)	-	(452,223)	-
<b>Production costs</b>	<b>\$ (10,444,822)</b>	<b>\$ (524,303)</b>	<b>\$ (22,732,436)</b>	<b>\$ (3,295,919)</b>
<b>Depreciation</b>	<b>\$ (720,524)</b>	<b>\$ -</b>	<b>\$ (2,629,637)</b>	<b>\$ (152,456)</b>
Payroll and directors fee	(595,568)	(668,115)	(1,954,906)	(2,178,948)
Professional Fees	(238,217)	(376,709)	(1,462,568)	(1,063,934)
Freight, vehicles maintenance and travel expenses	(15,954)	(26,474)	(178,433)	(192,873)
Marketing, investor relations and regulatory fees	(82,039)	(32,932)	(290,411)	(146,080)
Office and administration	(124,419)	(141,194)	(450,639)	(441,124)
Security expenditures	(231)	(77,859)	(82,450)	(246,279)
Provisions for legal claims	(61,230)	(61,277)	(308,195)	(168,464)
<b>General and administrative expenses</b>	<b>\$ (1,117,658)</b>	<b>\$ (1,384,560)</b>	<b>\$ (4,727,602)</b>	<b>\$ (4,437,702)</b>
<b>Amortization expense</b>	<b>\$ (24,936)</b>	<b>\$ (93,659)</b>	<b>\$ (84,366)</b>	<b>\$ (268,991)</b>
Payroll and directors fee	(98,726)	(128,809)	(305,234)	(602,367)
Professional Fees	(27,641)	(70,378)	(114,890)	(1,336,283)
Freight, vehicles maintenance and travel expenses	(17,316)	(29,023)	(125,615)	(142,235)
Office and administration	(8,661)	(21,852)	(46,021)	(56,950)
Security expenditures	(58,844)	(47,662)	(199,735)	(112,664)
<b>Exploration and evaluation expenses</b>	<b>\$ (211,188)</b>	<b>\$ (297,724)</b>	<b>\$ (791,495)</b>	<b>\$ (2,250,499)</b>
<b>Impairment loss on non financial assets</b>	<b>\$ (3,863,005)</b>	<b>\$ -</b>	<b>\$ (5,785,145)</b>	<b>\$ -</b>
<b>Other operating gain (loss)</b>	<b>\$ (10,002)</b>	<b>\$ 34,514</b>	<b>\$ (45,545)</b>	<b>\$ (13,522)</b>
<b>Total cost and expenses</b>	<b>\$ (16,392,135)</b>	<b>\$ (2,265,732)</b>	<b>\$ (36,796,226)</b>	<b>\$ (10,419,089)</b>

## 19. FINANCE INCOME AND EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Interest income	\$ 524	\$ 4,130	\$ 5,218	\$ 5,559
Interest expense	(70,298)	(33,601)	(492,347)	(189,830)
Accretion of interest	(9,718)	(12,950)	(21,182)	(17,559)
Other finance costs	(12,918)	(37,560)	(284,744)	(114,810)
<b>Total finance income (expenses)</b>	<b>\$ (92,410)</b>	<b>\$ (79,981)</b>	<b>\$ (793,055)</b>	<b>\$ (316,640)</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2025

(expressed in Canadian dollars)

Unaudited



### 20. RELATED PARTY TRANSACTIONS

- **Aftergut N & Zonen BVBA** ("Aftergut") is a diamond trading company based in Antwerp, Belgium. Aftergut holds the rights and obligations to the exclusive offtake agreement for rough diamonds produced from the Braúna mine. As at September 30, 2025, Aftergut's ultimate beneficial owners own an aggregate 40.45% of the issued and outstanding Common Shares (44.3% of LDM Shares on December 31, 2024), with 29.51% (32.3% on December 31, 2024) held indirectly through its affiliate BH Diamonds, 9.86% (10.8% on December 31, 2024) held indirectly through its affiliate Lipari Holding BV and 1.08% (1.2% on December 31, 2024) held directly by Aftergut.
- **Lipari Holding BV** is an investment holding company based in Amsterdam, Netherlands. As at September 30, 2025 Lipari Holding BV owns approximately 9.86% of the issued and outstanding Common Shares (10.8% of LDM Shares on December 31, 2024). Additionally, Lipari Holding BV is a subsidiary of and is controlled by Aftergut.
- **Fersfield Limited** is an investment holding company based in Hong Kong, China. As at September 30, 2025, its ultimate beneficial owners own an aggregate of 34.96% (38.99% in December 31, 2024) the issued and outstanding Common Shares through Fersfield GB (as defined herein).
- **Fersfield Limited** ("Fersfield GB") is an investment holding company based in Gibraltar and as at September 30, 2025 owns an aggregate 34.96% of the issued and outstanding Common Shares (38.99% of LDM Shares on December 31, 2024).
- **BH Diamonds ME DMCC** is a diamond trading company, based in Dubai, United Arab Emirates. BH Diamonds is controlled by the same ultimate beneficial owner who controls Aftergut. BH Diamonds was appointed by Aftergut to be the buyer of the Company's rough diamond production in the periods presented. As at September 30, 2025, BH Diamonds owns approximately 29.5% of the issued and outstanding Common Shares (32.3% on December 31, 2024).
- **Endiama Mining Limitada** is an affiliate of Angola's national diamond company and exclusive concessionary of diamond mining rights of Angola, which owns 25% of the issued and outstanding shares of the Company's subsidiary Tchitengo Mining.
- **Executive officer lenders** included the Company's president.
- **Key management personnel** included the Company's directors, officers and president.

Transactions with these parties are disclosed below.

#### a. Assets with related parties

As at September 30, 2025 and December 31, 2024, the Company's receivables from related parties were as follows:

	September 30, 2025	December 31, 2024
Loans receivable from Endiama Mining LDA	4,811 \$	4,969
<b>Total related party receivables</b>	<b>\$ 4,811</b>	<b>\$ 4,969</b>

#### b. Liabilities with related parties

As at September 30, 2025 and December 31, 2024, the Company's liabilities with related parties were as follows:

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2025

(expressed in Canadian dollars)

Unaudited



	September 30, 2025	December 31, 2024
Trade accounts payable	\$ 436,847	\$ 327,259
Shareholder advances - BH Diamonds ME DMCC	4,961,557	650,782
Shareholder Loan - BH Diamonds ME DMCC	96,530	-
Loans payable - Aftergut N & Zonen BVBA	8,352	8,630
Loans payable - Due to executive officer lenders	10,000	-
Other liabilities - Aftergut N.& Zonem	74,242	69,133
Other liabilities - Somipa	-	538,524
Other liabilities - Chapada Brasil Mineracao Ltda	-	293,533
Other liabilities - Kenneth Johnson	-	110,648
<b>Total related party liabilities</b>	<b>\$ 5,587,528</b>	<b>\$ 1,998,509</b>

In accordance with the terms of the Company's off-take agreement with Aftergut, BH Diamonds has the obligation to purchase all diamond production from the Company at a US\$ denominated price determined based on an appraisal from an independent third-party diamond valuation specialist who determines both (i) the quality of the rough diamonds in the parcel and (ii) the estimated market value of the rough diamonds in the parcel. Aftergut has appointed BH Diamonds, one of its affiliate companies, to purchase the diamond production from the Company. The Company's diamond production from the Braúna mine is subject to a 1.0% gross sales royalty due to Osisko Royalty Corp. and a 0.5% royalty on gross sales less selling and transport costs, payable to Vox Royalty Corp. ("Vox").

The Company recognizes revenue upon fulfillment of its performance obligation in the off-take agreement, which occurs upon delivery of the goods sold to the location specified by Aftergut.

### c. Income (loss) transactions with related parties

For the three and nine-month periods ended September 30, 2025 and 2024, the Company's transactions with related parties are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net revenue from sales to BH Diamonds ME DMCC	\$ 8,424,809	\$ -	\$ 17,992,059	\$ 1,798,755
Interest expense on loans due to related parties <sup>(1)</sup>	-	(5,344)	-	(116,354)
Interest expense on convertible debentures due to related parties <sup>(2)</sup>	-	-	-	(117,522)
Key management personnel compensation <sup>(3)</sup>				
Compensation and short-term benefits	(399,126)	(402,601)	(1,167,395)	(1,383,573)
Other short-term benefits	(74,898)	-	(168,723)	-
Bonuses	-	-	(9,050)	(17,408)
<b>Total net income from related party transactions</b>	<b>\$ 7,950,785</b>	<b>\$ (407,945)</b>	<b>\$ 16,646,891</b>	<b>\$ 163,898</b>

Notes:

- 1) Includes interest expense recognized on loans payable to related parties, as detailed in Note 14.
- 2) Includes interest expense recognized on convertible debentures payable to related parties, as detailed in Note 14.
- 3) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and, from an accounting perspective, non-executive members of the Board of Directors and corporate officers, and the companies controlled by these individuals.

## 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The management of operations with financial instruments held by the Company is carried out through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The control policy consists of continuous monitoring of the rates engaged versus those in force in the market. The market values of financial assets and liabilities do not differ significantly from their carrying amounts, to the extent they were agreed upon, and are recorded at rates and conditions practiced in the market for operations of a similar nature, risk and term.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the nine-month period ended September 30, 2025***(expressed in Canadian dollars)***Unaudited***Fair value measurement*

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

As at September 30, 2025 and December 31, 2024, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

**a. Financial risk factors**

The Company's activities expose it to a variety of financial instrument risks, including but not limited to liquidity risk, market risk, and credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing this risk is to ensure sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage.

For the nine-month period ended September 30, 2025, the Company incurred a net loss of \$20,822,988 (\$9,547,669 net loss for the nine-month period ended September 30, 2024). As of September 30, 2025, the Company had a working capital deficit of \$ 9,581,401 (compared to a working capital surplus of \$467,847 as of December 31, 2024), cash and cash equivalents of \$28,146 (compared to \$249,922 as of December 31, 2024), loans and borrowings payable of \$ 509,336 (compared to \$157,093 as of December 31, 2024), and a retained deficit of \$91,834,367 (compared to \$71,223,961 as of December 31, 2024).

The Company mitigates its liquidity risk through the use of an annual budgeting process each year, a continuous detailed cash forecasting process, and a process of monitoring key performance indicators to early assess whether supplemental capital requirements may be required. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. For more details see Note 1. The main factor is the realized sales price for rough diamonds produced from the Braúna mine and the operating and capital costs of same. Other key factors include the Company's ability to continue to renew its related party and third-party loan and financing facilities.

The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities:

As at September 30, 2025	Less than 1 year	1 - 3 years	Total
<b>Financial Liabilities</b>			
Trade accounts payable	\$ 8,171,665	\$ -	\$ 8,171,665
Personnel costs payable	1,316,342	-	1,316,342
Loans and borrowings payable			
Loans due to related parties - Principal	114,882	-	114,882
Loans due to third parties - Principal	394,454	-	394,454
Other liabilities	200,236	77,899	278,135
<b>Total financial liabilities</b>	<b>\$ 10,197,579</b>	<b>\$ 77,899</b>	<b>\$ 10,275,478</b>

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*



**Unaudited**

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two main types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include accounts receivable, cash and cash equivalents, short-term investments, and loans and borrowings payable.

**i. Currency risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates which impact cash flows on transactions denominated in a currency other than the functional currency of the Company. Financial instruments and certain other liabilities that impact the Company's net earnings due to currency fluctuations include:

- (i) United States dollar (US\$) denominated cash and cash equivalents, trade payables, loans and borrowings payable, convertible debentures, other receivables and other liabilities;
- (ii) Euro (EUR) denominated cash and cash equivalents, trade payables,
- (iii) Angolan Kwanza (AOA) denominated cash and trade payables,
- (iv) South African Rand (ZAR) denominated trade payables, and
- (v) Brazilian Reais (BRL) denominated other liabilities.

The Company manages, in part, its currency risk by monitoring the extent of its foreign exchange risk exposure and performing commercial sales denominated in US dollars.

**a) Assets and liabilities with foreign exchange exposure**

The exposure of the Company's financial assets and liabilities to currency risk is as follows, as at September 30, 2025 and December 31, 2024:

Financial instruments with foreign exchange exposure	Asset/ Liability	Currency Denomination	September 30, 2025	December 31, 2024
<b>(in CAD)</b>				
Cash and cash equivalents	Asset	USD	\$ 9,430	\$ 68,931
Cash and cash equivalents	Asset	EUR	69	142
Trade payables to third parties	Liability	USD	(486,049)	(414,855)
Trade payables to third parties	Liability	EUR	-	(42,116)
Trade payables to third parties	Liability	ZAR	(62,716)	(105,669)
Loans due to related parties	Liability	USD	(8,448)	(8,630)
Other Liabilities	Liability	USD	-	(1,403,746)
Other Liabilities	Liability	BRL	(77,899)	(69,133)
<b>Net financial liabilities with foreign exchange exposure</b>			<b>\$ (625,613)</b>	<b>\$ (1,975,076)</b>

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at September 30, 2025 and December 31, 2024 with all other variables held constant. It shows how income before taxes would have been affected by changes in the relevant risk variables that were reasonably possible at that date.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*

**Unaudited**



Sensitivity analysis	Currency Variable	% Change increase/(decrease) to exchange rate basis	Gain/(loss) from change to the September 30, 2025 exchange rate basis	Gain/(loss) from change to the December 31, 2024 exchange rate basis
<b>Exchange rate basis</b>				
Scenario I - CAD per US Dollar	USD	10%	CAD 0.7184 / USD \$ 44,097	CAD 0.6951 / USD \$ 172,378
Scenario II - CAD per US Dollar	USD	-10%	(44,097)	(172,378)
<b>CAD 0.6123 / EUR    CAD 0.6696 / EUR</b>				
Scenario I - CAD per EURO	EUR	10%	\$ (6)	\$ 3,842
Scenario II - CAD per EURO	EUR	-10%	6	(3,842)
<b>CAD 0.2619 / BRL    CAD 0.2324 / BRL</b>				
Scenario I - CAD per BRL	BRL	10%	\$ 7,803	\$ 6,285
Scenario II - CAD per BRL	BRL	-10%	(7,803)	(6,285)
<b>CAD 12.4085 / ZAR    CAD 13.0548 / ZAR</b>				
Scenario I - CAD per ZAR	ZAR	10%	\$ 5,693	\$ 9,606
Scenario II - CAD per ZAR	ZAR	-10%	(5,693)	(9,606)

**ii. Interest rate risk**

The interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company may potentially be exposed to interest rate risk on its loans and borrowings payable and cash equivalents. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 14.97% per annum.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits and other financial instruments with banks and financial institutions.

The Company's exposure to credit risk at the reporting dates was associated with its financial assets, including cash and cash equivalents and trade accounts receivable, as follows:

	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 28,146	\$ 249,922
Loans receivable	4,811	64,969
<b>Total financial assets</b>	<b>\$ 32,957</b>	<b>\$ 314,891</b>

**Excessive risk concentration**

The Company has a significant concentration of credit risk as 100% of its rough diamond sales in the nine-month period ended September 30, 2025 were made to its related party customer as disclosed in Note 22 (100% for the year ended December 31, 2024). Settlement terms are in accordance with the off-take agreement with Aftergut as detailed in Note 20.

The Company manages its credit risk on cash and cash equivalents by (i) using financial institutions with a strong reputation and credit rating and manages its credit risk on trade accounts receivable (ii) by receiving payments in advance and executing its commercial sales to a related party customer (Note 20) who holds a strong reputation within the industry and a good credit risk history.

**22. CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are (i) to safeguard its ability to continue as a going concern, and (ii) to maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and to sustain the future development of the business.

The Company's primary source of capital is derived from equity issuances and related party loans. Capital consists of equity attributable to common shareholders.

**Unaudited**

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new Common Shares in the form of private placements, public offerings and/or convertible debt instruments.

The Company attempts to set the amount of capital in proportion to the risks. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

As at September 30, 2025, the Company's capital structure is comprised of \$509,336 (compared to \$157,093 as of December 31, 2024) in loans and borrowings payable, a retained deficit of \$91,834,367 (compared to \$71,223,961 as of December 31, 2024), and a total shareholders' equity surplus of \$8,722,572 (\$21,851,078 as of December 31, 2024).

**23. COMMITMENT AND CONTINGENCIES****a) Exploration contingencies**

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See Note 13 for additional information.

**b) Royalties and other liabilities**

The Company's diamond production from the Braúna mine is subject to a 1.0% gross sales royalty due to Osisko Gold Royalties Ltd. and a 0.5% royalty on gross sales less selling and transport costs, payable to Vox Royalty Corp. The Company is also subject to other royalties and liabilities as disclosed into Note 13.

**c) Off-take agreements**

Aftergut holds the rights and obligations to the exclusive offtake agreement for rough diamonds produced from the Braúna mine and appointed BH Diamonds to be the buyer of the Company's rough diamond production in the periods presented. According to this off-take agreement the gross sales proceeds from the Braúna mine are subject to a 5% discount to the agreed sales price.

**d) Legal claims**

The Company is party to various claims and proceedings arising in the normal course of business other than what has been disclosed in Note 16. Management does not expect these matters to have a material adverse effect on the Company's results of operations or financial position.

**e) Termination payments**

The Company has entered into employment agreements with certain executives that provide for termination payments under specific circumstances. These agreements include provisions for payments upon termination without cause and in connection with a change of control of the Company.

**Termination Without Cause:**

In the event of termination by the Company without cause, eligible officers and consultants are entitled to severance payments equivalent to a predetermined number of months of base salary and, in some cases, employee benefits over the severance period. As of September 30, 2025, the estimated maximum obligation under these arrangements is approximately \$1,275,000 (December 31, 2024 - \$1,275,000).

**Termination Due to Change of Control:**

In the event of a termination following a change of control, the chief executive officer is entitled to enhanced severance payments. As of September 30, 2025, the estimated maximum obligation under these arrangements in the event of a qualifying change of control followed by termination is approximately \$520,000 (December 31, 2024 - \$520,000).

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the nine-month period ended September 30, 2025**

*(expressed in Canadian dollars)*

**Unaudited**



**24. SUBSEQUENT EVENTS**

On October 16, 2025, Lipari Brazil settled in full the financing agreement entered into with Caterpillar Bank S.A. on December 16, 2024 related to the acquisition of a hydraulic excavator. Following the settlement, the equipment is no longer subject to any pledge or guarantee in favor of the financial institution.

On October 20, 2025 the Company entered into a non-interest-bearing loan agreement with its related party Fersfield Limited for total proceeds of \$325,000. The loan will be used to purchase and transport a kimberlite processing plant to the Company's 75%-owned Tchitengo project in Angola.

\* \* \*