

LIPARI MINING LTD.

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

For the three-month period ended March 31, 2025



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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") focuses on the principal factors that have impacted Lipari Mining Ltd. ("Lipari" or the "Company") and its subsidiaries (the "Group") performance as well as factors that may affect its future performance. To better understand the MD&A, it should be read in conjunction with the unaudited consolidated interim financial statements for three-month period ended March 31, 2025, consolidated financial statements for the year ended December 31, 2024 and the notes thereto (the "consolidated interim financial statements").

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

All amounts are expressed in Canadian dollars (\$). United States dollar amounts are identified by the "US\$" identifiers. Common shares in the capital of Lipari (the "Common Shares") are expressed as numbers except unit share values which are expressed in Canadian dollars.

The disclosure in this MD&A of geological, mining and other technical information related to Lipari's mineral properties, including the Company's mining operation, has been reviewed and approved by Martin Doyle, P.Geo., MBA, B.Sc., an independent Consulting Geologist with Falmar Ltd., and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Properties ("NI 43-101").

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. Additional information about the Company and its business activities is available on the Company's website at www.liparimining.com and on SEDAR+ at www.sedarplus.ca.

The Board of Directors approved both this MD&A and the consolidated interim financial statements for the three-month period ended March 31, 2025 on May 15, 2025.

COMPANY OVERVIEW

Lipari (formerly, Golden Share Resources Corporation) was listed on the TSX Venture Exchange ("TSXV") under the trading symbol "GSH". The Company was voluntarily delisted from TSXV after markets close on January 23, 2025, and subsequently closed the reverse takeover transaction with Lipari Diamond Mines Ltd. ("LDM") on March 19, 2025. Lipari commenced trading on the Cboe Canada Inc. stock exchange under the symbol "LML" on March 31, 2025. Effective April 23, 2025 the company has listed its common shares to trade on the Frankfurt Stock Exchange ("FSE") under the symbol "0Y90".

The Company is incorporated under the Canada Business Corporations Act and its 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.

Lipari has five wholly-owned direct and indirect subsidiaries.

- i) LDM which was incorporated under the *Business Corporations Act* (British Columbia) by articles of incorporation dated December 6, 2021.
- ii) SOPEMI-Sociedade de Pesquisa e Exploração Mineira, S.A., ("SOPEMI"), a Corporation organized under the laws of Angola which owns a 75% equity interest in Tchitengo Mining – Sociedade de Prospecção e Exploração Mineira, Ltda. ("Tchitengo Mining"), a corporation that is also organized under the laws of Angola that holds the exploration rights to the Tchitengo Project in northeastern Angola. Endiama Mining, Limitada. ("Endiama"), the government of Angola mining entity, is Lipari's partner and owns the remaining 25% equity interest in Tchitengo Mining.
- iii) Mineração Montes Claros Ltda. ("MMC") a company organized under the laws of Brazil which owns 100% of the mineral rights comprising the Jaibaras diamond project in the State of Pará, Brazil.
- iv) Lipari Mineração Ltda. ("Lipari Mineração") a corporation organized under the laws of Brazil which owns 100% of the mineral rights comprising the Braúna diamond mine in the State of Bahia, Brazil.

- v) Sopemi Holdings Limited (“Sopemi Holding”) a corporation organized on December 27, 2022, under the laws of the Ajman Free Zone of the United Arab Emirates, which has been established as a holding company to eventually hold Lipari’s interest in Tchitengo Mining

These subsidiaries, their jurisdiction of incorporation, and the percentage of voting securities held by Lipari, are illustrated in Figure 1 which follows, as well as the mineral properties in which the subsidiaries have an ownership interest.

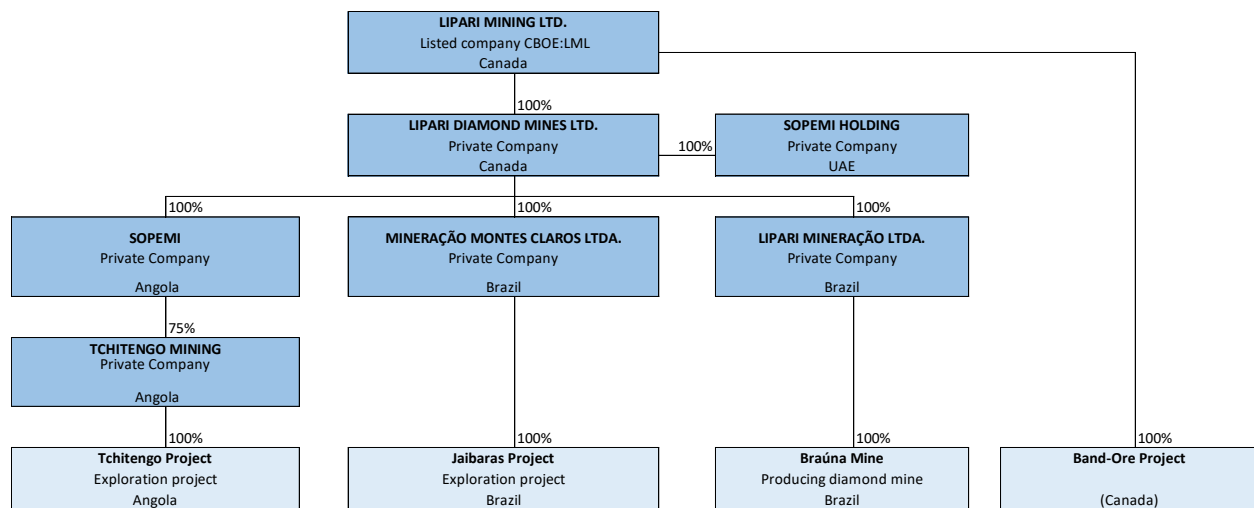


Figure 1 – Organization Chart.

Q1-2025 HIGHLIGHTS

- On March 19, 2025, the company completed the RTO transaction with LDM and the listing on the CBOE exchange under the symbol “LML”. The company’s shares commenced trading on March 31, 2025.
- Effective April 23, 2025, the company has listed its common shares to trade on the Frankfurt Stock Exchange (“FSE”) under the symbol “OY90”.
- Progressed a National Instrument 43-101 (“NI 43-101”) compliant Mineral Resource Estimate¹ for the Tchiuzo kimberlite pipe, located in northeastern Angola. The Company’s 75% owned Tchitengo Diamond Project.
- Completed a sale of diamond production from the Company’s Braúna mine totaling 22,524 carats for revenues of \$5,017,092 (US\$ 3,679,014) at an average unit sales price of \$223 (US\$ 163) per carat.
- Zero Lost-Time-Injuries (“LTI”) reported for the period, with the Braúna mine reporting 474 consecutive days without any LTI incurred by the Company’s employees or contractors.
- Completed the Brauna mine transition from open pit to underground mining operation in accordance with the project defined by the Company’s independent consultants GE21 Consultoria Mineral Ltda. (“GE21”), extracting the first underground ore in January 2025.
- Underground operations focused on advancing the underground decline from the in-pit portal situated at elevation 120 metres above sea level (“masl”) to an elevation of -32 masl, with a total of 2,323 metres of advancement completed by March 31, 2025.
- During Q1-2025 a total of 173,443 tonnes (Q1-2024: 82,450) of ore were processed resulting in the recovery of 25,291 carats (Q1-2024: 3,980ct) for a recovered diamond grade of 14.6 carats per 100 tonnes (“cpht”) (Q1-2024: 4.8cpht).
- Diamond inventory was 23,307ct as of March 31, 2025 (Q1-2024: nil).

¹ No revenue data is available and no information related to the economics of possible mining scenarios is available and, consequently, it is not possible to determine which parts of the Tchiúzo Mineral Resource have Reasonable Prospects for Eventual Economic Extraction (RPEEE).

TCHITENGO DIAMOND PROJECT, ANGOLA (75% EQUITY INTEREST)

The Tchitengo Project consists of an exploration concession covering an area of 1,022 km² in the Lunda provinces of northeastern Angola. The mineral rights are held by Tchitengo Mining, in which Lipari holds a 75% indirect equity interest, and in which Endiama holds the remaining 25% interest. The Tchitengo Project is situated in the heart of Angola's primary diamond district, approximately 63 kilometres north of the city of Saurimo, a major diamond industry hub in Angola. The Catoca mine, Angola's largest diamond producer with annual production of 4.5 million carats, and the Chiri kimberlite, which is being developed by Rio Tinto, are both situated 19 kilometres to the south of the Tchitengo project and are situated along the same structural trend that hosts the kimberlites situated within the Tchitengo concession. The concession lies just 35 kilometres north of the world-class Luele mine, Angola's newest diamond producer whose annual production is projected to increase to 4 to 5 million carats when the mine reaches its full capacity². The smaller Camatchia mine, situated just north of the Tchitengo concession, produces approximately 80,000 carats of high-quality diamonds per year.

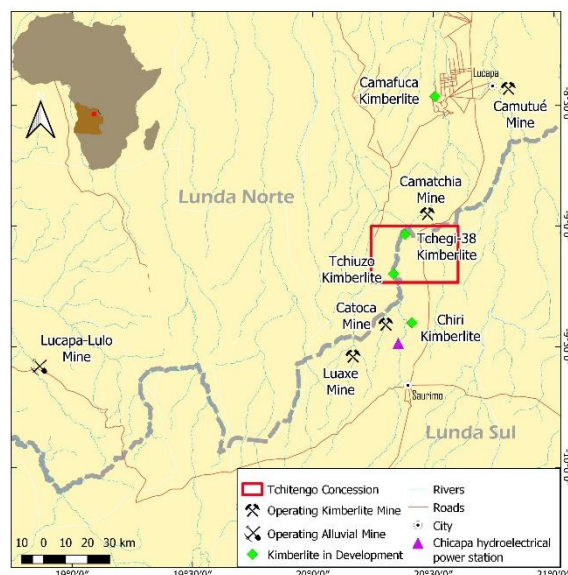


Figure 2 - Location map - Tchitengo Project.

The exploration concession comprising Lipari's Tchitengo Project encompasses 30 known kimberlite deposits. Twenty-nine (29) of these kimberlites were discovered by BHP Billiton ("BHP") from 2005 to 2009 when they were exploring for diamond deposits in a 50/50 joint venture with the Angolan entity Escom Investimentos e Participações SA ("ESCOM"). BHP and ESCOM reportedly spent US\$25 million on exploration of their concession area during the four years that they were active in the area.³ One of the 29 kimberlites that the joint venture discovered, called Tchegi 38 was advanced to the mini-bulk sampling stage of development with 15 large diameter drill holes completed that resulted in the recovery of 214.7 carats of diamonds from 834.2 tonnes of kimberlite resulting in an average recovered diamond grade of 25.7 cph⁴.

Sociedade Mineira de Catoca ("SM Catoca") along with their principal shareholder at that time, ALROSA (32% equity interest), a large Russian diamond producer, also explored the area now encompassed by the Tchitengo concession. SM Catoca discovered the Tchiuzo kimberlite in late 2005 near the southern boundary of the current Tchitengo concession by following up on an airborne magnetic anomaly which was situated proximal to small-scale alluvial diamond production. Subsequent drilling programs during the period 2006 to 2009 resulted in the development of a mineral resource, estimated in accordance with Russian standards (NAEN Code and not compliant with NI43-101 standards) to contain 53.5 million tonnes of kimberlite with an estimated 23.4 million carats of extractable diamonds⁵. This historical resource supported Preliminary Economic Assessment-level ("PEA") and Pre-Feasibility Study-level techno-economic studies by ALROSA's Yakutniproalmas Technical Institute ("YTI"), conducted over the period 2011 to 2013, which reported the historical economic viability of a proposed stand-alone open pit mining operation to depths of 200-250 meters below surface. Catoca reportedly invested US\$35.6 million towards the exploration and development of the Tchiuzo kimberlite pipe during the period from 2006 to 2016.⁶

² Paul Zimnisky's State of the Diamond Market, Independent Monthly Diamond Industry Data and Analysis, Volume 8, Issue 7, March 2025

³ Technical Report for the Tchitengo Diamond Project, Lunda Provinces, Northeast Angola, March 21, 2024 by SRK Consulting (Canada) Inc.

⁴ Technical Report for the Tchitengo Diamond Project, Lunda Provinces, Northeast Angola, March 21, 2024 by SRK Consulting (Canada) Inc.

⁵ SRK Consulting (Canada) Inc. and Lipari consider the resource estimated by SM Catoca for Tchiuzo to be reliable in historic July 2009 context, as it has been confirmed and verified as a result of the 2024 drill program. Lipari is not treating the July 2009 historical estimate for Tchiuzo as current mineral resources or mineral reserves and will rely on the mineral resource estimate reported herein which was conducted by Z Star Mineral Consultants (Pty) Ltd.

⁶ Technical Report for the Tchitengo Diamond Project, Lunda Provinces, Northeast Angola, March 21, 2024 by SRK Consulting (Canada) Inc.

In March 2024, Lipari, through its Angolan subsidiary Tchitengo Mining, commenced a Phase I confirmatory drilling campaign with the installation of a base camp adjacent to the Tchiuzo kimberlite pipe. Following the refurbishment of access roads to the site, Tchitengo Mining contracted Kodo Drilling Angola, Limitada who mobilized two drill rigs to the site to commence a planned 12 hole, 3,275 metre drilling program on the Tchiuzo pipe which was designed to: i) confirm the pipe volumes identified by the SM Catoca drilling completed during the period 2006 to 2009; ii) define the internal geology of the pipe; and iii) define the position and inclination of the contacts between the kimberlite and the country-rock granite gneiss that enclose the pipe. The drilling program commenced in April 2024 and was completed in August 2024 after completing 19 drill holes totaling 3,722.7 metres. The drilling program successfully confirmed the kimberlite volumes previously indicated by the SM Catoca drilling and supported the creation of the first geological model of the Tchiuzo kimberlite pipe which would be the basis of a mineral resource estimation that would be compliant with Canadian National Instrument 43-101 ("NI43-101") standards. Based on the kimberlite core samples recovered during the drilling program, coupled with the geological information reported by SM Catoca during their drilling campaigns, Lipari's geologists together with the Z Star petrographer have interpreted that the Tchiuzo kimberlite was emplaced during one single volcanic eruption event, which created two different kimberlite lithologies or domains comprising the kimberlite pipe: i) tuffaceous kimberlite ("TK") which forms the central portion of the pipe; and ii) tuffaceous kimberlite breccia ("TKB") which is situated along the contact zone with the host granite gneiss. A large block of volcanic breccia of sedimentary rock ("BVRS") appears to have collapsed into the crater or neck of the pipe post-eruption, forming a discontinuous unit of sedimentary rock that crosses the centre of the pipe. Approximately 4 metres of sand overburden ("OVB") overlies the pipe, which exhibits weathered saprolitic kimberlite ("SAP") to depths ranging from 10 to 15 metres below surface. Figure 3 provides an illustration of the modelled geology of the Tchiuzo kimberlite pipe based on the drilling completed to date by SM Catoca (2006 to 2009) and Lipari (2024). In total, 100 drill holes have been completed on the Tchiuzo kimberlite totaling 13,428 metres.

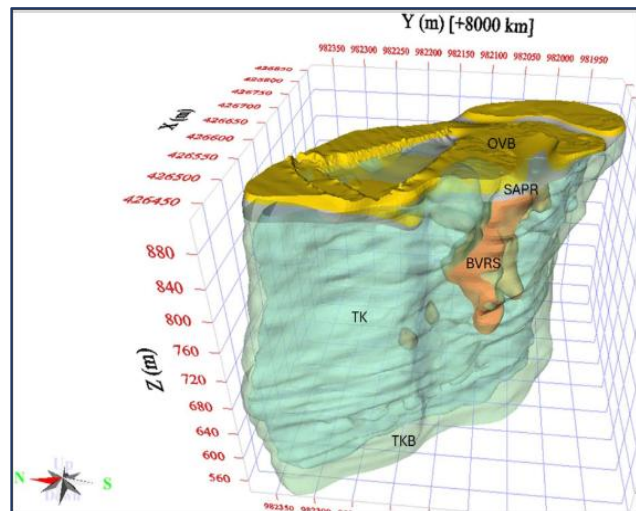


Figure 3 – Geological model of the Tchiuzo kimberlite pipe (Z Star 2024 after Lipari 2024). OVB = overburden; SAPR = saprolitic kimberlite; TK = tuffaceous kimberlite; TKB = tuffaceous kimberlite breccia; BVRS = brecciated volcanic sediment.

In September 2024, Tchitengo Mining contracted Z Star Mineral Resource Consultants (Pty) Ltd. ("Z Star") to complete a NI 43-101 compliant mineral resource estimate of the Tchiuzo kimberlite. Z Star is a South African-based mineral consultancy comprised of experienced geologists and engineers with extensive experience in mineral resource estimation, specifically diamond deposits. Z Star conducted a detailed review of the historical work completed by SM Catoca, as well as the more recent work completed by Lipari and Tchitengo Mining. Their study also included a visit to the Tchitengo Project in late June 2024 to inspect the drill core, the geology of the kimberlite, and review the procedures followed by Lipari's geological team for the drilling operation that was underway at the time.

Z Star evaluated the geological model that was prepared by Lipari's geologists for the Tchiuzo pipe and confirmed the model's validity for use in the mineral resource estimate. Z Star reported an Indicated Mineral Resource of 32.1 million tonnes containing 14.6 million carats to a depth of approximately 220 metres below surface, and an Inferred Mineral Resource of 22.7 million tonnes containing 8.5 million carats of diamond. Z Star noted that these figures show only minor changes when compared to the 2009 estimates of SM Catoca. The following tables present the results of Z Star's mineral resource estimate for the Tchiuzo kimberlite pipe, which were reported in a news release dated May 1, 2025. No revenue data is available, and no information related to the economics of possible mining scenarios is available and, consequently, it is not possible to determine which parts of the Tchiuzo Mineral Resource have

Reasonable Prospects for Eventual Economic Extraction (RPEEE). The date for the mineral resource estimate is September 30, 2024⁷⁸.

Table 1 - Mineral Resource Estimation for the Tchiuzo Kimberlite pipe as reported by Z Star Mineral Consultants (Pty) Ltd.

Class	Lithology	Volume (m ³)	SG (tonnes/m ³)	Tonnes	Grade (cpht +1.0mm)	Carats (+1.0mm)
Indicated	TKB	7,202,100	2.11	15,227,900	46.0	7,061,790
	TK	8,009,700	2.11	16,869,700	45.0	7,556,150
	Total	15,211,800	2.11	32,097,600	46.0	14,617,940
Class	Lithology	Volume (m ³)	SG (tonnes/m ³)	Tonnes	Grade (cpht +1.0mm)	Carats (+1.0mm)
Inferred	TKB	4,127,300	2.43	10,026,100	43.0	4,327,740
	TK	3,603,200	2.19	7,890,200	36.0	2,840,480
	SAP	825,900	1.8	1,486,600	54.0	803,020
	OVB	522,700	1.8	940,800	24.0	225,830
	BVRS	1,109,900	2.08	2,308,500	14.0	323,210
	Total	10,189,000	2.22	22,652,200	38.0	8,520,280

As of March 31, 2025, a total of \$3.2 million in exploration and evaluation expenditures were incurred on the phase I drilling program of the Tchitengo Project. During Q2-2025 and Q3-2025, the company expects to conduct microdiamond assays and additional resource related engineering and metallurgical studies on the Tchiuzo Kimberlite. The results of these remaining Phase I studies will be used to refine the geological model and support the commencement of the preliminary engineering design of the open pit mine and a forecast of capital and operating costs, with this engineering work being completed largely by Lipari's in-house engineering staff with the work continuing during the second half of 2025. Subject to funding availability, a Phase II bulk sampling program of the Tchiuzo kimberlite is expected to commence in the second half of 2025 and will involve the purchase and installation of a 15 tonne per hour kimberlite processing plant to support the bulk sampling of the Tchiuzo kimberlite. The estimated capital cost of the processing plant is \$5.7 million (US\$3.9 million). The installation of the processing plant will allow for the processing of kimberlite samples excavated into the surface of the Tchiuzo kimberlite pipe. It is expected that between 10,000 and 12,000 tonnes of kimberlite will be sampled from the trenches excavated into the surface of the pipe. In addition, the Company is planning on drilling a series of large diameter drill holes into the Tchiuzo kimberlite pipe to allow for the recovery of kimberlite samples to a depth of approximately 200 metres below surface. An estimated 500 tonnes of kimberlite is expected to be recovered from this drilling program. The goal of the Phase II bulk sampling program is to recover a parcel of diamonds from the Tchiuzo kimberlite in excess of 5,000 carats for valuation purposes. The total estimated cost of the Phase II program, including capital costs, is estimated at \$14.2 million (US\$9.9 million) and is expected to require 18 months to complete. Management is working to raise additional financing to fund the Phase II program. The information gained from both the Phase I and Phase II programs will support the completion of further detailed studies to assess the economic potential of the Tchiuzo kimberlite pipe.

BRAÚNA DIAMOND MINE, BRAZIL (100% EQUITY INTEREST)

The Braúna mine is an operating underground diamond mine, situated in the municipality of Nordestina in the state of Bahia, Brazil. The mine is located 13 kilometres south of the town of Nordestina and lies within a mining permit covering 1,874.92 hectares. One mining permit application covering 1,996.00 hectares and two exploration licences covering 1,390.75 hectares adjoin the mining permit. The Braúna permits encompass 23 kimberlite pipe and dyke occurrences. The Braúna 3 pipe is the largest of the kimberlite occurrences and is the only productive occurrence to date. The Braúna mine commenced commercial production in July 2016 and has produced 1,215,992 carats of natural

⁷ Tchiuzo Mineral Resources Report prepared by Z Star Mineral Resource Consultants (Pty) Ltd. dated September 30, 2024.

⁸ No revenue data is available and no information related to the economics of possible mining scenarios is available and, consequently, it is not possible to determine which parts of the Tchiuzo Mineral Resource have Reasonable Prospects for Eventual Economic Extraction (RPEEE).

rough diamonds from 6.71 million tonnes of kimberlite mined and processed from the Braúna 3 kimberlite for an average production grade of 18.1 cpht as of March 31, 2025.

Since the start of commercial production in July 2016 to March 2022, approximately 4.72 million tonnes of ore was processed from the South Lobe of the Braúna 3 pipe recovering 967,185 carats for a total average production grade (diluted) of 20.5 cpht. During the period from April 2022 through early February 2024, operations focused on processing ore from the Central and North Lobes of the Braúna 3 pipe, sourced directly from the open pit or from older stockpiles, producing a total of 181,470 carats from 1.51 million tonnes of ore at an average production grade (diluted) of 12.0 cpht. Processing operations were suspended at the beginning of February 2024 to allow for the refurbishment of the processing plant during the time that the mining operation was focused on transitioning the mine from an open pit operation to an underground mining operation. Processing operations restarted in July 2024 with the processing of remaining stockpiled ore that originated from the north and central lobes of the Braúna 3 pipe. A total of 17,342 carats were recovered during the period April 2024 to October 2024 from the processing of 0.18 million tonnes of ore resulting in an average (diluted) production grade of 9.5 cpht. Processing of ore from the underground development, including the remaining ore in the lower benches of the open pit, commenced in November 2024. A total of 49,995 carats were recovered from the processing of 0.30 million tonnes of South Lobe ore during the period November 2024 to March 31, 2025, resulting in a recovered (diluted) diamond grade of 17.0 cpht.

Table 2 – Summary of historical diamond production from the Braúna 3 kimberlite.

Period	Ore source	Dry ore tonnes processed	Diamonds recovered (carats)	Average recovered diamond grade (cpht)
Jan 2016 - Mar 2022	South Lobe	4,722,454	967,185	20.5
Apr 2022 - Feb 2024	North + Central	1,509,466	181,470	12.0
July 2024 - Oct 2024	North + Central	182,757	17,342	9.5
Nov 2024 to Mar 2025	South Lobe	294,826	49,995	17.0
Total Production		6,709,503	1,215,992	18.1

Transition to an Underground Mining Operation

Operations during 2024 focused on the transition of the Braúna mine from an open pit mining operation to an underground mining operation on the south lobe of the Braúna 3 kimberlite that will be implementing the sub-level retreat mining method that is commonly used for kimberlite diamond mines in Canada and South Africa. In January 2024, the Company had signed a head of agreement with Toniolo, Busnello S.A. ("Toniolo"), an underground mining and tunneling company with over 70 years of industry experience in Brazil. Toniolo mobilized its equipment and team to the Braúna mine in January 2024 and commenced excavation of the decline portal to the underground mine on February 9, 2024. The 5 by 5 metre underground mine portal is located within the open pit mine approximately 160 metres below surface (120 masl) and is spiraling downwards approximately 290 metres below the portal reaching an ultimate depth of approximately 450 metres below surface. Kimberlite ore under the existing open pit is mined from ore drive tunnels and galleries that are excavated off of the main access decline tunnel.

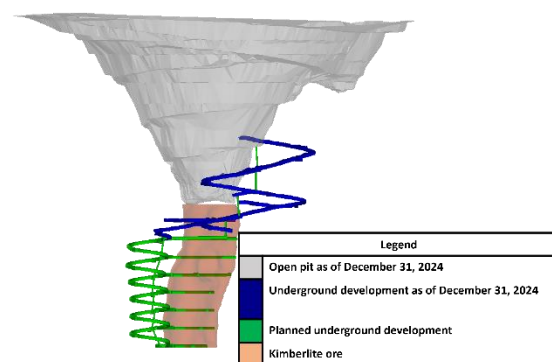


Figure 4 - Longitudinal section through the Brauna 3 open pit looking west, showing the underground development as of December 31, 2024.

As of March 31, 2025, the main underground decline tunnel had advanced a distance of 2,323 meters, spiraling downwards from the portal elevation of 120 masl to approximately -32 masl, approximately 312 meters below surface, and approximately 160 meters below the portal to the underground. The transition to underground operation was completed during Q1-2025.

Total diamond production for the three-month period ended March 31, 2025, amounted to 25,291 carats (3,980 in Q1-2024) produced from 173,443 dry tonnes of ore (82,450 tonnes in Q1-2024) for an average production grade (diluted) of 14.6 cpht (4.8 cpht in Q1-2024). As of March 31, 2025, there were 20,307 carats of diamonds in inventory and available for sale (Nil in Q1-2024).

Q1-2025 Operational Results for the Brauna Mining

The following table provides a comparative summary of the key operating highlights for the Brauna mine for three-month period ended March 31, 2025, and March 31, 2024.

Table 3 - Key operating highlights.

KEY OPERATING HIGHLIGHTS		Three months ended	
		2025	2024
Underground Development			
Underground Development	m	513	215
Mining			
Ore tonnes mined	t	169,758	20,398
Waste tonnes mined	t	8,406	60,324
Total tonnes mined	t	178,164	80,722
Ore in stockpile at the end of the period	t	34,468	71,271
Processing			
Dry ore tonnes processed	td	173,443	82,450
Diamonds recovered	ct	25,291	3,980
Average recovered diamond grade	cpht	14.6	4.8
Direct Cost of Production			
Operating cash cost per tonne mined ⁽¹⁾	\$/t	36	54
Operating cash cost per tonne of ore processed ⁽¹⁾	\$/t	37	53
Operating cash cost per carat recovered ⁽¹⁾	\$/ct	256	1,095
Operating cash cost per carat recovered ⁽¹⁾	US\$/ct	178	809
Sales			
Diamonds sold	ct	22,524	7,637
Revenue per carat (US\$)	US\$/ct	\$163	\$185
Revenue per carat	\$	\$223	\$236
Diamond inventories			
Diamonds in inventory	ct	23,307	0

¹ Non-IFRS measure. For additional details please refer to “Non-IFRS Performance Measures” section of this document.

Operations during Q1-2025 focused on underground operations developing 513 meters in total, of which 117 meters were the main underground decline tunnel, 152 meters of access and auxiliary tunnels and 244 meters ore drives. A total of 169,758 tonnes of ore and 8,406 tonnes of waste rock were mined during the period. Mine production was below target by 20% due to: i) low productivity of the mine contractors loading equipment in the underground

operation; and ii) difficulties encountered in the blasting of the initial underground ore slot on level 5 masl which resulted in a shortage of ore available for mining.

Plant throughput was 20% below target for the period due to the afore-mentioned mining problems which impacted the amount of ore available for processing. Diamond production amounted to 25,291 carats recovered from the processing of 173,443 tonnes of ore resulting in a production grade (diluted) of 14,6 cpht, which was below the target grade for the period of 17.8cpht. The lower diamond content or grade experienced during the period was due to a higher amount of dilution in the ore processed. As of March 31, 2025, ore inventories available for processing at the plant amounted to 34,468 tonnes. Diamond inventory at the end of the period amounted to 23,307 carats which were available for export and sale.

Diamond Sales

One diamond sale was conducted during Q1-2025. The sale was completed on January 29, 2025, when 22,524 carats of diamonds were sold for gross sales proceeds US\$3,679,014 (US\$ 163 per carat), generating Revenues of \$5,017,092 (\$223 per carat).

Mineral Resources – Braúna 3 Kimberlite

As of March 31, 2025, the Braúna 3 kimberlite contained indicated mineral resources of 1,540,066 tonnes containing 309,058 carats to a depth of 390 metres (elevation -110 masl) below surface and an inferred resource of 480,214 tonnes containing an estimated 95,177 carats to a depth of 450 metres (-170 masl) below surface. Surface elevation of the Braúna mine is 280 masl. The mineral resource estimate is based on a depletion of the mineral resource estimate presented by GE21 in their NI 43-101 report titled "Braúna Diamond Project, Nordeste, Bahia State, Brazil Independent Technical Report - Preliminary Economic Assessment" dated May 24, 2024.

Table 4 - Mineral Resource Estimation for the Brauna 3 Kimberlite pipe depleted as of 31 March 2025.

Indicated Mineral Resources (80 masl to -110 masl)	tonnes	Grade (cpht)	Carats
South Lobe Open Pit	245,951	18.9	46,551
South Lobe UG	1,294,115	20.2	261,243
Total Indicated Resources	1,540,066	20.0	307,794
Inferred Mineral Resources (Up to -170 masl)	tonnes	Grade (cpht)	Carats
South Lobe	480,214	19.8	95,177
Total Inferred Resources	480,214	19.8	95,177

Health and Safety

Zero LTI were reported during the three-month period ended March 31, 2025, with the Braúna mine leading the way reporting 474 consecutive days without any LTI incurred by the Company's employees or contractors.

The company recorded an accident frequency rate among its own and contracted employees of 2.63 in the first quarter of 2025. In Q1-2025, there were three accidents recorded as Restricted Work Cases (RWC). None of the accidents recorded in the period were classified as LTIs, in which the employee was unable to return to work for a period due to the accident. In the same period in 2024, the Company recorded a zero-frequency rate among its own and contracted employees. The accident frequency rate is an indicator calculated in accordance with the guidelines of the Occupational Safety and Health Administration ("OSHA"). OSHA's formula for calculating the accident frequency rate is based on the number of reported accidents multiplied by 200,000 hours, divided by the number of employee hours worked.

There have been zero fatalities historically reported for the Braúna mine operation.

BAND-ORE GOLD PROPERTY (100% INTEREST)

The Band-Ore Gold Property (“Band-Ore Property”) is situated in the Shebandowan greenstone belt of northwestern Ontario, Canada. The property is comprised of 109 MLAS cell claims, 16 patented claims and 1 Mining lease. The Band-Ore Property has an exploration history dating back to the late 1930s when gold was first discovered in what is now referred to as the Main Zone. A second gold zone known as the No. 4 Zone was discovered in 1981. Five other gold occurrences have also reportedly been discovered on the Band-Ore Property. Despite an exploration history that dates back to the 1930s, the Band-Ore Property has seen spatially limited ground exploration. Records indicate that a minimum of 24,733 metres of drilling has been completed in 57 drill holes on the Property, mainly focused on the Main Zone gold occurrence.⁹

The Band-Ore Property is currently subject to an Option Agreement between the Company and Delta Resources Limited (“Delta”) which was signed on May 20, 2024. The terms of the Option Agreement provide Delta with the right to earn a 100% interest in the Band-Ore Property in return for total consideration of \$2,000,000 which is comprised of staged cash and common share payments, as presented in the table below.

Table 5 - Summary of the Option Terms with Delta Gold for the Band-Ore Property

Delta Option Terms	Cash Payment	Value of Delta Shares to be Issued	Total Cash + Share Value
Paid on May 20, 2024	\$100,000	NIL	\$100,000
1st Anniversary	\$150,000	\$100,000	\$250,000
2nd Anniversary	\$150,000	\$100,000	\$250,000
3rd Anniversary	\$200,000	\$100,000	\$300,000
4th Anniversary	\$300,000	\$200,000	\$500,000
5th Anniversary	\$400,000	\$200,000	\$600,000
Total	\$1,300,000	\$700,000	\$2,000,000

Under the terms of the Option Agreement, Delta is responsible for the reimbursement of the tax payments with respect to the 16 patented mining claims and the one leased mining claim. Lipari also retains a 2% NSR royalty, of which a 1% 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 purchase date. The terms of the Option Agreement provide Delta with a right of first refusal on the second and remaining 1.0% NSR. Following 100% vesting of the Option, in the event that a NI 43-101 compliant measured, indicated or inferred mineral resource is declared for the Property Delta would pay the Company success fee cash payments as follows: (i) \$500,000 for a measured, indicated or inferred mineral resource of 500,000 to 1,000,000 contained gold ozs; and (ii) an additional payment of \$500,000 for a measured, indicated or inferred mineral resource greater than 1,000,000 contained gold ozs. The cash payments are indexed (escalated) based on the Canada Consumer Price Index (CPI) from the effective date to the mineral resource declaration date. The second anniversary of the Option Agreement with Delta is May 20, 2025. As of the date of this document, Delta has not formally notified the Company of its intent to exercise its rights.

JAIBARAS DIAMOND PROJECT, BRAZIL (100% INTEREST)

Lipari holds an indirect 100% interest in mineral rights comprising the Jaibaras Project, located in Pará, Brazil. The Jaibaras Project consists of a single mineral exploration licence covering 522.6 hectares, encompassing four diamond-bearing kimberlite pipes and associated kimberlite dikes. Four additional kimberlite targets have also been identified on the property, which require drill-testing and sampling to determine their potential. The Jaibaras Project represents an early-stage diamond exploration project. The Company is maintaining the exploration licence in good standing at

⁹ Technical Report for MINES Assessment Purposes, 2022 Diamond Drilling Program, Band-Ore Property, Prepared for E2Gold Inc., A. Hughes, P.Geo., March, 2023

a cost of approximately \$6,000 per year and is currently formulating an exploration work program and budget to be considered for 2H-2025 to evaluate the potential of that project.

DIAMOND MARKET

Rough natural diamond prices increased 1.8%¹⁰ during Q1-2025 as a result of an improvement in retail demand for diamond jewelry coming out of the year-end 2024 holiday period. However, on February 1, 2025, the United States enacted a series of steep protective trade tariffs on nearly all goods imported into the United States. The news of sweeping tariffs on all goods exported to the United States created uncertainty in the diamond industry, with many manufacturers in India exporting their finished goods to the United States so that they were imported before the tariffs took effect. The uncertainty in the diamond industry with regards to the implementation of tariffs, and their potential impact on the market, has resulted in reduced trading for rough diamond production. Large diamond producers like De Beers and Petra Diamonds reduced the volume of production offered in their sights to clients, and cancelled sales tenders in response to the U.S. market uncertainty. A recent sale of diamonds from a producing mine in Angola at the end of March 2025 reported a 12% decline in their sales price compared to their previous sale in January 2025.¹¹

The trade war between the United States and China also created uncertainty and higher costs for jewelry retailers in the United States, leading to cautious inventory buying, which has recently meant less demand for polished and upstream, rough diamonds. Retailers have either absorbed the cost of the tariffs or passed it on, which in some cases has resulted in an overall reduction in diamond sales. The broader economic tension between the U.S. and China has temporarily dampened luxury spending and investor confidence, which has hurt both the polished diamond market and, in a trickle-up effect, rough diamond sales—especially those not locked in by long-term contracts (e.g., De Beers' sights).

Industry consensus is that demand and prices for rough natural diamonds will rebound once there is clarity on the issue of tariffs and how they impact the diamond sector. The fact that natural diamonds are not produced in the United States, would suggest that they should not be subject to tariffs. The Natural Diamond Council has been vocal on this aspect of the trade and is reportedly lobbying the United States government for an agreement to exempt natural diamonds from import tariffs.

¹⁰ Paul Zimmisky's State of the Diamond Market, Independent Monthly Diamond Industry Data and Analysis, April 2025, Volume 8, Issue 8.

¹¹ Personal communication with Adamas Diamond Consultants Ltd.

SUMMARY OF QUARTERLY RESULTS

Table 6– Summary of eight most recently completed quarters

SELECTED FINANCIAL INFORMATION		March 31 2025	Three months ended		
			December 31 2024	September 30 2024	June 30 2024
Earnings					
Gross sales proceeds	US\$	3,679,014	3,237,904	-	-
Revenue	\$	5,017,092	4,121,065	-	-
Gross profit (loss)	\$	(2,176,818)	987,648	(524,303)	89,643
Operating loss	\$	(5,162,089)	(9,220,584)	(2,265,760)	(3,026,565)
Net loss	\$	(5,762,823)	(8,768,102)	(2,637,274)	(3,014,098)
Loss per share - basic and diluted	\$	(0.04)	(0.07)	(0.02)	(0.03)

SELECTED FINANCIAL INFORMATION		March 31 2024	Three months ended		
			December 31 2023	September 30 2023	June 30 2023
Earnings					
Gross sales proceeds	US\$	1,414,464	2,917,919	5,044,659	1,470,961
Revenue	\$	1,798,755	3,976,791	7,149,711	2,096,758
Gross profit (loss)	\$	(1,214,961)	(2,735,473)	3,000,983	(4,102,724)
Operating loss	\$	(3,328,008)	(7,292,877)	1,433,481	(6,161,143)
Net loss	\$	(4,394,500)	(7,561,952)	(701,663)	(5,938,959)
Loss per share - basic and diluted	\$	(0.05)	(0.12)	(0.01)	(0.11)

SUMMARY OF FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2025

Table 7– Summary of Quarterly Results¹²

		Three months ended	
		March 31 2025	2024
Earnings			
Revenue	\$	5,017,092	1,798,755
Gross profit (loss)	\$	(2,176,818)	(1,214,961)
Operating loss	\$	(5,162,089)	(3,328,008)
Net loss	\$	(5,762,823)	(4,394,500)
Loss per share - basic and diluted	\$	(0.04)	(0.08)
Cash flow			
Net cash flow used in operating activities	\$	(346,799)	(4,159,255)
Cash flow (used in) from investing activities	\$	(2,268,013)	(2,467,734)
Cash flow from financing activities	\$	4,690,216	6,681,337
Balance sheet			
Cash and cash equivalents	\$	2,327,061	751,267
Total assets	\$	39,969,453	27,669,232

Revenue

One sale of 22,524 carats was completed during Q1-2025 for gross sales proceeds US\$3,679,014 (US\$ 163 per carat), generating Revenue of \$5,017,092 (\$223 per carat). For comparison, one sale totaling 7,637 carats was completed during the same period in 2024 for gross sales proceeds US\$1,414,464 (US\$ 185 per carat), generating Revenue of \$1,798,755 (\$236 per carat).

¹² The financial information has been prepared in accordance with 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.

During Q1-2025 the processing plant operated during the full quarter and processed ore from the south lobe of the kimberlite. During Q1-2024 the plant operated only during January and February of 2024 when plant operations were suspended for refurbishing, and for the transitioning of the mine from open pit to underground operation. During this time the plant processed the remaining ore from the central and north lobes of the brauna 3 kimberlite which yielded lower grades resulting in lower production in the period.

Gross profit (loss)

Production costs related to the diamonds sold in Q1-2025 were \$5,757,646, including \$410,452 of inventory provisions to net realizable value, and depreciation was \$1,436,264. In Q1-2024 production costs were \$2,766,275, changes in provisions to net realizable value were nil and depreciation was \$247,441.

Gross loss for Q1-2025, of \$2,176,818 compared to a gross loss of \$1,214,961 for Q1-2024. The increase in production costs in Q1-2025 in relation to the previous period are directly attributable to the higher costs experienced in the underground mine in relation to the open pit operation in the previous period and the processing plant that operated during the full quarter in Q1-2025 as opposed to partial operation in Q1-2024 when plant operations were suspended mid-February to allow for its refurbishing and the transition of the mine operation from open pit to underground.

General and administrative expenses

General and administrative expenses were \$2,911,362 in Q1-2025 compared to \$1,318,003 in Q1-2024. The main expenditures included in Q1-2025 were \$1,871,829 related to accounting, consulting and legal fees, payroll costs of \$375,025 and other general and administrative expenses of \$344,410. For comparison, in Q1-2024 accounting, consulting and legal fees totaled \$645,227, payroll costs were \$287,832, and other general and administrative expenses amounted to \$110,436. The increase in general and administrative costs for Q1-2025 are mainly attributable to a significant increase in legal, accounting and audit expenses related to the listing of the Company on the Cboe Canada exchange during the quarter. Payroll costs in Brazil increased by 5% due to the mandatory adjustment to the annual inflation rate of the country.

Exploration and Evaluation

Exploration and evaluation expenses for the three-month period ended March 31, 2025, were \$303,274 compared to \$660,665 for the same period in 2024. These expenditures were related to the Tchitengo Project. For the three-month period ended March 31, 2025, the expenses incurred were related to site maintenance activities and preparation for the bulk sampling campaign, which is expected to commence during the second half of 2025. In Q1-2024, exploration and evaluation expenses were higher because of the phase I drilling campaign in Tchitengo Project which was in progress at that time.

Foreign exchange (loss) gain

Foreign exchange gain of \$1,000,835 for the three-month period ended March 31, 2025, was mainly a result of the strengthening of the Brazilian Real and Canadian Dollar in relation to the US dollar in the quarter, compared to a foreign exchange loss of \$279,993 for the same period in 2024 when the US dollar has strengthened against the Brazilian Real and Canadian Dollar.

Finance expenses

Finance expenses for the three-month period ended March 31, 2025, were \$138,794 compared to \$393,127 for the same period in 2024. That reduction is related to the conversion of the convertible debenture to share capital in Q1-2024 reducing interest charges from that point onwards and the capitalization of related parties' debt during 2024 reducing the accretion expense associated to it.

Income Tax

There was no income tax to report in the three-month period ended March 31, 2025, and March 31, 2024.

The Company is subject to income tax in Canada with the statutory income tax rate at 26,5%.

No deferred tax asset has been recorded in the consolidated interim financial statements as a result of the uncertainty associated with the ultimate realization of these tax assets.

The Company is subject to assessment by Canadian, Brazilian and Angola authorities, which may interpret tax legislation in a manner different from the Company. These differences may affect the final amount or the timing of

the payment of taxes. When such differences arise, the Company makes provision for such items based on management's best estimate of the outcome of these matters.

Net loss

Net loss was \$5,762,823 in the three-month period ended March 31, 2025, which equated to a loss of \$0.04 per share, compared to a net loss of \$4,001,377 which equated to a loss of \$0.08 per share for the same period in 2024.

FINANCIAL POSITION AND LIQUIDITY

The consolidated interim financial statements have been prepared on a going concern basis, assuming that the Group 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 three-month period ended March 31, 2025, the Company incurred a net loss of \$5,762,823 (\$4,001,377 net loss for the three-month period ended March 31, 2024). As of March 31, 2025, the Group had a working capital deficit of \$ 191,476 (compared to a working capital surplus of \$467,847 as of December 31, 2024), cash and cash equivalents of \$ 2,327,061 (compared to \$249,922 as of December 31, 2024), loans and borrowings payable of \$ 1,077,871 (compared to \$157,093 as of December 31, 2024), and a retained deficit of \$76,880,436 (compared to \$71,173,125 as of December 31, 2024).

The ability of the Company to continue as a going concern depends on management's ability to raise additional equity financing or debt financing, 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 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.

Table 8 - Commitments

As at March 31, 2025	Less than 1 year	1 - 3 years	Total
Financial Liabilities			
Trade accounts payable	\$ 5,819,699	\$ -	\$ 5,819,699
Personnel costs payable	850,728	-	850,728
Loans and borrowings payable			
Loans due to related parties	8,078	-	8,078
Loans due to third parties	1,069,793	-	1,069,793
Other liabilities	1,921,795	174,485	2,096,280
Total financial liabilities	\$ 9,670,093	\$ 174,485	\$ 9,844,578

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENT RISKS

Financial Instruments risks are disclosed in Note 23 of the consolidated interim financial statements for the three-month period ended March 31, 2025.

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

Significant accounting estimates and assumptions are disclosed in Note 7 of the consolidated interim financial statements for the three-month period ended March 31, 2025.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New standards applicable to the Company are disclosed in Note 8 of the consolidated interim financial statements for the three-month period ended March 31, 2025.

CRITICAL ACCOUNTING ESTIMATES

Except as otherwise noted herein, the consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated interim financial statements for the three-month period ended March 31, 2025, have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the consolidated interim financial statements for the three-month period ended March 31, 2025, have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 3 of the consolidated interim financial statements for the three-month period ended March 31, 2025, for details on critical accounting estimates and judgments.

NON-IFRS MEASURES

The MD&A refers to the terms "Cash costs of production per tonne mined" "Cash costs of production per ton of ore processed" and "Cash costs of production per carat recovered". Each of these is a non-IFRS performance measure and is referenced in order to provide investors with information about the measures used by management to monitor performance. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

Cash costs of production per tonne of ore mined, processed and per carat recovered are used by management to analyze the actual cash costs associated with processing the ore, and for each recovered carat. Differences from production costs reported within production costs are attributed to the amount of production cost included in ore stockpile and rough diamond inventories.

The following table provides a reconciliation of the cash costs of production per tonne of ore mined, processed and per carat recovered and the production costs reported within cost of sales on the Consolidated interim statements of operations and other comprehensive (loss) income:

Table 9 – Operating Cash cost

		Three months ended	
		March 31	
Operating cash cost		2025	2024
Direct production Costs		\$ 5,757,646	\$ 2,766,275
Net Change ore inventory		326,260	1,656,903
Net change diamonds inventory		803,937	(900,870)
NRV adjustments		(410,452)	834,415
Operating cash cost		\$ 6,477,392	\$ 4,356,723
End of period FX rates		1.4381	1.3531
Operating cash cost		US\$ 4,504,132	US\$ 3,219,808
Total tonnes mined	t	178,164	80,722
Dry ore tonnes processed	td	173,443	82,450
Diamonds recovered	ct	25,291	3,980
Operating cash cost per tonne mined	\$/t	36	54
Operating cash cost per tonne of ore processed	\$/t	37	53
Operating cash cost per carat recovered	\$/ct	256	1,095
Operating cash cost per carat recovered	US\$/ct	178	809

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 22 of the consolidated interim financial statements.

SUBSEQUENT EVENTS

- a) On May 7, 2025, Lipari Mineração paid the export pre-payment finance contract in the amount of \$719,250 (US\$ 500,000) with Itaú S.A. in Brazil.

OTHER MANAGEMENT DISCUSSION AND ANALYSIS REQUIREMENTS

Risks

Lipari's business of developing and operating mineral resources involves a variety of operational, financial and regulatory risks that are typical in the mining industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future. Investing in the Common Shares should be considered speculative.

Lipari's business of developing and operating mineral properties is subject to a variety of risks and uncertainties, including, without limitation:

- risk that the production from the mine will not be consistent with the Company's expectation;
- risk that production and operating costs are not within the Company's estimates;
- risk that financing required to manage liquidity can be obtained with acceptable terms;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; mining exploration risks, including risks related to accidents, equipment breakdowns or other unanticipated difficulties with or interruptions in production;
- the potential for delays in exploration activities or the completion of studies;
- risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses;
- risks related to foreign exchange fluctuations, prices of diamonds, and continued growth in demand for laboratory grown diamonds;
- risks related to challenges in the diamond market causing the sale of some or all of the diamond inventory to be sold below cost;
- risks related to commodity price fluctuations;
- risks related to environmental regulation, permitting and liability;
- risks related to legal challenges to operating permits that are approved and/or issued;
- political and regulatory risks associated with mining, exploration and development;
- the ability to operate the Company's Braúna mine on an economically profitable basis;
- failure of plant, equipment, processes and transportation services to operate as anticipated;
- possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, land titles, and social and political developments, and other risks of the mining industry; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

As well, there can be no assurance that any further funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding. Furthermore, there is no assurance that the Company will be able to secure new mineral properties and/or projects, or that they can be secured on competitive terms.

For further information regarding the risk factors with respect to the Company and its business please see the Company's listing statement dated March 20, 2025, filed on SEDAR+ at www.sedarplus.ca on and to related information in other filings with Canadian securities regulatory authorities.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

Common shares issued and outstanding	146,859,936
Potential issuance of common shares	
Warrants	8,026,438
Options	184,500
Fully diluted shares	155,070,874

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities.

Lipari's CEO and CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the issuer and its consolidated subsidiaries is made known to them by others within those entities as of March 31, 2025.

Internal Control over Financial Reporting

Lipari's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Under their supervision, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of the Company; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

The CEO and CFO have certified that internal controls over financial reporting have been designed and are operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as at March 31, 2025.

There were no changes in the Company's ICFR that have occurred during the period beginning on January 1, 2025 and ended on March 31, 2025 that have materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of LIPARI. Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the future financial or operating performance of the Company; operational hazards, including possible disruption due to pandemics such as those experienced in 2020, 2021, and 2022 due to COVID-19 and its impact on travel, self-isolation protocols and business, operations and prospects; estimated production and mine life of LIPARI's projects; the realization of mineral resource estimates; the timing and amount of estimated future production; costs of production; the future price of diamonds; the estimation of mineral reserves and resources; the ability to manage debt; capital and operating expenditures; use of proceeds from financings; the ability to obtain permits or approvals for operations; liquidity and requirements for additional capital; government regulation of mining operations; environmental risks; reclamation expenses; title disputes or claims; limitations of insurance coverage; tax rates; and currency exchange rate fluctuations. Except for statements of historical fact relating to LIPARI, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "anticipates," "may" "can" "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential," "budget," "scheduled," "forecasts" and other similar words and variations of such words (including negative variations), or statements that certain events or conditions "may," "should," "could," "would," "might" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the time such statements are made, and, by their nature, are based on a number of assumptions and subject to a variety of inherent risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of LIPARI and are difficult to predict, and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include variations in ore grade or recovery rates; changes in market conditions; the global economic climate; changes in project parameters; mine sequencing; production rates and estimates; dependence on the Braúna diamond mine; cash flow; risks relating to financing requirements; insurance risks; failure by the Company to maintain its obligations under its debt facilities; risks relating to the availability and timeliness of permitting and governmental approvals; regulatory and licensing risks; environmental and climate risks; supply of, and demand for, diamonds; fluctuating commodity prices and currency exchange rates; the possibility of project cost overruns or unanticipated costs and expenses; the availability of skilled personnel and contractors; labour disputes and other risks of the mining industry; and failure of plant, equipment or processes to operate as anticipated.

LIPARI cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. LIPARI believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon.

Although LIPARI has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements

will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements and forward-looking information contained herein is given as of the date of this MD&A, and LIPARI undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or results or if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered as the property is developed. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Further, LIPARI may make changes to its business plans that could affect its results. This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada. Unless otherwise indicated, all resource and reserve estimates included in this MD&A have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.