

LIPARI MINING LTD.

CBOE – LML

FSE - 0Y90

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**For the three and six-month periods ended June
30, 2025**



LIPARI MINING LTD.
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FOR THE THREE AND THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 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 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 condensed consolidated interim financial statements for three and six-month periods ended June 30, 2025, consolidated financial statements for the year ended December 31, 2024 and the notes thereto (the "condensed consolidated interim financial statements").

These condensed consolidated interim financial statements of the Company were 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 operations, 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 condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025 on August 14, 2025.

COMPANY OVERVIEW

Lipari Mining is South America's leading diamond producer, with a strong track record of operations at the Braúna diamond mine in Brazil, which has produced over 1.24M carats to date. Lipari is now applying its expertise to advance the highly prospective Tchitengo diamond Project in Angola, marking the next phase of anticipated growth for the Company.

The Common Shares were listed for trading on the Cboe Canada Inc. stock exchange on March 31, 2025, and trade under the symbol "LML". The Common Shares were also listed for trading on the Frankfurt Stock Exchange on April 23, 2025 under the trading symbol "0Y90".

The Company is continued under the *Business Corporations Act* (Ontario) 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 owns and operates six direct and indirect subsidiaries:

- i) Lipari Diamond Mines Ltd. ("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");
- iii) Tchitengo Mining ("TML"), a corporation that is 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;
- iv) 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;
 - v) 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; and
 - vi) 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 below, as well as the mineral properties in which the subsidiaries have an ownership interest.

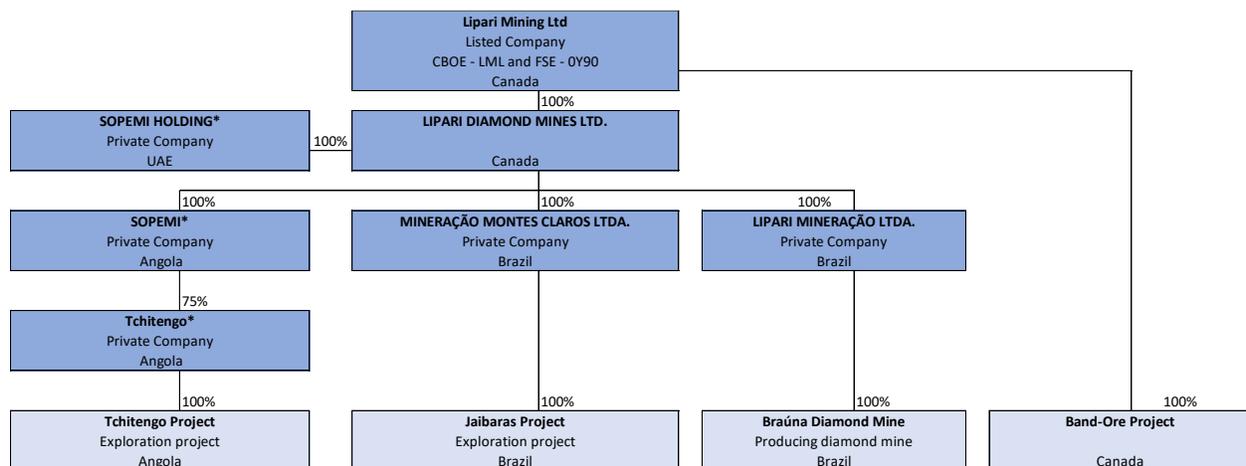


Figure 1 – Organization Chart.

Q2-2025 HIGHLIGHTS

- Completed a sale of diamond production from the Company's Braúna mine totaling 20,903 carats for revenues of \$4,550,158 (US\$ 3,448,195) at an average unit sales price of \$218 (US\$ 165) per carat.
- During Q2-2025 a total of 178,340 tonnes (Q2-2024: nil) of ore were processed resulting in the recovery of 23,021 carats (Q2-2024: Nil) for a recovered diamond grade of 12.9 carats per 100 tonnes ("cpht") (Q2-2024: Nil).
- Announced Mineral Resource Estimate¹ for the Tchiúzo kimberlite pipe, situated on the Company's 75% owned Tchitengo Project in northeastern Angola, containing an indicated resource of 32.1 million tonnes of kimberlite containing 14.6 million carats at a grade of 46 carats per hundred tonnes ("cpht") to a depth of 220 metres, and an inferred resource containing 22.7 million tonnes of kimberlite containing 8.5 million carats at a grade of 38 cpht to a depth of 360 metres.
- Zero Lost-Time-Injuries ("LTI") reported for the period, with the Braúna mine over 18 months without any LTI incurred by the Company's employees or contractors.
- Underground operations at Braúna mine focused on advancing the underground decline from the in-pit portal situated at elevation 120 metres above sea level ("masl") to an elevation of -42 masl, with a total of 2,617 metres of advancement completed by June 30, 2025.
- Diamond inventory was 25,426 carats as of June 30, 2025 (Q2-2024: 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 yet possible to determine which parts of the Tchiúzo Mineral Resource have Reasonable Prospects for Eventual Economic Extraction (RPEEE). Consequently, despite the grade and tonnage estimation being compliant to Canadian Instrument 43-101(NI 43-101) the Mineral Resource Estimate is as yet not fully compliant to 43-101 standards. Planned Evaluation Sampling ensure full compliance.

A summary of the production and exploration activities for the Company follows, as well as a description of the corporate activities. These summaries include some discussion of management’s future exploration plans. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in these statements. The Company’s production and exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding considerations.

For additional details the reader is referred to the Company’s continuous disclosure documents available on SEDAR+ (www.sedarplus.ca).

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.

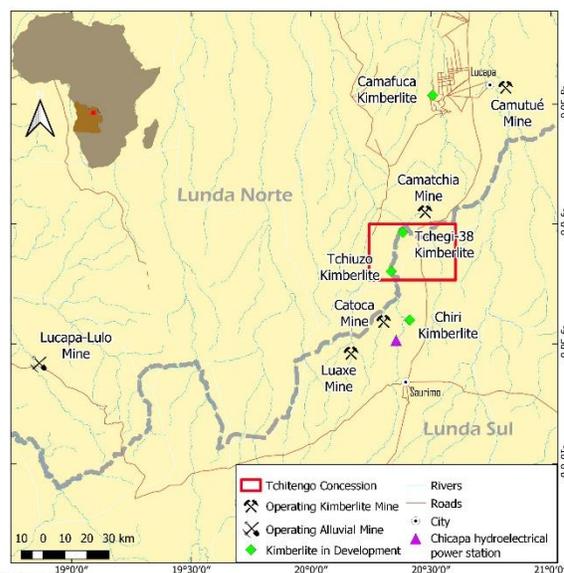


Figure 2 - Location map - Tchitengo Project.

The exploration concession comprising Lipari’s Tchitengo Project encompasses thirty (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), the world’s largest 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 NI 43-101

² Paul Zimmisky’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.

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.⁶

In March 2024, Lipari, through 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 ended 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 enabled the creation of the first geological model of the Tchiuzo kimberlite pipe which will be the basis of a mineral resource estimation compliant with NI 43-101 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 a consulting petrographer, have interpreted that the Tchiuzo kimberlite was emplaced during one single volcanic eruption event, which created two different kimberlite lithologies or domains within 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.

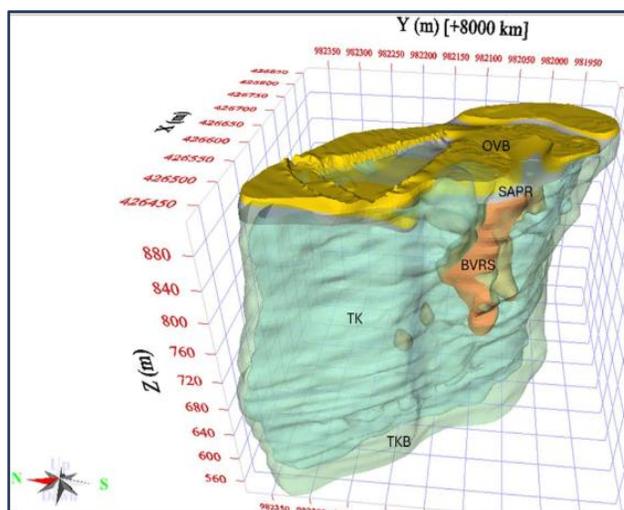


Figure 3 – Geological model of the Tchiuzo kimberlite pipe (Z Star 2024 after Lipari 2024). OVB = overburden; SAPR = saprolitic kimberlite; TK = tuffaceous kimberlite; TKB = tuffaceous kimberlite breccia; BVRS = brecciated volcanic sediment.

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, petrographic studies, and an audit of the procedures followed by Lipari's geological team for the drilling operation that was underway at the time.

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.

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 to a depth of 360 metres below surface. 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. The date for the mineral resource estimate is September 30, 2024^{7,8}. Lipari does not yet have a parcel of diamonds from the Tchiuzo kimberlite to allow for the completion of an independent valuation of the diamonds. As a result, no revenue information can be calculated, and as a result, no information related to the economics of possible mining scenarios can be predicted at this time. It is therefore not possible to determine which parts of the Tchiuzo Mineral Resource have Reasonable Prospects for Eventual Economic Extraction (“RPEEE”) as defined by NI 43-101. Lipari’s planned Phase II bulk sampling program is designed to produce a parcel of diamonds for valuation purposes, so that a study of the RPEEE can be assessed and reported.

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
	OVV	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

Tchitengo expenditures

SM Catoca reportedly invested US\$35.6 million towards the exploration and development of the Tchiuzo kimberlite pipe during the period from 2006 to 2016.

As of June 30, 2025, a total of \$3,497,595 in exploration and evaluation expenditures were incurred on the phase I drilling program of the Tchitengo Project. During 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. 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 kimberlite processing plant to support the bulk sampling of the Tchiuzo kimberlite. The installation of the processing plant will allow for the processing of kimberlite samples excavated from the top of the Tchiuzo kimberlite pipe. It is expected that 10,000 and 12,000 tonnes of kimberlite will be sampled from trenches excavated from the surface of the pipe. The goal of the Phase II bulk sampling program is to recover a parcel of diamonds from the Tchiuzo kimberlite of approximately 5,000 carats for valuation purposes. The total estimated cost of the Phase II program, including capital costs, is of \$6.57 million (US\$4.76 million) and is expected to require 12

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).

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 1,239,013 carats of natural rough diamonds from 6.89 million tonnes of kimberlite mined and processed from the Braúna 3 kimberlite for an average recovered production grade of 18 cpht as of June 30, 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 73,016 carats were recovered from the processing of 0.47 million tonnes of South Lobe ore during the period November 2024 to June 30, 2025, resulting in a recovered (diluted) diamond grade of 15.4 cpht.

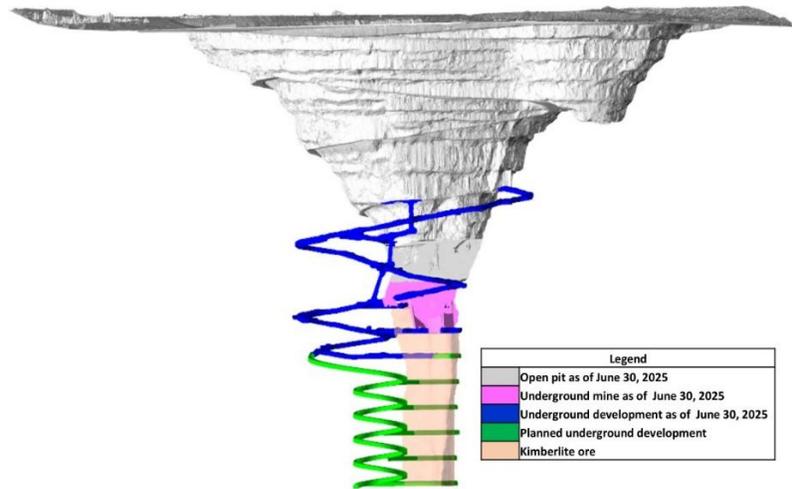


Figure 4 - Longitudinal section through the Braúna 3 open pit looking west, showing the underground development as of June 30, 2025.

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 2021 to Mar 2022	South Lobe	4,722,454	967,185	20.5
Apr 2022 to Feb 2024	Noth + Central	1,509,466	181,470	12.0
July 2024 to Oct 224	Noth + Central	182,757	17,342	9.5
Nov 2024 to Jun 2025	South Lobe	473,647	73,016	15.4
Total Production		6,888,323	1,239,013	18.0

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 is based on the sub-level retreat mining method that is commonly used for kimberlite diamond mines in Canada and South Africa. In January 2024, the Company 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.

As of June 30, 2025, the main underground decline tunnel had advanced a distance of 2,617 meters, spiraling downwards from the portal elevation of 120 masl to approximately -42 masl, approximately 322 meters below surface, and approximately 165 meters below the portal to the underground. The transition to underground operation was completed during Q1-2025.

Total diamond production for the three and six-month periods ended June 30, 2025, amounted to 48,312 carats (3,980 in three and six-month periods ended June 30, 2024) produced from 351,783 dry tonnes of ore (82,450 tonnes in three and six-month periods ended June 30, 2024) for an average production grade (diluted) of 13.7 cpht (4.8 cpht in three and six-month periods ended June 30, 2024). As of June 30, 2025, there were 25,426 carats of diamonds in inventory and available for sale (Nil in three and six-month periods ended June 30, 2024).

Q2-2025 Operational Results for the Brauna Mine

The following table provides a comparative summary of the key operating highlights for the Brauna mine for three and three and six-month periods ended June 30, 2025, and June 30, 2024.

Table 3- Key operating highlights.

KEY OPERATING HIGHLIGHTS		Three months ended		Six months ended	
		June 30	2024	June 30	2024
		2025		2025	2024
Underground Development					
Underground Development	m	294	527	807	742
Mining					
Ore tonnes mined	t	178,937	16,477	348,695	36,875
Waste tonnes mined	t	47,466	364,341	92,399	420,111
Total tonnes mined	t	226,403	380,818	441,094	456,986
Ore in stockpile at the end of the period	t	32,657	95,156	32,657	95,156
Processing					
Dry ore tonnes processed	td	178,340	-	351,783	82,450
Diamonds recovered	ct	23,021	-	48,312	3,980
Average recovered diamond grade	cpht	12.9	-	13.7	4.8
Direct Cost of Production					
Operating cash cost per tonne mined ⁽¹⁾	\$/t	33	1	30	0
Operating cash cost per tonne of ore processed ⁽¹⁾	\$/t	42	-	38	1
Operating cash cost per carat recovered ⁽¹⁾	\$/ct	326	-	277	28
Operating cash cost per carat recovered ⁽¹⁾	US\$/ct	240	-	203	21
Sales					
Diamonds sold	ct	20,903	-	43,427	7,637
Revenue per carat (USD)	US\$/ct	165	-	164	185
Revenue per carat (CAD)	\$/ct	218	-	220	236
Diamond inventories					
Diamonds in inventory	ct	25,426	-	25,426	-

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

A total of 178,937 tonnes of ore was mined and transported to the processing plant during the three months ended June 30, 2025 which was significantly higher than the 16,477 tonnes of ore mined during the same period the previous year. The higher ore production rate reflected the period of transition of the mine from an open pit operation to an underground operation during 2024. Conversely, waste rock movement was significantly higher during Q2-2024 when the operation mined 364,341 tonnes of broken waste rock from the bottom of the open pit (Q2-2025: 47,466 tonnes), to make the pit floor ready for the start of the underground operation that started during Q1-2025. In total, 226,403 tonnes of ore and waste were mined during Q2-2025 compared to 380,818 tonnes during the same period the previous year.

The underground access decline advanced 294 metres during Q2-2025 compared to 527 metres during the same period the previous year. The lower rate of advance during Q2-2025 reflects the concurrent development of the ore drives on level -5 masl and -20 masl, compared to the same period the previous year when development focused solely on the excavation of the main access decline.

A total of 178,340 dry tonnes of kimberlite ore was processed during the three months ended June 30, 2025 (Q2-2024: Nil), resulting in the recovery of 23,021 carats of diamonds (Q2-2024: Nil) for a resulting diamond grade of 12.9 cpht. During the same period the previous year, the processing plant was shut down for refurbishment in anticipation of the

mine restarting upon the start of the underground operation. As of June 30, 2025, there was approximately 32,657 tonnes of kimberlite ore in stock at the processing plant (Q2-2024: 95,156 tonnes).

Mineral Resources – Braúna 3 Kimberlite

As of June 30, 2025, the Braúna 3 kimberlite contained indicated mineral resources of 1,364,306 tonnes containing 272,594 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 Consultoria Mineral Ltda. 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 June 30, 2025.

Indicated Mineral Resources (80 masl to -110 masl)	tonnes	Grade (cpht)	Carats
South Lobe	1,364,306	20.0	272,594
Total Indicated Resources	1,364,306	20.0	272,594

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 and six-month periods ended June 30, 2025, with the Braúna mine leading the way reporting 565 consecutive days without any LTI incurred by the Company's employees or contractors.

The Company recorded a Total Recordable Incident Rate ("TRIR") of 2.12 considering internal and contracted employees in the first six months of 2025. In the first half of 2025, there were 04 accidents recorded as Restricted Work Cases (RWC) and 1 First Aid Case (FAC). None of the accidents recorded in the period were classified as LTIs, in which the employee was unable to return to work due to the accident. In the same period of 2024, the Company recorded a lower TRIR of 0.58. The lower TRIR recorded for Q2-2024 reflected the lower level of activity due to the transition of the mine from an open pit to the current underground operation and also reflected the fact that the processing plant was shut down for refurbishment. The TRIR 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 hours worked by employees. Statistics published by the U.S. Bureau of Labor Statistics for the mining sector indicate an average TRIR ranging from 1.90 to 2.23⁹, which indicates that the Company's TRIR was at the upper end of the global average range. The Company's safety team is aware of this higher result and is redoubling its efforts towards training and inspection of the workplace to help reduce the TRIR and ensure a safe operating environment for Lipari's employees and contractors.

There has never been a fatalities recorded at 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 Band-Ore 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

⁹ Table 1, U.S. Bureau of Labor Statistics, 2023 National Incidence Rates – Survey of Occupational Injuries and Illnesses (SOII).

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 approximately 24,733 metres of drilling has been completed in 57 drill holes on the Band-Ore Property, mainly focused on the Main Zone gold occurrence.¹⁰

Delta Resources Limited (“Delta”) signed an option agreement to acquire the Band-Ore Property on May 20, 2024 (the “Option Agreement”), with the effective date of the Option Agreement being July 10, 2024 which was the date of an addendum to the Option Agreement and the date that the securities regulators had approved the transaction. The terms of the Option Agreement provided Delta with the right to earn a 100% interest in the Band-Ore Property in return for total consideration of \$2,000,000 which was comprised of staged cash and Common Share payments over a period of five years, as presented in the table below.

Delta provided the Company with the initial payment but did not carry out any exploration on the Band-Ore Property during the subsequent year. On June 16, 2025, Delta provided the Company with a notice of termination of the Option Agreement. Lipari plans on completing a geological review and compilation of all of the historical exploration that has been conducted on the Band-Ore Property with a goal to evaluate the economic potential of the gold mineralization that has been discovered thus far, and to identify new gold targets that require testing. This work will support an update of the previous NI 43-101 technical report authored in 2022.

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

NATURAL DIAMOND MARKET OVERVIEW

Rough Diamond Market Overview

The rough diamond market is experiencing a sharp divergence in performance based on size. Large stones (+3 carats) have seen price increases of 7–10% across secondary markets, fueled by tight supply following production pauses at Debswana’s Jwaneng and Orapa mines. Immediate manufacturing of large goods continues to meet robust U.S. demand, especially for polished stones above 1.25ct.

Conversely, the price of small-sized rough stones (sub-0.75ct) remains highly volatile. While fine-quality small goods are selling steadily in Asian markets, generic goods are oversupplied—particularly from Angola—causing margins to erode across secondary trading hubs like Antwerp and Dubai. Prices for natural rough diamonds remained relatively flat for the quarter. Paul Zimnisky’s Rough Price Index recorded a 0.9% increase over the three-month period ended June 30, 2025.¹¹

Polished Diamond Market Overview

The polished market is showing steady recovery, led by continued demand in the U.S. and European markets for better quality diamonds (D-F color, VVS+, 1.25ct+). Despite macroeconomic challenges and looming tariff changes, U.S.

¹⁰ Technical Report for MINES Assessment Purposes, 2022 Diamond Drilling Program, Band-Ore Property, Prepared for E2Gold Inc., A. Hughes, P.Geol., March, 2023

¹¹ Paul Zimnisky’s State of the Diamond Market, Independent Monthly Diamond Industry Data and Analysis, July 2025, Volume 8, Issue 11.

consumer sentiment remains stable, particularly among middle- and high-income segments. U.S. wholesale inventories are sufficient to supply the market through November 2025, bolstered by pre-tariff imports from India.

In Far East markets, recent softness is giving way to some noticeable improvement. Sales of 0.75–1.5ct, F-J color, VS+ goods have stabilized, especially in Hong Kong, Macau, Mainland China, and Indonesia—albeit without premium pricing. As a result, Paul Zimmisky’s Polished Price Index rose 8.9% during Q2-2025, indicating cautious optimism heading into the busiest sales season of the year.

SUMMARY OF QUARTERLY RESULTS

Table 5– Summary of eight most recently completed quarters¹²

SELECTED FINANCIAL INFORMATION		Three months ended			
		June 30 2025	March 31 2025	December 31 2024	September 30 2024
Earnings					
Gross sales proceeds	US\$	3,448,195	3,679,014	3,237,904	-
Revenue	\$	4,550,158	5,017,092	4,121,065	-
Gross profit (loss)	\$	(2,452,659)	(2,176,818)	987,648	(524,303)
Operating loss	\$	(6,126,740)	(5,162,089)	(9,220,584)	(2,265,760)
Net loss	\$	(6,268,909)	(5,762,823)	(8,768,102)	(2,637,274)
Loss per share - basic and diluted	\$	(0.04)	(0.04)	(0.07)	(0.02)
SELECTED FINANCIAL INFORMATION		Three months ended			
		June 30 2024	March 31 2024	December 31 2023	September 30 2023
Earnings					
Gross sales proceeds	US\$	-	1,414,464	2,917,919	5,044,659
Revenue	\$	-	1,798,755	3,976,791	7,149,711
Gross profit (loss)	\$	89,643	(1,214,961)	(2,735,473)	3,000,983
Operating loss	\$	(3,026,565)	(3,328,008)	(7,292,877)	1,433,481
Net loss	\$	(3,014,098)	(4,394,500)	(7,561,952)	(701,663)
Loss per share - basic and diluted	\$	(0.03)	(0.05)	(0.12)	(0.01)

SUMMARY OF FINANCIAL RESULTS FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2025

Table 6 – Summary of Quarterly Results¹³

		Three months ended		Six months ended	
		June 30		June 30	
		2025	2024	2025	2024
Earnings					
Revenue	\$	4,550,158	-	9,567,250	1,798,755
Gross profit (loss)	\$	(2,452,659)	94,985	(4,629,477)	(1,119,976)
Operating loss	\$	(6,126,740)	(3,024,562)	(11,288,829)	(6,352,819)
Net loss	\$	(6,268,909)	(2,997,777)	(12,031,732)	(6,999,154)
Loss per share - basic and diluted	\$	(0.04)	(0.03)	(0.09)	(0.08)
Cash flow					
Net cash flow used in operating activities	\$	870,859	(1,813,246)	524,060	(5,972,500)
Cash flow (used in) from investing activities	\$	(1,609,396)	(5,507,584)	(3,877,409)	(7,975,318)
Cash flow from financing activities	\$	(778,929)	6,799,599	3,911,287	13,480,936
Balance sheet					
Cash and cash equivalents	\$	813,877	215,175	813,877	215,175
Total assets	\$	35,650,424	42,587,205	35,650,424	42,587,205

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.

¹³ 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.

Revenue

During Q2-2025, 20,903 carats were sold for gross sales proceeds of US\$3,448,195, generating revenue of \$4,550,158. There were no sales during Q2-2024.

During Q2-2025, the Braúna processing plant operated during the full quarter and processed 178,340 tonnes of ore from the south lobe of the kimberlite. During Q2-2024 the plant operations were suspended for refurbishing while the mine was transitioning from an open pit to underground operation.

During the six-month period ended June 30, 2025, the Company sold 43,427 carats for gross sales proceeds of US\$7,127,209, generating revenue of \$9,567,250, compared to 7,637 carats sold, resulting in gross sales proceeds of US\$1,414,464 and revenue of \$1,798,755 during the same period in 2024.

Production Costs

Production costs related to the diamonds sold for the three-month period ended June 30, 2025 were \$6,529,968 (Q2-2024: Nil), including \$1,625,555 of inventory provisions to net realizable value (Q2-2024: Nil). Depreciation was \$472,849 (Q2-2024: 94,985).

Production costs related to the diamonds sold for the six-month period ended June 30, 2025 were \$12,287,614, including \$2,036,007 of inventory provisions to net realizable value. Depreciation was \$1,909,113. During the same period in 2024 production costs were \$2,766,275 and depreciation was \$152,456.

The increase in production costs for three and six-month periods ended June 30, 2025 in relation to the same period in 2024, reflects i) the higher processed volume in 2025 because of the resumption of the mine and plant operations, and ii) higher costs experienced in the underground mine in relation to the open pit operation in the previous period.

General and administrative expenses

General and administrative expenses were \$1,173,597 in Q2-2025 compared to \$1,810,838 in Q2-2024. The main expenditures included in Q2-2025 were salaries and consulting fees of \$230,607 and accounting and legal fees of 519,207. For comparison, in Q2-2024 salaries and consulting fees of \$549,927, accounting and legal amounting \$221,880 and consulting fees amounting \$704,074. The decrease in general and administrative costs for Q2-2025 are mainly attributable to higher legal, accounting and other IPO-related costs that were incurred during the previous year that resulted from the listing on the Cboe and the associated transactions.

General and administrative expenses for the six-month period ended June 30, 2025 were \$4,084,959 compared to \$3,128,847 in 2024. The main expenditures included were \$2,391,036 related to accounting, consulting and legal fees, payroll costs of \$605,632 and other general and administrative expenses of \$1,213,034. For comparison, for the six-month period ended June 30, 2024 accounting, consulting and legal fees totaled \$867,107, payroll costs were \$526,199, and other general and administrative expenses amounted to \$285,139. The increase in general and administrative costs for the six-month period ended June 30, 2025 are mainly attributable to a significant increase in legal, accounting and audit expenses related to the listing on the Cboe and the associated transactions which were completed by the end of Q1-2025.

Exploration and Evaluation

Exploration and evaluation expenses for the three-month period ended June 30, 2025 were \$254,006 compared to \$1,290,398 for the same period in 2024. In Q2-2024, exploration and evaluation expenses were higher because of the Tchitengo Project's phase I drilling campaign which was in progress at that time.

Exploration and evaluation expenses for the three and six-month periods ended June 30, 2025, were \$557,280 compared to \$1,951,063 for the same period in 2024. The expenses incurred in the period were related to site maintenance, compilation of the mineral resource estimate and preparation for the bulk sampling campaign, which is expected to commence during the second half of 2025.

Finance expenses

Finance expenses for Q2-2025 were \$561,851, compared to finance income of \$156,715 in Q2-2024. During the three and six-month periods ended June 30, 2025, finance expenses were \$700,645 compared to \$236,412 for the same period in 2024. During the three and six-month periods ended June 30, 2025 the Company's finance expenditures increased due to interest charges which accrued on overdue payments for trade accounts payables.

Income Tax

There was no income tax to report in the three and six-month periods ended June 30, 2025 and June 30, 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 condensed 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 \$6,268,909 and \$12,031,732 in the three and three and six-month periods ended June 30, 2025, which equated to a loss of \$0.04 and \$0.09 per share respectively. This compares to a net loss of \$2,997,777 and \$6,999,154 for the three and three and six-month periods ended June 30, 2024.

FINANCIAL POSITION AND LIQUIDITY

The 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 three and six-month periods ended June 30, 2025, the Company incurred a net loss of \$12,037,732 (\$6,999,154 net loss for the three and six-month periods ended June 30, 2024). As of June 30, 2025, the Company had a working capital deficit of \$ 4,907,969 (compared to a working capital surplus of \$467,847 as of December 31, 2024), cash and cash equivalents of \$813,877 (compared to \$249,922 as of December 31, 2024), loans and borrowings payable of \$291,622 (compared to \$157,093 as of December 31, 2024), and a retained deficit of \$83,760,210 (compared to \$71,173,125 as of December 31, 2024).

Management is actively pursuing debt and equity financing opportunities to enhance the company's working capital position and has engaged financial advisors to assist in these efforts. There is no guarantee that such financings will be obtained on favourable terms or at all.

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 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.

For the six-month period ended June 30, 2025, the Company reported a gross loss of \$4,629,477, compared to a gross loss of \$1,119,976 for the same period in 2024. The increased loss reflects a decline in gross margin, primarily attributable to lower-than-expected diamond prices and reduced sales volumes. The reduced sales volumes were a result of lower diamond production from the Company's Braúna mine which reflected operational challenges associated with the transition from an open-pit mining operation to underground operation. While total mine production increased 5% during the period compared to the previous quarter, reflecting improved operating

efficiencies in the mine, diamond recoveries declined by 10% compared to the previous quarter due to higher-than-expected external waste rock dilution. In response, mine management has implemented a number of operational changes aimed at improving ore selectivity. These operational improvements include optimizing the burden and spacing of the long-hole upper drilling pattern, reducing blasthole powder factors, and enhancing geological controls to ensure blast holes are confined to ore. Management expects that these adjustments will lead to improved ore quality and enhance diamond recoveries, and has seen some positive indications during July and early August. As of August 13, 2025, the recovered diamond grade for the quarter has improved to 15.8 cpht, up from 12.9 cpht recorded in Q2-2025. This improvement reflects the initial impact of ongoing optimization efforts.

The table below summarizes key operational metrics for the Braúna Mine for the period from June 30 to August 13, 2025.

Table 7 –Operating highlights

OPERATING HIGHLIGHTS		Q3, 2025 as of Aug 13
Processing		
Dry ore tonnes processed	td	80,299
Diamonds recovered	ct	12,680
Average recovered diamond grade	cpht	15.8
Sales		
Diamonds sold	ct	18,998
Revenue per carat (USD)	US\$/ct	\$158
Revenue per carat (CAD)	\$/ct	\$208
Diamond inventories		
Diamonds in inventory	ct	19,108

Liquidity risks & sensitivities.

The Company’s financial performance and liquidity are subject to several key risks, including fluctuations in international diamond prices and variability in the average recovered diamond grade. A 10% adverse change in either diamond prices or recovery grades is estimated to reduce projected 12-month liquidity by approximately \$3.5 million.

To mitigate these risks, management has implemented a series of operational and cost optimization initiatives designed to enhance both operational efficiency and financial performance. Additionally, the Company maintains a robust process for monitoring key performance indicators to detect early signs of deviation from expected outcomes. This proactive approach enables management to evaluate potential supplemental capital requirements and take timely action to preserve financial flexibility.

Contractual obligations

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. The main factor is the realized sales price for rough diamonds produced from the Brauna mine and the operating and capital costs of same.

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

Table 8 - Commitments

As at June 30, 2025	Less than 1 year	1 - 3 years	Total
Financial Liabilities			
Trade accounts payable	\$ 6,614,853	\$ -	\$ 6,614,853
Personnel costs payable	932,796	-	932,796
Loans and borrowings payable			
Loans due to related parties - Principal	8,167	-	8,167
Loans due to third parties - Principal	283,455	-	283,455
Other liabilities	117,125	74,242	191,367
Total financial liabilities	\$ 7,956,396	\$ 74,242	\$ 8,030,638

Debt covenants.

As of June 30, 2025, the Company's outstanding debt did not include any contractual covenants.

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 condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025.

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

Significant accounting estimates and assumptions are disclosed in Note 7 of the condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New standards applicable to the Company are disclosed in Note 8 of the condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025.

CRITICAL ACCOUNTING ESTIMATES

Except as otherwise noted herein, the condensed 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 condensed consolidated interim financial statements for the three and six-month periods ended June 30, 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 condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025, have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 3 of the condensed consolidated interim financial statements for the three and six-month periods ended June 30, 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

Operating cash cost	Three months ended June 30		Six months ended June 30		
	2025	2024	2025	2024	
Direct production Costs	\$ 6,529,968	-	\$ 12,287,614	2,766,275	
Net Change ore inventory	479,448	1,506,142	270,498	1,032,640	
Net change diamonds inventory	2,128,475	(1,210,641)	2,858,992	(4,521,238)	
NRV adjustments	(1,625,555)	-	(2,036,007)	834,415	
Operating cash cost	\$ 7,512,337	295,501	\$ 13,381,098	112,092	
End of period FX rates	1.3622	1.3685	1.3622	1.3685	
Operating cash cost	US\$ 5,514,856	US\$ 215,930	US\$ 9,823,152	US\$ 81,909	
Total tonnes mined	t	226,403	380,818	441,094	456,986
Dry ore tonnes processed	td	178,340	-	351,783	82,450
Diamonds recovered	ct	23,021	-	48,312	3,980
Operating cash cost per tonne mined	\$/t	33	1	30	0
Operating cash cost per tonne of ore processed	\$/t	42	-	38	1
Operating cash cost per carat recovered	\$/ct	326	-	277	28
Operating cash cost per carat recovered	US\$/ct	240	-	203	21

RELATED PARTY TRANSACTIONS

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

SUBSEQUENT EVENTS

Nil.

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 table below sets out the number of issued and outstanding Common Shares on a fully diluted and undiluted basis as of the date hereof:

Common shares issued and outstanding	146,859,936
Warrants	8,026,438
Options	184,500
RSUs	2,402,598
Common Shares issued and outstanding (Fully diluted)	157,473,472

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 June 30, 2025.

During the period ended June 30, 2025 and up to the date of the approval of the unaudited condensed interim consolidated financial statements and MD&A, there has been no change that has materially affected, or is reasonable likely to materially affect the Company's disclosure controls and procedures.

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 June 30, 2025.

There were no changes in the Company's ICFR that have occurred during the period beginning on January 1, 2025 and ended on June 30, 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 CEO and CFO, 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.