

LIPARI MINING LTD.

CBOE – LML

FSE - 0Y90

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

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



LIPARI MINING LTD.
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FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025.

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INTRODUCTION

This Management's Discussion and Analysis dated November 13, 2025 ("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 nine-month periods ended September 30, 2025 (the "Q3-2025 Financial Statements"), and the consolidated financial statements for the year ended December 31, 2024 and the notes thereto (the "condensed consolidated interim financial statements").

The condensed consolidated interim financial statements 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 Q3-2025 Financial Statements on November 13, 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 1.26M carats to date. Lipari is now applying its expertise to advance the highly prospective Tchitengo diamond Project in Angola (the "Tchitengo Project"), marking the next phase of anticipated growth for the Company.

The Common Shares were listed for trading on the Cboe Canada Inc. ("Cboe") 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.

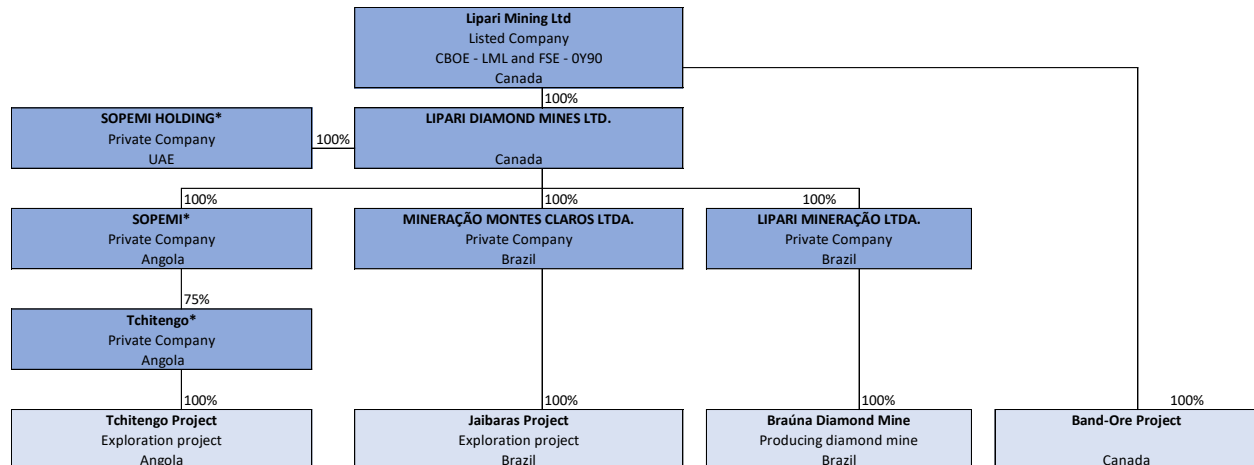


Figure 1 – Organization Chart.

Q3-2025 HIGHLIGHTS

- Entered into a non-interest-bearing loan agreement with Fersfield Limited, a beneficial owner of approximately 34.96% of the outstanding Common Shares, for total proceeds of \$325,000, which will be put towards fast-tracking the Phase II development program for the Tchiuzo kimberlite pipe through the purchase and transport of a 5 tonne-per-hour kimberlite processing plant at the Tchitengo Project in Angola.
- Announced a NI 43-101 compliant mineral resource estimate (a “Mineral Resource Estimate”) for the Tchiuzo kimberlite pipe, situated on the Company's 75% owned Tchitengo Project in northeastern Angola, containing an indicated resource of 28.8 million tonnes of kimberlite containing 13.6 million carats at a grade of 47.2 carats per hundred tonnes (“cpht”), and an inferred resource containing 6.5 million tonnes of kimberlite containing 2.0 million carats at a grade of 30.7 cpht.
- Completed a sale of diamond production from the Company's Braúna mine totaling 39,719 carats for revenues of \$8,424,809 (US\$ 6,384,159) at an average unit sales price of \$212 (US\$ 161) per carat.
- During Q3-2025 a total of 150,960 tonnes (Q3-2024: 123,324) of ore were processed resulting in the recovery of 25,223 carats (Q3-2024: 10,896) for a recovered diamond grade of 16.7 carats per 100 tonnes (“cpht”) (Q3-2024: 8.8).
- Zero Lost-Time-Injuries (“LTI”) reported for the period, with the Braúna mine over 21 months without any LTI incurred by the Company's employees or contractors.
- Underground operations at the 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 -72 masl, with a total of 3,146 metres of advancement completed by September 30, 2025.
- Diamond inventory was 10,930 carats as of September 30, 2025 (Q3-2024: 10,896).

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 capacity¹. The smaller Camatchia mine, situated just north of the Tchitengo concession, produces approximately 80,000 carats of high-quality diamonds per year.

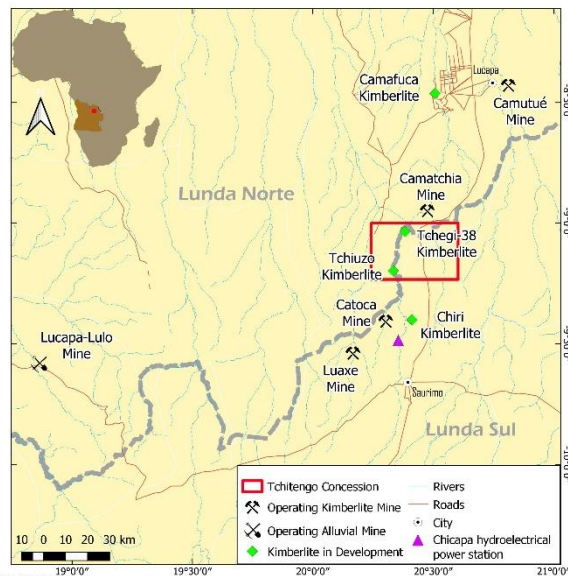


Figure 2 - Location map - Tchitengo Project.

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.² One of the 29 kimberlites that the joint venture discovered, called Tchegu 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 cph³.

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 Tchizuo 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

¹ Paul Zimmisky's State of the Diamond Market, Independent Monthly Diamond Industry Data and Analysis, Volume 8, Issue 7, March 2025

² Technical Report for the Tchitengo Diamond Project, Lunda Provinces, Northeast Angola, March 21, 2024 by SRK Consulting (Canada) Inc.

³ 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 diamonds⁴. This historical resource supported Preliminary Economic Assessment-level ("PEA") and Pre-Feasibility Study-level techno-economic studies by ALROSA's Yakutniproalmaz 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.⁵

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 completed in August 2024 after drilling 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 Estimate 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.

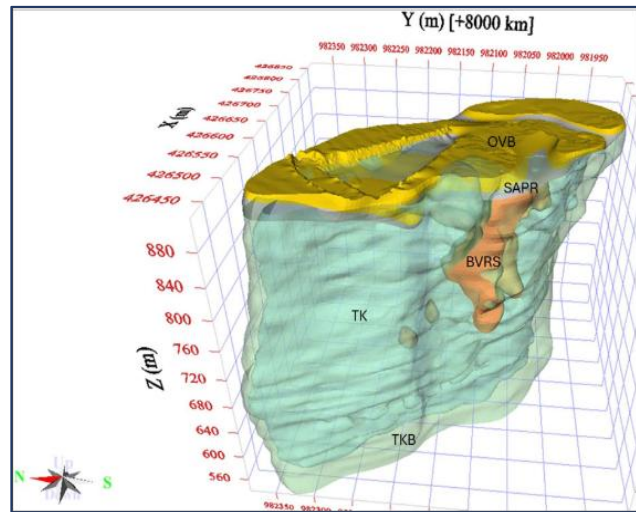


Figure 3 – Geological model of the Tchiuzo kimberlite pipe (Z Star 2024 after Lipari 2024). OVB = overburden; SAPR = saprolitic kimberlite; TK = tuffaceous kimberlite; TKB = tuffaceous kimberlite breccia; BVRS = brecciated volcanic sediment.

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.

⁴ 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.

⁵ 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. The geological resource estimate calculated by Z Star Mineral Resource Consultants was further constrained using Whittle™ software. Economic and technical variables and a diamond price of US\$100 per carat, to approximate the highest value estimated by Compton in his March 2024 report were input into the Whittle™ software to produce a pit shell. to constrain the resources. The result produced a positive value, indicating that the Tchiuzo kimberlite resource meets the CIMM Definition Standards for RPEEE. The constrained mineral resources are presented in the following table.

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

Class of Resource	Lithology	Tonnes	Grade cpht (+1.0mm)	Carats (+1.0mm)
Indicated	TKB	13,215,774	48.7	6,434,374
	TK	15,574,869	46.0	7,163,857
	Total	28,790,642	47.2	13,598,231
Inferred	TKB	169,513	39.9	67,613
	TK	1,583,630	36.0	570,107
	SAPR	1,486,620	54.0	802,775
	OVV	940,795	24.0	225,791
	BVRS	2,285,546	14.0	319,976
	Total	6,466,103	30.7	1,986,261

1. The independent and qualified persons for the mineral resource estimate, as defined by NI 43-101, are Sean Duggan for the block modeling and classification and Carlos Guzmán for RPEEE.
2. Mineral Resources are reported as constrained by a pit shell optimized with overall slopes angles varying from 38° to 41°, mining cost of 3.7/t, \$6.79/t for process and 98% recovery, \$2.94/t for G&A, 5% for Government royalty and a diamond price of \$100/ct. At this scenario the cut-off is 10.45cpht.
3. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained carats.
4. Tonnage is in metric units and grade in carats per hundred tonnes.
5. The estimated is based on a 1 mm diamond bottom cutoff size, appropriate for commercial diamond mining operations.

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 September 30, 2025, a total of \$3,731,810 in exploration and evaluation expenditures were incurred on the phase I drilling program of the Tchitengo Project. During Q4-2025, the Company expects to complete the on-going program of microdiamond assays and metallurgical studies on the Tchiuzo kimberlite. The results of these remaining Phase I studies will be used to further 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 to be completed largely by Lipari’s in-house engineering staff.

The Company has entered into a loan agreement with Fersfield Limited for total proceeds of \$325,000. This loan is non-interest-bearing, and was used to purchase and transport a kimberlite processing plant to the Tchitengo project. The acquisition of this 5 tonne-per-hour processing plant allows the Company to process kimberlite samples excavated from the top of the Tchiuzo kimberlite pipe and with the Phase II development program for the Tchiuzo kimberlite, which is one of 30 kimberlites that are situated on the Tchitengo Project.

It is expected that between 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 initial budget for the Phase II program was \$13.8 million (US\$9.92 million). However, this amount was significantly reduced following the decision to purchase a smaller 5-ton-per-hour (tph) kimberlite processing plant. The original plan contemplated a 15tph plant, estimated at \$5.74 million (US\$4.12 million). Due to this change in equipment acquisition, the overall project cost was revised downward. The updated total estimated cost for Phase II, including capital expenditures, now stands at \$6.57 million (US\$4.76 million), with completion expected within 12 months.

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 1,264,238 carats of natural rough diamonds from 7.04 million tonnes of kimberlite mined and processed from the Braúna 3 kimberlite for an average recovered production grade of 18 cpht as of September 30, 2025.

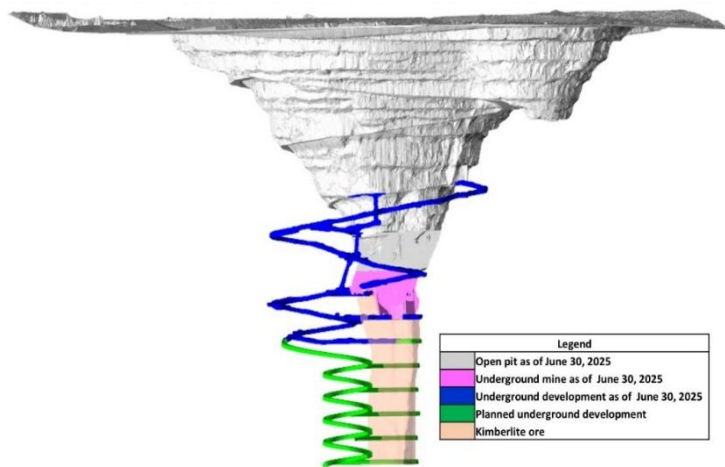


Figure 4 - Longitudinal section through the Brauna 3 open pit looking west, showing the underground development as of June 30, 2025.

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 98,239 carats were recovered from the processing of 0.62 million tonnes of South Lobe ore during the period November 2024 to September 30, 2025, resulting in a recovered (diluted) diamond grade of 15.7 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 Sept 2025	South Lobe	624,607	98,239	15.7
Total Production		7,039,283	1,264,236	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 September 30, 2025, the main underground decline tunnel had advanced a distance of 3,146 meters, spiraling downwards from the portal elevation of 120 masl to approximately -72 masl, approximately 352 meters below surface, and approximately 192 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 September 30, 2025, amounted to 25,223 carats (10,986 in three-month period ended September 30, 2024), produced from 150,960 dry tonnes of ore (123,324 tonnes in three month period ended September 30, 2024) for an average recovered diamond grade (diluted) of 16.7 cpht (8.8 cpht in three-month period ended September 30, 2024). As of September 30, 2025, there were 10,930 carats of diamonds in inventory and available for sale (10,896 in three- month period ended September 30, 2024).

Total diamond production for the nine-month period ended September 30, 2025, amounted to 73,535 carats (14,876 in nine-month period ended September 30, 2024), produced from 502,743 dry tonnes of ore (205,774 tonnes in nine-month period ended September 30, 2024) for an average recovered diamond grade (diluted) of 14.6 cpht (7.2 cpht in nine-month period ended September 30, 2024).

Q3-2025 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 nine-month periods ended September 30, 2025, and September 30, 2024.

Table 3- Key operating highlights.

KEY OPERATING HIGHLIGHTS		Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
Underground Development					
Underground Development	m	524	568	1,331	1,310
Mining					
Ore tonnes mined	t	151,311	67,710	500,006	104,585
Waste tonnes mined	t	95,057	509,503	187,456	929,614
Total tonnes mined	t	246,368	577,213	687,462	1,034,199
Ore in stockpile at the end of the period	t	31,043	37,931	32,657	37,931
Processing					
Dry ore tonnes processed	td	150,960	123,324	502,743	205,774
Diamonds recovered	ct	25,223	10,896	73,535	14,876
Average recovered diamond grade	cpht	16.7	8.8	14.6	7.2
Direct Cost of Production					
Operating cash cost per tonne mined ⁽¹⁾	\$/t	46	8	31	8
Operating cash cost per tonne of ore processed ⁽¹⁾	\$/t	74	37	43	40
Operating cash cost per carat recovered ⁽¹⁾	\$/ct	445	417	292	548
Operating cash cost per carat recovered ⁽¹⁾	US\$/ct	319	309	210	405
Sales					
Diamonds sold	ct	39,719	-	83,146	7,637
Revenue per carat (USD)	US\$/ct	\$161	-	\$163	\$185
Revenue per carat (CAD)	\$/ct	\$212	-	\$216	\$236
Diamond inventories					
Diamonds in inventory	ct	10,930	10,896	10,930	10,896

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

A total of 151,311 tonnes of ore were mined and transported to the processing plant stockpile during the three months ended September 30, 2025 which was significantly higher than the 67,710 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. Accordingly, in Q3 2025, only 95,057 tonnes of waste rock were moved, which is substantially lower than the 509,503 tonnes extracted in Q3 2024. The earlier activity focused on removing broken waste rock from the bottom of the open pit to prepare the pit floor for the underground operation, which commenced in Q1 2025. In total, 246,368 tonnes of ore and waste were mined during Q3-2025 compared to 577,213 tonnes during the same period the previous year.

The underground access decline advanced 524 metres during Q3-2025 compared to 568 metres during the same period the previous year. The lower rate of advance during Q3-2025 reflects the concurrent development of the ore drives, compared to the same period the previous year when development focused solely on the excavation of the main access decline.

A total of 150,960 dry tonnes of kimberlite ore were processed during the three months ended September 30, 2025, compared to 123,324 tonnes in the same period of 2024. The increase in production in Q3-2025 reflects improved operational continuity, whereas Q3-2024 was impacted by the plant's restart following a suspension for refurbishment and the transition to underground mining. Production during Q3-2025 fell short of expectations due to limited ore availability from underground operations. This was primarily caused by higher-than-expected volume of waste material that collapsed from the lower levels of the open pit walls, which fell and obstructed access to ore drives and added to the tonnage required to be mined.

Diamond grade of 16.7 cpht in Q3-2025 was higher than the 8.8 cpht recovered in Q3-2024 due to the quality of ore recovered from underground operation, as well as improved dilution control during mining. A total of 25,223 carats of diamonds were recovered in Q3-2025 (Q3-2024: 10,896).

Mineral Resources – Braúna 3 Kimberlite

As of September 30, 2025, the Braúna 3 kimberlite contained indicated mineral resources of 1,211,911 tonnes containing 241,938 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 September 30, 2025.

Indicated Mineral Resources (80 masl to -110 masl)	tonnes	Grade (cpht)	Carats
South Lobe UG	1,211,911	20.0	241,938
Total Indicated Resources	1,211,911	20.0	241,938

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 nine-month periods ended September 30, 2025, with the Braúna mine leading the way reporting 655 consecutive days without any LTI incurred by the Company's employees or contractors.

The Company recorded a Total Recordable Incident Rate ("TRIR") of 1.66 considering internal and contracted employees in the first nine months of 2025. During the nine-month period ended September 2025, there were 05 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 1.03. The lower TRIR recorded in the previous period 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 2.23⁶, which indicates that the Company's TRIR was significant lower than 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 fatality 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 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.⁷

⁶ Table 1, U.S. Bureau of Labor Statistics, 2023 National Incidence Rates – Survey of Occupational Injuries and Illnesses (SOII).

⁷ Technical Report for MINES Assessment Purposes, 2022 Diamond Drilling Program, Band-Ore Property, Prepared for E2Gold Inc., A. Hughes, P.Geo., March, 2023

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 evaluate the potential of the project.

NATURAL DIAMOND MARKET OVERVIEW

The natural diamond market continued to experience uneven conditions through 2025, with both rough and polished prices showing softness across most categories. Rough diamond prices remained under pressure as producers faced subdued demand from midstream manufacturers and elevated inventories across the pipeline. Many producers moderated sales volumes and tender activity to stabilize the market, though oversupply in lower-quality segments persisted. Polished prices followed a similarly cautious trajectory, with smaller and commercial-quality goods declining further due to weak discretionary spending and competition from lab-grown stones, while higher-value polished goods for the luxury segment held relatively steady.

Demand in key consumer markets has been mixed. In the United States—the largest destination for polished diamonds—retail demand remained below pre-2022 levels amid higher interest rates and slower bridal jewelry sales. China and the Middle East provided selective support, particularly in the luxury category, but mass-market consumption stayed subdued. The midstream sector, especially India’s polishing industry, responded by reducing purchases of rough diamonds and operating at lower utilization rates to manage working capital and inventories. These dynamics have contributed to muted trading volumes and cautious sentiment throughout the value chain.

Trade policy developments in 2025 have further reshaped market flows. The imposition of higher U.S. tariffs on Indian-origin diamond and jewelry exports significantly eroded India’s competitiveness in its largest export market, resulting in reduced orders, declining revenues, and potential employment losses within the Surat polishing hub. In contrast, the subsequent U.S.–EU agreement suspending tariffs on diamonds processed within the European Union granted Antwerp and other EU polishing centers a cost advantage for exports to the U.S. This shift has begun to redirect trade flows toward Europe for certain polished goods, while Indian exporters seek to diversify into non-U.S. markets and higher-value segments to offset the impact.

Overall, the market remains characterized by cautious purchasing, selective demand recovery in premium categories, and increased operational complexity due to shifting trade routes and compliance requirements. While upstream producers and retailers are likely to benefit from supply discipline and differentiated branding, the midstream segment faces a prolonged adjustment period as it adapts to new tariff regimes, evolving consumer preferences, and the ongoing challenge of balancing natural and lab-grown diamond competition.

SUMMARY OF QUARTERLY RESULTS

Table 5– Summary of eight most recently completed quarters⁸

SELECTED FINANCIAL INFORMATION		Three months ended			
		September 30 2025	June 30 2025	March 31 2025	December 31 2024
Earnings					
Gross sales proceeds	US\$	6,384,159	3,448,195	3,679,014	3,237,904
Revenue	\$	8,424,809	4,550,158	5,017,092	4,121,065
Gross profit (loss)	\$	(2,740,537)	(2,452,659)	(2,176,818)	987,648
Operating loss	\$	(7,967,326)	(6,126,740)	(4,710,101)	(9,220,584)
Net loss	\$	(8,155,140)	(6,761,783)	(5,906,065)	(8,768,102)
Loss per share - basic and diluted	\$	(0.06)	(0.05)	(0.04)	(0.07)

SELECTED FINANCIAL INFORMATION		Three months ended			
		September 30 2024	June 30 2024	March 31 2024	December 31 2023
Earnings					
Gross sales proceeds	US\$	-	-	1,414,464	2,917,919
Revenue	\$	-	-	1,798,755	3,976,791
Gross profit (loss)	\$	(524,303)	89,643	(1,214,961)	(2,735,473)
Operating loss	\$	(2,265,732)	(3,026,565)	(3,328,008)	(7,292,877)
Net loss	\$	(2,637,246)	(3,014,098)	(4,394,500)	(7,561,952)
Loss per share - basic and diluted	\$	(0.02)	(0.02)	(0.05)	(0.12)

SUMMARY OF FINANCIAL RESULTS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025

Table 6 – Summary of Quarterly Results⁹

SELECTED FINANCIAL INFORMATION		Three months ended		Nine months ended	
		September 30 2025	September 30 2024	September 30 2025	September 30 2024
Earnings					
Revenue	\$	8,424,809	-	17,992,059	1,798,755
Gross profit (loss)	\$	(2,740,537)	(524,303)	(7,370,014)	(1,649,620)
Operating loss	\$	(7,967,326)	(2,265,732)	(18,804,167)	(8,620,334)
Net loss	\$	(8,155,140)	(2,637,246)	(20,822,988)	(9,547,669)
Loss per share - basic and diluted	\$	(0.06)	(0.02)	(0.14)	(0.09)
Cash flow					
Net cash flow used in operating activities	\$	1,065,173	(3,324,076)	1,286,744	(9,350,198)
Cash flow (used in) from investing activities	\$	(1,935,671)	(4,852,695)	(5,510,589)	(12,665,300)
Cash flow from financing activities	\$	76,747	8,156,334	3,988,035	21,907,702
Balance sheet					
Cash and cash equivalents	\$	28,146	190,212	28,146	190,212
Total assets	\$	29,007,155	37,182,086	29,007,155	37,182,086

Revenue

During Q3-2025, the Company was able to perform two sales totalling 39,719 carats sold for gross sales proceeds of US\$6,384,159, generating revenue of \$8,424,809. There were no sales during Q3-2024.

During the nine-month period ended September 30, 2025, the Company sold 83,146 carats for gross sales proceeds of US\$13,511,368, generating revenue of \$17,992,059, 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.

⁸ 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.

⁹ 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.

Further information regarding the factors that influenced the Company's revenues for the nine-month period ended September 30, 2025 is provided in the Financial Position and Liquidity section of this MD&A.

Production costs

Production costs related to the diamonds sold in Q3-2025 were \$10,444,822 (Q3-2024: 524,303). Depreciation was \$720,524 (Q3-2024: Nil).

Production costs related to the diamonds sold for the nine-month period ended September 30, 2025 were \$22,732,436. Depreciation was \$3,295,919. During the same period in 2024, production costs were \$3,295,920 and depreciation \$152,456.

The increase in production costs for three and nine-month periods ended September 30, 2025 in relation to the same period in 2024, reflects i) the higher sales volume in 2025 due to the resumption of the mine and plant operations, and ii) higher costs attributed to the underground mine in comparison to the open pit operation in the previous period.

General and administrative expenses

General and administrative expenses were \$1,117,658 in Q3-2025 compared to \$1,384,560 in Q3-2024. The decrease in general and administrative costs for Q3-2025 are mainly attributable costs related to the Cboe listing during the previous period.

General and administrative expenses for the nine-month period ended September 30, 2025 were \$4,727,602 compared to \$4,437,702 in 2024. The increase in general and administrative costs for the nine-month period ended September 30, 2025 are mainly attributable to costs related to listing of the company on Cboe exchange, which was completed during Q1-2025. General and administrative expenses in Q2-2025 and Q3-2025 were lower than what was experienced in all quarters of 2025 and Q1-2025.

Exploration and evaluation expenses

Exploration and evaluation expenses Q3-2025 were \$211,188 compared to \$297,724 Q3-2024. In Q3-2024 drilling was still in progress, while in Q3-2025 there was no relevant field activity.

Exploration and evaluation expenses for the nine-month period ended September 30, 2025, were \$791,495 and are comprised of site maintenance, compilation of the Mineral Resource Estimate and preparation for phase II bulk sampling campaign at the Tchitengo Project. During the same period in 2024, exploration and evaluation expenses were \$2,250,499 and were related to phase I drilling campaign which was in progress.

Finance expenses

Finance expenses for Q3-2025 were \$92,410, compared to finance expenses of \$79,981 in Q3-2024. During the nine-month period ended September 30, 2025, finance expenses were \$793,055 compared to \$316,640 for the same period in 2024.

During the three and nine-month periods ended September 30, 2025 the Company's finance expenditures increased due to interest charges which were accrued on loans as well as overdue accounts payable.

Income Tax

There was no income tax to report in the three and nine-month periods ended September 30, 2025 and September 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 \$8,155,140 and \$20,822,988 in the three and nine-month periods ended September 30, 2025, which equated to a loss of \$0.06 and \$0.14 per share respectively. This compares to a net loss of \$2,637,246 and \$9,547,669 for the three and three and nine-month periods ended September 30, 2024.

The higher net loss for the nine months ended September 30, 2025, compared to 2024 is largely attributed to a combination of than expected sales prices and volume, net realizable value adjustments of inventories, impairment loss on non-financial assets and transaction costs associated with the reverse take over transaction.

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 nine-month period ended September 30, 2025, the Company incurred a net loss of \$20,822,988 (\$9,547,668 net loss for the nine-month period ended September 30, 2024). As of September 30, 2025, the Company had a working capital deficit of \$ 9,581,401 (compared to a working capital surplus of \$467,847 as of December 31, 2024), cash and cash equivalents of \$28,146 (compared to \$249,922 as of December 31, 2024), loans and borrowings payable of \$509,336 (compared to \$157,093 as of December 31, 2024), and a retained deficit of \$91,834,367 (compared to \$71,223,961 as of December 31, 2024).

For the nine-month period ended September 30, 2025, operating activities including changes in non-cash items generated \$1.286.744 of cash flows (compared to a cash consumption of \$9.350.198 for the same period in 2024), The major differences in operating activities for the nine-month period ended September 30, 2025 compared to the same period in the previous year are, loss of \$20.822.988 (compared to loss of \$9.547.669 for the same period in 2024), Impairment loss on non-financial assets of \$5.785.145 (compared to Nil for the same period in 2024), Transaction costs of \$1.462.775 (compared to Nil for the same period in 2024), changes in inventories of \$3.456.738 (compared to inventory reduction of \$2.123.386 for the same period in 2024) and changes in Shareholder advances of \$3.880.494 (compared to \$1.153.048 for the same period in 2024).

Investing activities used \$5.510.589 (compared to \$12.665.300 for the same period in 2024), due to purchases of property, plant and equipment of \$5.413.721 (compared to \$12.637.868 for the same period in 2024).

Financing activities provided \$3.988.035 (compared to \$21.907.702 for the same period in 2024), due to issuance of shares of \$4.004.686 (compared to \$22.015.525 for the same period in 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 capital, and/or the willingness of its shareholders to provide continuing financial support, enabling the Company to meet its liabilities as and when they fall due. Although the Company has previously been successful in raising equity and securing debt facilities, future fundraising efforts may not succeed or may fall short of the required amounts in the foreseeable future. The above conditions indicate the existence of a material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Q3-2025 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 nine-month period ended September 30, 2025, the Company reported a gross loss of \$7,370,014, compared to a gross loss of \$1,649,620 for the same period in 2024. The increased loss incurred in 2025 reflects a decline in gross margin, primarily attributable to lower-than-expected diamond prices and sales volumes. The reduced sales volumes were a result of lower diamond production from the Company's Brauna mine which reflected operational challenges

associated with the transition from an open-pit mining operation to an underground operation. While total mine production increased in Q3-2025 in relation to Q2-2025, ore production in Q3-2025 was the lowest of the year as a result of operational challenges associated with waste rock collapsed during the quarter, which obstructed access to ore drives and added to the tonnage required to be mined. Diamond recoveries were higher than in the previous quarter as a result of operational changes implemented to improve 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 continues to seek opportunities to improve the mining efficiency, securing a stable supply of ore to the processing plant.

The table below summarizes key operational metrics for the Braúna Mine for the period from October 01, 2025 to November 11, 2025.

Table 7 – Operating highlights

OPERATING HIGHLIGHTS		Q4-2025 as of Nov 11
Processing		
Dry ore tonnes processed	td	45,393
Diamonds recovered	ct	6,065
Average recovered diamond grade	cpht	13.36
Diamond inventories		
Diamonds in inventory	ct	16,995

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.

The Company mitigates its liquidity risk through the use of an annual budgeting process each year, a continuous detailed cash forecasting process, and the monitoring of key performance indicators to proactively 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. Other key factors include the Company's ability to continue to renew its related party and third-party loan and financing facilities.

Contractual obligations

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

Table 8 - Commitments

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

Debt covenants.

As of September 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 21 of Q3-2025 Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

Significant accounting estimates and assumptions are disclosed in Note 7 of the Q3-2025 Financial Statements.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New standards applicable to the Company are disclosed in Note 8 of the Q3-2025 Financial Statements.

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 Q3-2025 Financial Statements, 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 Q3-2025 Financial Statements, have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 3 of the Q3-2025 Financial Statements, for details on critical accounting estimates and judgments.

NON-IFRS MEASURES

The MD&A refers to the terms "cash costs of production per tonne of ore 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 stockpiles 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 September 30		Nine months ended September 30		
	2025	2024	2025	2024	
Direct production Costs	\$ 10,444,822	524,303	\$ 22,732,436	3,295,919	
NRV adjustments	772,252	4,024,584	(1,263,755)	4,854,530	
Operating cash cost	\$ 11,217,074	4,548,887	\$ 21,468,681	8,150,449	
End of period FX rates	1.3930	1.3515	1.3930	1.3515	
Operating cash cost	US\$ 8,052,458	US\$ 3,365,806	US\$ 15,411,831	US\$ 6,030,669	
Total tonnes mined	t	246,368	577,213	687,462	1,034,199
Dry ore tonnes processed	td	150,960	123,324	502,743	205,774
Diamonds recovered	ct	25,223	10,896	73,535	14,876
Operating cash cost per tonne mined	\$/t	46	8	31	8
Operating cash cost per tonne of ore processed	\$/t	74	37	43	40
Operating cash cost per carat recovered	\$/ct	445	417	292	548
Operating cash cost per carat recovered	US\$/ct	319	309	210	405

RELATED PARTY TRANSACTIONS

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

Transactions with these parties are disclosed below.

a. Assets with related parties

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

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

b. Liabilities with related parties

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

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

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

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

c. Income (loss) transactions with related parties

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

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

Notes:

- 1) Includes interest expense recognized on loans payable to related parties, as detailed in Note 14 of Q3-2025 Financial Statements.
- 2) Includes interest expense recognized on convertible debentures payable to related parties, as detailed in Note 14 of Q3-2025 Financial Statements.
- 3) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and, from an accounting perspective, non-executive members of the Board of Directors and corporate officers, and the companies controlled by these individuals.

SUBSEQUENT EVENTS

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

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

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 market for natural diamond production does not rebound from its current period of weaker demand and prices
- risk that tariffs on diamond exports from India are not removed or reduced
- risk that the production from the mine will not improve and 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;
- The Company has a significant concentration of credit risk as 100% of its rough diamond sales in the nine-month period ended September 30, 2025 and 2024 were made to its related party customer as disclosed in Note 22 of Q3-2025 Financial Statements. Settlement terms are in accordance with the off-take agreement with Aftergut as detailed in Note 20 of Q3-2025 Financial Statements. The Company manages its credit risk on cash and cash equivalents by (i) using financial institutions with a strong reputation and credit rating and manages its credit risk on trade accounts receivable (ii) by receiving payments in advance and executing its commercial sales to a related party customer (Note 20 of Q3-2025 Financial Statements) who holds a strong reputation within the industry and a good credit risk history.
- 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	2,702,598
Common Shares issued and outstanding (Fully diluted)	157,773,472

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 and evaluated 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 Company and its consolidated subsidiaries is made known to them by others within those entities as of September 30, 2025.

During the period ended September 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 designed, or caused to be designed under their supervision, internal control over financial reporting 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 September 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 September 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 and their impact on production, 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.