MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2025

Management's discussion and analysis ("MD&A") focuses on significant factors that have affected Lucara Diamond Corp. ("Lucara" or the "Company") and its subsidiaries' performance and such factors that may affect its future performance. To better understand the MD&A, it should be read in conjunction with the condensed interim consolidated financial statements of the Company for the period ended March 31, 2025, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, under International Accounting Standard 34, *Interim Financial Reporting*. All amounts are expressed in U.S. dollars unless otherwise indicated.

The technical information related to mineral resources in the MD&A was prepared under the supervision of Dr. Lauren Freeman (Ph.D., Pr. Sci Nat), Lucara's Vice-President, Mineral Resources, and a Qualified Person, as that term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("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 and, in the Company's, Annual Information Form ("AIF"). The AIF along with additional information about the Company and its business activities is available on SEDAR+ at www.sedarplus.ca.

The effective date of this MD&A is May 9, 2025.

ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Diamond Mine in Botswana ("Karowe"). Karowe has been in production since 2012 and is the focus of the Company's operations and development activities. Lucara has an experienced board and management team with extensive diamond development and operations expertise. Lucara and its subsidiaries operate transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations. Lucara is certified by the Responsible Jewellery Council, complies with the Kimberley Process, and has adopted the IFC Performance Standards and the World Bank Group's Environmental, Health and Safety Guidelines for Mining (2007). The development of the Karowe underground project (the "UGP") adheres to the Equator Principles. Lucara is committed to upholding high standards while striving to deliver long-term economic benefits to Botswana and the communities in which the Company operates.

The Company's corporate office is in Vancouver, Canada and its common shares trade on the Toronto Stock Exchange, the Nasdaq First North Growth Market, and the Botswana Stock Exchange under the symbol "LUC".

HIGHLIGHTS – Q1 2025

- In Q1 2025, the Company's revenue decreased to $30.3 million compared to $39.5 million in Q1 2024, primarily due to fewer carats sold (Q1 2025: 72,871 carats, Q1 2024: 93,560 carats), which resulted from having to process lower-grade stockpile material because of unusually high January rainfall affecting mining in the open pit; and from mining a higher proportion of lower-grade M/PK(S)[1] ore than planned higher-grade EM/PK(S)[2] ore. Lower grade M/PK(S) was mined due to a shift in the contact between the two kimberlites. These factors resulted in the Company's 2025 revenue guidance being revised to $150 – $160 million. This lower revenue outlook has led management to assess the Company's ability to continue as a going concern, with concerns raised about sufficient working capital, cash flow from operations, and liquidity to meet obligations and ongoing UGP development.

[1] M/PK(S): Magmatic/Pyroclastic Kimberlite (South)
[2] EM/PK(S): Eastern Magmatic/Pyroclastic Kimberlite (South)

- Subsequent to Q1 2025, the lenders approved a draw of up to $28.0 million from the Cost Overrun Reserve Account (“CORA”) in exchange for the Company’s largest shareholder, Nemesia S.à.r.l. (“Nemesia”), agreeing to amend the terms of its shareholder standby undertaking to extend it until project completion.

- During Q1 2025, the Company recovered six stones over 100 carats including the recovery of a 1,476 carat non-gem diamond. The 1,476 carat non-gem diamond was sold on tender for $1.11 million.

- The recovery of 139 Specials (defined as rough diamonds larger than 10.8 carats) (Q1 2024: 160 Specials) equated to 5.6% (Q1 2024: 5.1%) by weight of the total carats recovered from direct ore feed in Q1 2025.

- Significant progress was made in lateral development connecting the two shafts. During Q1 2025, 230 metres (“m”) of lateral development were completed on the production shaft and 83 m were completed on the ventilation shaft. At the end of Q1 2025, the production shaft had reached 731 metres below surface (“mbs”) out of a planned final depth of 770 mbs. The ventilation shaft reached 680 mbs out of a planned final depth of 722 mbs.

- A total of 93,716 carats were recovered in Q1 2025; 90,500 carats were from direct ore feed from the pit and stockpiles, at a recovered grade of 13.4 carats per hundred tonnes (“cpht”) and an additional 3,216 carats were recovered from processing of historical recovery tailings.

- Operational highlights from the Karowe Mine included:
  - Ore mined of 0.4 million tonnes (“Mt”) (Q1 2024: 0.8 Mt). Ore mined in Q1 2025 was lower due to high rainfall in January which temporarily reduced access to the scheduled ore blocks.
  - 0.7 Mt of ore processed (Q1 2024: 0.7 Mt).

- Financial highlights for Q1 2025 included:
  - Operating margins of 54% were achieved, consistent with Q1 2024, as both revenues and operating expenses decreased by 23%, resulting in consistent margins between the quarters.
  - Operating cost per tonne processed was $23.41 per tonne, a 10% decrease compared to the Q1 2024 cost per tonne processed of $26.00 due to a lower volume of waste mined in Q1 2025. The continued impact of inflationary pressures, particularly labour, has been well managed by the operation. Operating cost per tonne processed is a non-IFRS measure.

- Cash position and liquidity as at March 31, 2025:
  - $18.7 million of cash and $18.0 million of working capital (current assets less current liabilities).
  - $190.0 million has been fully drawn from the project finance facility (“Project Facility”) for the UGP, along with $30.0 million fully drawn from the working capital facility (“WCF”).
  - CORA balance of $50.5 million.

GOING CONCERN

Management has assessed the Company's ability to continue as a going concern for at least twelve months from March 31, 2025. Based on this assessment, including the impact of revisions to revenue guidance for 2025, the Company estimates that its working capital as at March 31, 2025, cash flow from operations, and other committed sources of liquidity will not be sufficient to meet its obligations, commitments, and planned expenditures. These conditions cast significant doubt on the Company's ability to continue as a going concern. The accompanying condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operations, realize assets, and settle its liabilities as they become due.

As the Project Facility and WCF are fully drawn, UGP completion will require utilizing working capital generated from existing mining operations, access to the CORA and guarantees and securing additional financing. Under the terms of the Project Facility, Nemesia provided a limited standby undertaking of up to $63.0 million. The standby undertaking consists of two components: i) $28.0 million component is for the undertaking to support the requirement to fill the CORA to $61.7 million by June 30, 2025 and; ii) $35.0 million component is for a funding shortfall guarantee in support for the UGP completion. On April 3, 2025, the lenders approved the Company to draw up to $28.0 million from the CORA to fund the UGP construction in exchange for Nemesia amending the terms of its shareholder standby undertaking, including extending this undertaking until project completion. The Company continues to develop plans to raise additional debt or equity financing required for UGP completion. While the Company has previously been successful in raising debt and equity financing, future fundraising efforts may not succeed or may fall short of the required amounts.

DIAMOND MARKET

The long-term outlook for natural diamond prices remains cautious as the market continues to navigate structural shifts. While earlier price corrections, particularly in smaller sizes, were driven by subdued demand and increased supply, the market showed signs of improvement in March. Smaller goods have stabilized in pricing partially due to influences on supply. Global natural diamond production is forecasted to decrease, following significant production guidance cuts by both Alrosa and De Beers. Stronger demand for rough diamonds has been observed in 2025, fueled by rising competition and a shift in preferences. The cautious recovery may be supported by increasing demand for larger diamonds due to reduction in global production.

Prices of laboratory-grown diamonds have continued to decrease in 2025 with production outweighing demand. Although De Beers and Alrosa's recent price adjustments have yet to affect demand, they may result in market responsiveness and price stability. As the industry moves into the second quarter of 2025, the return of strategic buying behaviour and disciplined inventory management suggests potential for a healthier diamond market ahead.

DIAMOND SALES

Karowe diamonds are sold through three sales channels: through a diamond sales agreement with HB Trading BV ("HB"), through quarterly tenders, and on the Clara sales platform.

HB Sales

Karowe's large, high value diamonds have historically accounted for approximately 60% to 70% of Lucara's annual revenues. In February 2024, Lucara entered into a New Diamond Sales Agreement ("NDSA") with HB, effective retroactively from December 1, 2023. Under the NDSA, all +10.8 carat gem and near gem diamonds from the Karowe Mine of qualities that could directly enter the manufacturing stream are sold to HB. The initial purchase price paid for the rough diamonds is based on an estimated initial polished value with a true up paid to the Company if the actual achieved polished sales price exceeds the initial price paid, or a repayment if the actual achieved polished sales price is below the initial price paid. The timing of payments varies based on the category of stones being delivered, as determined by the diamond's estimated initial polished value.

The arrangement contains elements of variable consideration as the Company's final consideration is contingent on the price obtained in the future sale of the polished stones by HB. Variable consideration is recognized to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal at the time the uncertainty has subsequently been resolved. Final revenue is determined when the polished diamonds are sold by HB to the end buyer.

Quarterly Tenders

All +10.8 carat non-gem quality diamonds and all diamonds less than 10.8 carats not sold on the Clara sales platform are sold through quarterly tenders.

Clara

Clara is a digital rough diamond sales platform that the Company uses to sell individual diamonds between 1 and 10 carats, in higher colours and quality.

KAROWE UNDERGROUND PROJECT UPDATE

The UGP is designed to access the highest value portion of the Karowe orebody, with initial underground carat production predominantly from the EM/PK(S) unit. The UGP has the potential to extend the mine life to beyond 2040.

An update to the UGP schedule and budget was announced on July 16, 2023. The anticipated commencement of production from the underground is H1 2028. The revised forecast of costs at completion is $683.4 million (including contingency). At March 31, 2025, capital expenditures of $380.0 million had been incurred and further capital commitments of $77.9 million had been made.

With the 2023 update to the UGP schedule and budget, the Karowe Mine production and cash flow models were updated for the revised project schedule and cost estimate. Open pit mining is expected to continue to provide mill feed until the end of the year. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles is expected to provide mill feed through 2027 when UGP development ore is planned to start offsetting stockpiles with high-grade ore from the underground development. Full-scale underground production is planned for H1 2028. The Company continues to explore opportunities to further mitigate the impact on the financial model.

During Q1 2025, the UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate of 0.64. The UGP to date Total Recordable Injury Frequency Rate up to March 31, 2025 was 0.58.

A total of $19.2 million was spent on the UGP in Q1 2025 for the following shaft, lateral development, surface infrastructure and station development:

The ventilation shaft Q1 2025 developments:
- Reached a depth of 680 mbs compared to a final depth of 722 mbs.
- Completed 83 m of lateral development at the 335-level[3].
- Completed bulk excavation of 596 cubic meters (“m^3”).

The production shaft Q1 2025 developments:
- Continued 285-level station (731 mbs) development.
- Completed 230 m of lateral development.
- Completed bulk excavation of 630 m^3.

Related infrastructure Q1 2025 developments:
- Continued the adjudication and review of underground lateral development tender documents.
- Continued winder building structure construction with cladding and overhead crane installation. Construction of the winder driver’s cabin commenced.
- Continued earthworks and civil works on the evaporation pond, and updated the water model.
- Commenced procurement of underground equipment, including an additional Load, Haul, Dump vehicle for the production shaft station 285-level development.
- Advanced mining engineering with a focus on underground infrastructure and finalizing drilling level plans.

Activities planned for the UGP in Q2 2025 include the following:
Production shaft:
- 285-level station development below the Fine Ore Bins.
- Continue with the development of the 310-level ramp and 240-level ramp to the production shaft bottom.
- Commence sink to shaft bottom at the 245-level.

Ventilation shaft:
- Completion of the 335-level station development.
- Completion of the top of Fine Ore Bin bulk excavations.

[3] Each level is equivalent to a metre above sea level.

FINANCING

Project Facility and Working Capital Facility

On January 9, 2024, the Company's wholly owned subsidiary, Lucara Botswana, with Lucara as the sponsor and the guarantor, amended its debt package that was originally entered into in 2021 (“Rebase Amendments”). The senior secured project financing debt package of $220.0 million (the "Facilities”) consists of a project finance facility of $190.0 million ($170.0 million prior to amendment) to fund the development, construction costs and construction phase operating costs (the “Project Facility”) of the UGP as well as financing costs on the Facilities, and a $30.0 million ($50.0 million prior to amendment) senior secured working capital facility (the "WCF") which is used for working capital and other corporate purposes. While the total quantum of the Facilities did not change, the repayment profile was extended in line with the rebase schedule released on July 16, 2023, and the Facilities maturity was extended to June 30, 2031. The Project Facility has quarterly repayments commencing on September 30, 2028. As of March 31, 2025, the Facilities were fully drawn.

Interest rates

Both the Project Facility and the WCF bear interest at a rate of a USD Term Secured Overnight Financing Rate (“SOFR”) plus a margin of 6.5% annually until the UGP project completion date. From the UGP project completion date to June 30, 2029, the margin is 6.0% annually for the Project Facility and 6.25% annually for the WCF, thereafter, the margin increases to 7.0% annually for the Project Facility and 7.25% annually for the WCF. Commitment fees for any undrawn portion of the Project Facility and WCF are 35% of the margin per annum.

CORA

As of March 31, 2025, the Company had contributed $50.5 million to the CORA. In April 2025, the Company contributed an additional $7.1 million to the CORA from the net sales proceeds of the Eva Star, a 1,080 carat Type IIa diamond, which was sold in Q4 2024 with proceeds received in Q1 2025. As of the date of this MD&A, the Company has funded a total of $57.6 million of the required cumulative $61.7 million CORA funding.

The Company is required to fund the remaining balance of $4.1 million with the proceeds, net of fees and royalites, from the sale of exceptional stones recovered after August 2023 (defined as individual rough diamonds which sell for more than $10.0 million) and excess cashflow from operations. In the event of a shortfall from exceptional stones and excess cash flow from operations, the Company must source other funds to ensure the remaining balance is in any event funded into the CORA, which may include a request for a draw upon the shareholder standby undertaking of up to $28.0 million provided by Nemesia.

On April 3, 2025, the Project Facility and WCF holders (the “Lenders”) approved the Company drawing up to $28.0 million from the CORA in exchange for Nemesia amending the terms of its shareholder standby undertaking, including by extending this undertaking until project completion. Nemesia and the Lenders have agreed to a letter of comfort regarding this amendment and are in the process of finalizing the legal agreement. In April 2025, the Company withdrew $20.0 million of the approved $28.0 million to fund the UGP construction. The Company is only required to fund the CORA by an additional $4.1 million to meet its cumulative CORA funding obligations.

The Rebase Amendments include specific provisions specifying the timing and conditions for releasing funds from the CORA.

Nemesia

Under the terms of the Rebase Amendments, Nemesia provided limited guarantees and undertakings to support the Company up to an aggregate amount of $63.0 million. The limited guarantee and shareholder standby undertaking consists of two components, namely: i) a $28.0 million component for the undertaking which was in place to support the Company’s obligation to contribute $61.7 million to the CORA by June 30, 2025 (to be amended as noted above) and; ii) a $35.0 million component for a cost overrun/funding shortfall guarantee in support of the UGP completion.

In connection with the Rebase Amendments, Nemesia also provided a liquidity support guarantee of up to $15.0 million in aggregate in the event the Company's cash balance decreased below $10.0 million. In November 2023, the Company drew $15.0 million from Nemesia's liquidity support guarantee and issued a corresponding unsecured debenture (the "Debenture"). For each $500,000 drawn down under the Debenture, the Company is required to issue, subject to the receipt of all required regulatory approvals, 7,500 common shares per month to Nemesia until the amounts borrowed are repaid. As the scheduled issuance of the common shares would take Nemesia's shareholding in the Company above 20%, the requisite approval by the Company's disinterested shareholders of the common shares issuance to Nemesia was obtained at the May 10, 2024 - Annual and General and Special Meeting. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement to amend the frequency of common share issuances to Nemesia from a monthly to a quarterly basis. As of the date of this MD&A, Nemesia holds 25.98% of Lucara's total issued and outstanding shares.

At March 31, 2025, the Company was in compliance with all covenants under the Facilities.

INTEREST RATE SWAP

In February and September 2024, the Company amended a series of interest rate swaps to the expected Project Facility drawdown schedule under the Rebase Amendments. The total interest rate swaps were amended to amounts up to $142.5 million and the maturity was amended to September 26, 2030. The Company receives interest at the rate equivalent to the three-month USD Term SOFR plus a credit adjustment spread and pays interest at a fixed rate of between 2.447% and 2.577% on a quarterly basis.

As at March 31, 2025, the interest rate swaps had a total unrealized fair value of $5.9 million (December 31, 2024: $8.4 million), of which $1.8 million has been classified as a current asset in the condensed interim consolidated statement of financial position. During Q1 2025, the Company recorded a loss of $2.5 million (Q1 2024: gain of $0.5 million) on this derivative financial instrument. Movements in the unrealized fair value are recorded through the condensed interim consolidated statements of operations.

TABLE 1: FINANCIAL HIGHLIGHTS

	Three months ended March 31,	
In millions of U.S. dollars, except carats sold	**2025**	**2024**
Revenues	$ 30.3	$ 39.5
Operating expenses	(14.0)	(18.3)
Net loss from continuing operations	(0.1)	(7.0)
Net loss from discontinued operations	-	(1.0)
Loss per share from continuing operations (basic and diluted)	(0.00)	(0.02)
Cash	18.7	13.2
CORA	50.5	37.0
Amounts drawn on WCF	30.0	25.0
Amounts drawn on Project Facility	$ 190.0	$ 140.0
Carats sold	72,871	93,560

The Company's Q1 2025 revenues were $30.3 million from the sale of 72,871 carats. In comparison, Q1 2024 revenues were $39.5 million from the sale of 93,560 carats. The 23% decrease in Q1 2025's revenue was partially due to: 1) reduced processing of higher-grade ore compared to Q1 2024, leading to lower recovery of higher-value, gem-quality specials, and 2) the processing of lower-grade stockpiles instead of higher-grade ore from the pit due to high rainfall in January which temporarily reduced access to the scheduled ore blocks

Total operating expenses were lower in Q1 2025 at $14.0 million, compared to $18.3 million in Q1 2024. The higher expenses in Q1 2024 were primarily driven by increased processing costs associated with higher revenues and inventory movements, as operating expenses are recorded on a per carat basis and recognized as the carat is sold. Please see Table 4: *"Select Financial Information"* below for details on the expense line items which had the most significant impact on net loss from continuing operations.

Net loss from continuing operations for Q1 2025 was $0.1 million, compared to a net loss of $7.0 million in Q1 2024. The movement in net loss from continuing operations is primarily attributable to the loss on extinguishment of debt facilities which occurred in Q1 2024 relating to the Rebase Amendments on the Facilities.

TABLE 2: QUARTERLY SALES RESULTS

	Three months ended March 31,	
In millions of U.S. dollars	**2025**	**2024**
Sales Channel		
HB	$ 19.3	$ 23.3
Tender	9.3	13.0
Clara	1.7	3.2
Total Revenue	$ 30.3	$ 39.5

HB

For the three months ended March 31, 2025, the Company recognized revenue of $19.3 million from HB, compared to $23.3 million for the same period in 2024. Revenue from HB accounted for 64% of total revenue recognized in Q1 2025, up from 59% in Q1 2024. This revenue includes “top-up” and “top-down” payments, which are made to the Company when the final polished diamond sales price differs from the estimated initial polished value. HB revenue decreased in Q1 2025 due to a lower volume of carats sold. As of March 31, 2025, the Company had $12.0 million in current trade receivables from HB.

Tender & Clara

For the three months ended March 31, 2025, tender sales totaled $9.3 million, compared to $13.0 million in Q1 2024, while Clara sales totaled $1.7 million, down from $3.2 million in Q1 2024. Overall, a lower volume of carats was sold through both the Clara platform and tender compared to Q1 2024 as both sales channels had a similar average dollar-per-carat sales values compared to 2024.

TABLE 3: RESULTS OF OPERATIONS – KAROWE MINE

		Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Sales						
Revenues	$M	30.3	78.8	44.3	41.3	39.5
Carats sold	Carats	72,871	112,615	116,221	76,388	93,560
Production						
Tonnes mined (ore)	Tonnes	390,539	646,288	845,594	699,846	809,999
Tonnes mined (waste)	Tonnes	35,288	119,919	192,308	245,006	386,849
Tonnes processed	Tonnes	676,626	716,936	720,524	714,301	698,870
Average grade processed(1)	cpht (*)	13.4	12.7	13.4	12.9	11.7
Carats recovered(1)	Carats	90,500	91,046	96,597	92,419	81,611
Costs						
Operating cost per tonne of ore processed(2)	$	23.41	31.52	27.34	26.32	26.00
Capital Expenditures						
Sustaining capital expenditures	$M	0.5	5.5	2.0	3.4	1.8
Underground project(3)	$M	19.2	17.8	17.7	11.2	17.9

(*) Carats per hundred tonnes
(1) Average grade processed is from direct processing carats and excludes carats recovered from re-processing historical recovery tailings.
(2) Operating cost per tonne of ore processed is a non-IFRS measure. See Table 6.
(3) Excludes qualifying borrowing cost capitalized.

FIRST QUARTER OVERVIEW – OPERATIONS – KAROWE DIAMOND MINE

Safety: Karowe registered one lost time injury during the three months ended March 31, 2025. The rolling twelve-month Total Recordable Injury Frequency Rate for the Karowe Mine was 0.36 (Q1 2024: 0.30).

Environment and Social: The Company is developing and implementing a Tailings Management System in line with the requirements of the Global International Standard on Tailings Management ("GISTM").

Production: Ore mined during the first quarter of 2025 totaled 0.4 Mt. During Q1 2025, tonnes processed were on target at 0.7 Mt at an average grade of 13.4 cpht, with a total of 90,500 carats recovered which resulted in an 88% Mine Call Factor (based on the Feasibility Study Resource models and grades). Ore processed was primarily from the South Lobe with amounts from the stockpiles.

Diamond Recoveries: A total of 139 Specials were recovered during the quarter, with six diamonds greater than 100 carats in weight. In the comparable 2024 quarter, a total of 160 Specials were recovered, with three diamond greater than 100 carats and one diamond greater than 300 carats. Recovered Specials equated to 5.6% (Q1 2024: 5.1%) of the weight percentage of total recovered carats from direct ore feed during Q1 2025. Excluding the 1,476 carat non-gem diamond recovery in January 2025, the recovered Specials equated to 4.0% of the weight percentage of total recovered carats from direct ore feed during Q1 2025.

All recovered stones, including the 2,488 carat Motswedi and 1,094 carat Seriti that remained unsold at the end of the reporting period, are accounted for at cost in inventory. Selling and monetizing the value contained in the Company's 1,000+ carat diamond inventory may require considerable time given the complexities associated with the marketing, analysis, cutting and polishing and ultimate sales processes.

Karowe's operating cash cost: Karowe's operating cost per tonne processed for Q1 2025 (see "*Non-IFRS Financial Measures*") was $23.41 per tonne of ore processed (Q1 2024: $26.00 per tonne of ore processed), lower than the 2025 annual forecast of $28.50 to $31.00 per tonne processed. Unit costs remained lower for the quarter due to lower amounts of ore and waste mined as a result of heavy precipitation in January 2025.

Overall performance: The higher-than-average rainfall in January reduced mined tonnage, which contributed to lower revenue for the period. Overall mine performance during the first quarter remained stable. The Company extended the life of the open pit by implementing the planned steepened pit design.

TABLE 4: SELECT FINANCIAL INFORMATION

	Three months ended March 31,	
In millions of U.S. dollars, except for per share	**2025**	2024
Revenues	**30.3**	39.5
Operating expenses	**(14.0)**	(18.3)
Adjusted operating earnings[1]	**16.3**	21.2
Royalty expenses	**(3.4)**	(4.4)
Administration	**(3.1)**	(2.7)
Sales and marketing	**(0.8)**	(0.7)
Depletion and amortization	**(3.7)**	(4.4)
Finance expenses	**(0.6)**	(0.6)
Foreign exchange (loss) gain	**2.9**	(3.0)
Gain (loss) on derivative financial instrument	**(2.5)**	0.5
Loss on extinguishment of debt	**-**	(10.5)
Current and deferred income tax expense	**(5.2)**	(2.4)
Net loss from continuing operations	**(0.1)**	(7.0)
Continuing operations loss per share (basic and diluted)	**(0.00)**	(0.02)
Net loss from discontinued operations	**n/a**	(1.0)
Discontinued operations loss per share (basic and diluted)	**n/a**	(0.00)

(1) Adjusted operating earnings is a non-IFRS measure defined as revenues less operating expenses and excludes royalty expenses and depletion and amortization.

Revenues and royalties

Total revenue decreased by 23% from $39.5 million in Q1 2024 to $30.3 million in Q1 2025. In Q1 2025, 72,871 carats were sold, compared to 93,560 carats in Q1 2024, a 22% decrease in carats sold. The decrease in revenue for the first quarter was driven by fewer carats sold across all sales channels; this was a result of processing lower-grade stockpile material instead of planned direct pit ore, due to high rainfall in January which temporarily reduced access to the scheduled ore blocks. The dollar per carat prices for sales to HB, through the Clara platform and quarterly tenders were consistent in Q1 2025 and Q1 2024.

Royalties to the Government of Botswana are paid at the rate of 10% of the final gross sales price achieved from the sale of all Karowe diamonds, rough or polished.

Adjusted operating earnings

Adjusted operating earnings for the three months ended March 31, 2025, totalled $16.3 million, compared to $21.2 million in Q1 2024, the decrease was driven by an 23% decrease in revenue as a result of a 22% decrease in carats sold. While operating expenses also decreased by 23% to $14.0 million in Q1 2025 (Q1 2024: $18.3 million), this is attributed to the decrease in sales from Q1 2024 to Q1 2025.

Adjusted operating earnings is a non-IFRS measure and is reconciled in Table 4: *"Select Financial Information"*.

Administration

In Q1 2025, the Company reported administration expenses of $3.1 million compared to $2.7 million in Q1 2024. The increase was primarily driven by higher salaries and benefits and professional fees. Salaries and benefits increased due to incentive payments to key management. Professional fees increased as a result of inflationary increases in legal and audit services.

Derivative financial instrument

A $2.5 million loss on a derivative financial instrument (Q1 2024: gain of $0.5 million) relates to changes in the fair value of the interest rate swap in response to changing market interest rates (*see Note 8 of the condensed interim consolidated financial statements for the three months ended March 31, 2025*).

The Company records its interest rate swaps at fair value and as such, the movement in the fair value within any given period results in a gain or loss. As at March 31, 2025, the interest rate swaps had a total unrealized fair value of $5.9 million (December 31, 2024: $8.4 million), of which $1.8 million has been classified as a current asset. The fair value of the interest rate swap is based on the difference between the three-month USD SOFR forward curve and the fixed rate, with the net interest due in the next twelve months classified as current.

Deferred income tax expense

Deferred income tax expense increased from $2.3 million in Q1 2024 to $5.2 million in Q1 2025, primarily due to changes in deferred tax assets and liabilities, partially related to the loss on extinguishment of debt incurred in Q1 2024.

Loss on extinguishment of debt

On January 9, 2024, as part of the Rebase Amendments, Lucara amended its Facilities, consisting of the Project Facility of $190.0 million ($170.0 million prior to amendment) to fund the development of the UGP at the Karowe Mine and a $30.0 million ($50.0 million prior to amendment) WCF.

Upon the Rebase Amendments, the remaining balance of deferred financing costs and unamortized initial arrangement costs incurred with the initial arranging of the Facilities, along with the costs of the Rebase Amendments were recognized as a loss on extinguishment in the amount of $10.5 million.

Net loss from continuing operations

During the three months ended March 31, 2025, net loss from continuing operations was $0.1 million, compared to a loss of $7.0 million in Q1 2024. The quarter-over-quarter change was primarily driven by lower income from mining operations, lower expenses as a result of the loss on extinguishment of debt, foreign exchange gain and a higher income tax expense.

Net loss from discontinued operations

The net loss from discontinued operations for the three months ended March 31, 2024 was $1.0 million. This loss is attributed to the Clara sales platform, which was disposed of on October 4, 2024, and is classified as discontinued operations for the prior year period. As Clara was disposed of in Q4 2024, there is no net loss from discontinued operations for Q1 2025.

TABLE 5: SELECT QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight most recent completed quarters:

Three months ended	Mar-25	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
A. Revenues	30,312	78,765	44,300	41,292	39,519	36,269	56,277	38,563
B. Administration expenses	(3,139)	(5,155)	(3,590)	(3,366)	(2,703)	(6,295)	(6,336)	(3,539)
C. Net (loss) income from continuing operations	(139)	38,502	155	11,905	(6,950)	(24,560)	11,678	6,111
D. Earnings (loss) per share from continuing operations (basic)	(0.00)	0.09	0.00	0.03	(0.02)	(0.05)	0.03	0.01

Quarterly revenue in the table above was recognized from three separate sales channels: through sales of +10.8 carat diamonds to HB, sales on the Clara platform, and sales of all non-gem +10.8 carat diamonds and diamonds less than 10.8 carats which do not meet criteria for sale on Clara, through quarterly tenders. Sales of Specials, rough diamonds larger than 10.8 carat, but more particularly unique and high value Specials are the primary factor causing variation to the quarterly metrics. While the expected number of Specials may be estimated based on the resource model attributes, the quality of the Specials recovered may vary significantly.

Net income (loss) achieved in each quarter is predominately impacted by the revenue earned during that quarter, while the impact of changes in operating expenses, depletion and amortization, fluctuating inventory levels, foreign exchange, gain/losses on derivative financial instruments, and income tax expenses introduce volatility to net income.

Lucara's quarterly financial performances are influenced by a variety of factors, including the sale of the Sethunya and the Eva Star in Q4 2024, reduced operating expenses, lower income from mining operations in Q3 2024, increased carat sales in Q2 2024, a loss on debt extinguishment in Q1 2024, higher administration expenses in Q4 2023 due to professional fees related to the termination of the previous sales agreement and the negotiation of the NDSA with HB. Quarter over quarter variances are also influenced by fluctuations in revenue, expenses, royalties, and gains/losses on derivatives, foreign exchange, and deferred taxes throughout the remaining quarters.

NON-IFRS FINANCIAL MEASURES

This MD&A refers to certain financial measures, such as adjusted operating earnings, and operating cost per tonne of ore processed, which are not measures recognized under IFRS Accounting Statements and do not have a standardized meaning prescribed by these standards. These measures may differ from those made by other corporations and accordingly may not be comparable to such measures as reported by other corporations. These measures have been derived from the Company's financial statements, and applied on a consistent basis, because the Company believes they are of assistance in the understanding of the results of operations and financial position.

Adjusted operating earnings (see Table 4: "*Select Financial Information*") is the term the Company uses as an approximate measure of the earnings from the operations under an accrual basis of accounting and is defined as revenues less operating expenses, before royalty expenses and depletion and amortization.

Operating cost per tonne of ore processed is the term the Company uses to describe operating expenses per tonne processed on a cash basis. This is calculated as the operating cost of the Karowe Mine divided by tonnes of ore processed for the period. This ratio provides the user with the total cash costs incurred by the mine during the period per tonne of ore processed, including waste capitalisation costs, mobilization costs and working capital movements. The most directly comparable measure calculated in accordance with IFRS Accounting Standards is operating expenses.

TABLE 6: OPERATING COST PER TONNE OF ORE PROCESSED RECONCILIATION

In millions of U.S. dollars, except for tonnes processed and operating cost per tonne processed

Three months ended March 31,	**2025**	**2024**
Operating expenses	13.95	18.30
Net change in rough diamond inventory, excluding depletion and amortization	3.01	(1.34)
Net change in ore stockpile inventory, excluding depletion and amortization	(1.12)	1.21
Total operating costs for ore processed	15.84	18.17
Tonnes processed	676,626	698,870
Operating cost per tonne of ore processed[1]	**23.41**	**26.00**

[1] Operating cost per tonne processed for the period is a non-IFRS measure defined as the sum of operating expenses, capitalized production stripping costs, and the net changes in rough diamond inventories and ore stockpiles divided by the tonnes of ore processed for the period.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2025, the Company had cash of $18.7 million. Cash generated from continuing operating activities for the three months ended March 31, 2025 was $4.7 million.

Working capital (current assets minus current liabilities) was $18.0 million as at March 31, 2025, compared to $27.1 million as of December 31, 2024. The decrease is primarily attributable to a reduction in cash resulting from investments in the UGP, lower receivables driven by declines in trade receivables and current VAT receivable, and an increase in the WCF, as $5.0 million was drawn during the three months ended March 31, 2025.

Receivables and other on March 31, 2025 was $22.3 million (December 31, 2024: $33.0 million). The receivable balance on March 31, 2025 includes $12.0 million (December 31, 2024: $18.4 million) due from HB and represents rough diamond sales in Q1 2025, as well as the value of diamond sales for which the transaction price was finalized and adjusted during the period. All amounts receivable from HB are current and expected to be received within twelve months following the period end.

Current liabilities decreased slightly to $61.1 million as at March 31, 2025, from $62.1 million at December 31, 2024. The decrease was primarily due to a reduction in tax and royalties payable, which declined from $7.2 million to $1.6 million following royalty payments related to the Eva Star, which was sold in Q4 2024. This decline was partially offset by a $5.0 million increase resulting from amounts drawn on the WCF.

Long-term liabilities consist of the Project Facility of $190.0 million (December 31, 2024: $180.0 million), restoration provisions of $18.4 million (December 31, 2024: $17.6 million), deferred income taxes of $118.3 million (December 31, 2024: $110.5 million), due to related party debenture of $15.0 million (December 31, 2024: $15.0 million), and other non-current liabilities of $4.4 million (December 31, 2024: $3.9 million) which consist of leases classified under IFRS 16 *Leases*, a liability for deferred share unit outstanding and non-current retentions payable.

Financing activities during the period consisted of drawdowns on the Facilities, contributing funds to the CORA and principal payments on leases.

Further details regarding the Company's liquidity risks are disclosed under the heading "*Nature of Operations and Going Concern*" and in Note 1 to the condensed interim consolidated financial statements for the three months ended March 31, 2025.

RELATED PARTY TRANSACTIONS

The Company enters into related party transactions that are in the normal course of business and does so on an arm's length basis.

Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's named executive officers and members of its Board of Directors. The remuneration of key management personnel was as follows:

TABLE 7: RELATED PARTY TRANSACTIONS
In millions of U.S. dollars

Three months ended March 31		**2025**		**2024**
Salaries and wages	$	676	$	505
Short term benefits		11		18
Share based compensation		58		66
	$	**745**	**$**	**589**

Other related party transactions

During the three months ended March 31, 2025, the Company incurred $0.1 million (Q1 2024: $nil), primarily relating to office rental, renovation and related services provided by companies associated with the Company's significant shareholder and director. At March 31, 2025, included in trade payables and accrued liabilities is $0.4 million (December 31, 2024: $0.4 million) for related services.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

A description of commitments can be found in Note 16 of the condensed interim consolidated financial statements for the three months ended March 31, 2025.

The Company has the following contractual obligations and capital commitments as at March 31, 2025:

TABLE 8: CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

	Payments due by period[1]			
In millions of U.S. dollars	**< 1 year**	**1 – 5 years**	**Thereafter**	**Total**
Credit facilities[2]	$ 30.0	$ -	$ 190.0	$ 220.0
Due to related party	-	15.0	-	15.0
Restoration provisions	-	-	39.4	39.4
Lease liabilities	0.8	2.0	-	2.8
Capital commitments	55.0	22.9	-	77.9
	$ 85.8	**$ 39.9**	**$ 229.4**	**$ 355.1**

(1) Reported on an undiscounted basis, before inflation.
(2) The WCF requires the Company to fully pay down the WCF for five successive business days at least once every 12 months. A pay down and subsequent redraw of the WCF was completed in October 2024.

2025 OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2025. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Diamond revenue, diamond sales and diamonds recovered guidance has been revised from the 2025 guidance news release dated December 3, 2024. During Q1 2025, the Company mined and will continue to mine for the remainder of the year a higher proportion of M/PK(S) ore and less higher-grade EM/PK(S) ore than initially planned due to a shift in the contact between the two kimberlites at current mining levels. This results in lower EM/PK(S) milled tonnes which have historically produced higher volumes of larger, higher quality diamonds and decreases expected revenue for the remaining eight months of the open pit. The revised 2025 revenue guidance excludes the sale of the 2,488 carat Motswedi.

Karowe Mine, Botswana

TABLE 9: 2025 DIAMOND SALES, PRODUCTION AND OUTLOOK

Karowe Diamond Mine *In millions of U.S. dollars unless otherwise noted*	***Revised* 2025** Full Year	**2025** Full Year
Revised Diamond revenue (millions)	\$150 to \$160	\$195 to \$225
Revised Diamond sales (thousands of carats)	340 to 370	400 to 420
Revised Diamonds recovered (thousands of carats)	330 to 360	360 to 400
Ore tonnes mined (millions)	1.6 to 2.0	1.6 to 2.0
Waste tonnes mined (millions)	Up to 0.2	Up to 0.2
Ore tonnes processed (millions)	2.6 to 2.9	2.6 to 2.9
Total operating cash costs[1] including waste mined (per tonne processed)	\$28.50 to \$31.00	\$28.50 to \$31.00
Underground Project	Up to \$115 million	Up to \$115 million
Sustaining capital	Up to \$13 million	Up to \$13 million
Average exchange rate – Botswana Pula per United States Dollar	13.0	13.0

(1) Operating cash costs are a non-IFRS measure. See "*Non-IFRS Measures*".

The table above reflects the natural variability in the resource, including both recovery grade and diamond quality, which may influence the revenue guidance for 2025.

In 2025, the Company expects to mine between 1.8 and 2.2 million ore tonnes including waste. Mined ore will be processed in combination with stockpiled material in 2025. The assumptions for carats recovered and sold as well as the number of ore tonnes processed are consistent with achieved plant performance in recent years. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles should provide mill feed until 2027 when UGP development ore is scheduled to start offsetting stockpiles with high-grade ore from the underground development. Full scale underground production is planned for H1 2028.

The underground development has the potential to extend Karowe's mine life to beyond 2040. In 2024, significant progress was made in shaft sinking and lateral development connecting the production and ventilation shafts, with the critical path ventilation shaft being ahead of the July 2023 rebase schedule. In 2025, capital costs for the UGP are expected to be up to $115 million and will focus predominantly on shaft sinking activities to final depth, equipping of the production shaft and station development. Surface works will focus on permanent winders being installed and cold commissioned. Tendering of the underground lateral development contract along with underground equipment purchases are also expected to be completed in 2025.

Sustaining capital is expected to be up to $13 million with a focus on the replacement and refurbishment of key asset components, in addition to expansion of the tailings storage facility and pit steepening activities which could extend the mine's ability to extract South Lobe material from the pit in 2025.

FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

In the normal course of business, the Company is inherently exposed to currency and commodity price risk, as well as inflation. The Company's financial instruments are exposed to certain financial risks, including currency, liquidity, credit, interest, and price risks.

Currency risk

The Company is exposed to the financial risk related to fluctuating foreign exchange rates. All sales revenues are denominated in U.S. dollars, while directly related costs are denominated in Botswana Pula. At March 31, 2025, the Company was exposed to currency risk relating to U.S. dollar and Botswana Pula cash held within its subsidiaries with Canadian or Pula functional currency. Based on this exposure, a 10% change in the U.S. dollar exchange rate would give rise to an increase/decrease of approximately $6.7 million in net income for the period. A 10% change in the Botswana Pula would give rise to an increase/decrease of approximately $0.5 million in net income for the period.

Liquidity risk

Liquidity risk is the risk of the Company's potential inability to meet financial obligations as they mature. The Company manages this risk through regular cash flow forecasting at the operational level, aggregated at the corporate level to determine capital needs. Rolling liquidity forecasts are prepared and monitored to ensure sufficient cash is available for short- and long-term operational requirements. Such forecasting takes into consideration the Company's ability to generate cash from the sale of diamonds and additional liquidity which can be accessed through accessing the CORA and standby undertakings provided by Nemesia.

As a condition of the Facilities Agreement, the Company is required to place $61.7 million in the CORA by June 30, 2025. The Facilities Agreement includes specific provisions for how and when these funds may be released. As at March 31, 2025, the CORA balance was $50.5 million. This amount is classified within other non-current assets. Further details regarding the Company's liquidity risk are disclosed under the heading "*Nature of Operations and Going Concern*" and in Note 1 to the condensed interim consolidated financial statements for the three months ended March 31, 2025.

Trade payable and accrued liabilities are predominately due within 60 days. Taxes and royalties payable are predominately due within 15 days. As at March 31, 2025, the amount of the Company's contractual maturities for credit facilities, due to related party, and lease liabilities of $30.7 million are due within twelve months, and $209.4 million due beyond twelve months.

The Company believes that although its estimates (including market diamond prices, mine plans, and UGP construction) and planned actions are reasonable and feasible, future covenant non-compliance poses a material risk. An uncured or un-waived event of default could adversely affect operations, business, and financial condition, potentially leading to debt facility termination and debt acceleration. If this occurs, there is no assurance that the Company's assets would be sufficient to repay all indebtedness, and secured creditors could seize collateral. The Company will need to achieve its cash flow estimates and management's plans to ensure future covenant compliance.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its credit exposure on cash by holding its deposits with international financial institutions. Considering the nature of the Company's ultimate customers and the relevant terms and conditions entered with such customers, the Company believes that credit risk is limited as goods are not released until full payment is received when goods are sold through tender or on the Clara platform.

On September 28, 2023, the Company terminated the original sales agreement with HB. The NDSA was entered into with HB in February 2024 that governs deliveries of goods since December 1, 2023. Under the NDSA terms, a large proportion of the Company's goods, by value, are sold through HB to buyers of polished diamonds. The credit risk associated with these sales is concentrated with HB, a single customer, and payment terms are longer (60 to 120 days) than the Company's tender sales and sales through the Clara platform (5 days). The Company maintains legal title over goods sold to HB until the estimated initial polished value is paid and continues to monitor outstanding amounts for collectability.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the credit facility obligations that reference floating interest rates.

The Company mitigates interest rate risk on its Project Facility through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate as described above in the section "*Interest Rate Swap Agreements*" (see Note 6 of the condensed interim consolidated financial statements for the three months ended March 31, 2025). Therefore, fluctuations in market interest rates should not materially impact future cash flows related to the credit facilities. Changes in the fair value of the derivative financial instrument will however fluctuate in response to changing market interest rates that will result in a corresponding credit or charge to profit.

In September 2024, the Company amended interest rate swap contracts to exchange variable interest rate (three-month USD Term SOFR) for a fixed interest rate ranging from 2.447% to 2.577% on 75% of its expected borrowings from the Project Facility (approximately $142.5 million). The Company is exposed to cash flow interest rate increases through 25% of its expected borrowings from the Project Facility, and amounts drawn from its WCF which remain subject to market interest rates (Term SOFR or a replacement benchmark).

Price risk

The Company derives its income from the sale of rough diamonds mined in Botswana. The price and marketability of these diamonds can be significantly impacted by international economic trends, global or regional consumption, demand and supply patterns and the availability of capital for diamond manufacturers, all factors that are not within the Company's control. Under the NDSA agreement with HB, the ultimate achieved sales prices of stones larger than 10.8 carats in size is based on a polished diamond pricing mechanism. This pricing mechanism results in the Company's revenue being exposed to a greater extent to the price movements in the polished diamond market than through the traditional tender process for rough diamonds.

To the extent that the supply of rough or polished diamonds exceeds demand, this is likely to result in price deterioration and negatively impact the Company's revenue and ability to generate positive cash flow from operations.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 452,935,280 common shares outstanding, 12,889,384 share units, 4,348,181 deferred share units, and 8,775,325 stock options outstanding under its share-based incentive plans.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of diamond properties and the construction of an underground mine at Karowe. The material risk factors and uncertainties, which should be considered in assessing the Company's activities, are described under the heading "*Risks and Uncertainties*" in the Company's most recent AIF which is available on SEDAR+ at www.sedarplus.ca. Any one or more of these risks and uncertainties could have a material adverse effect on the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not party to any off-balance sheet arrangements.

SUBSEQUENT EVENTS

There were no events subsequent to March 31, 2025, other than described under the heading *"Financing"* in this MD&A.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements are described Note 3 of the consolidated financial statements for the year ended December 31, 2024. There have been no subsequent material changes to these significant accounting estimates and judgements except for the following:

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term forecasts, continued profitability from its mining operations and securing adequate additional debt or equity financing as its existing project financing is fully drawn. Should those judgements prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2025 are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2024.

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods starting January 1, 2025. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption. In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure of Financial Statements* which replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. The Company is currently assessing the effect of this new standard on its financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of this document along with the condensed interim consolidated financial statements. Management is responsible for the integrity and objectivity of this document, ensuring the fair presentation of its financial results. The Audit Committee is responsible for reviewing the contents of this document along with the condensed interim consolidated financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. The Board of Directors, based on recommendations from Lucara's Audit Committee, reviews and approves the financial information contained in the condensed interim consolidated financial statements and this MD&A.

INTERNAL FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of March 31, 2025, the CEO and CFO have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

There have been no changes in the Company's disclosure controls and procedures during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Internal controls over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS Accounting Standards. Management is also responsible for the design of the Company's internal controls 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 Accounting Standards. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements and fraud.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS Accounting Standards and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of March 31, 2025, the CEO and CFO have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A contain "forward-looking information" and "forward-looking statements" as defined in applicable securities laws. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance and often (but not always) using forward-looking terminology such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information and forward-looking statements may include, but are not limited to, information or statements with respect to the Company's ability to continue as a going concern, the project schedule and capital costs for the UGP, diamond sales, projection and outlook disclosure under "2025 Outlook", the Company's ability to meet its obligations under the Rebase Amendments with its Lenders, the impact of supply and demand of rough or polished diamonds, estimated capital costs, future forecasts of revenue and variable consideration in determining revenue, the impact of the HB and Clara sales arrangements on the Company's projected revenue and sales channels and HB's ability to meet its payment obligations to the Company, the outcome of tax assessments and the likelihood of recoverability of tax payments made, estimation of mineral resources including the determination of the boundary between South Lobe M/PK(S) and EM/PK(S) domains due to the significant grade difference between these two domains, cost and timing of the development of deposits and estimated future production, interest rates, including expectations regarding the impact of market interest rates on future cash flows and the fair value of derivative financial instruments, currency exchange rates, rates of inflation, credit risk, price risk, requirements for and availability of additional capital, capital expenditures, operating costs, production and cost estimates, tax rates, timing of drill programs, government regulation of operations, environmental risks and the Company's ability to comply with all environmental regulations, reclamation expenses, title matters including disputes or claims, limitations on insurance coverage, and the potential impacts of economic and geopolitical risks, including potential impacts from the ongoing world conflicts, and the resulting indirect economic impacts that strict economic sanctions may have. While these factors and assumptions are considered reasonable by the Company as at the date of this MD&A in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information and undue reliance should not be placed on such information. Such factors include, but are not limited to: the timing, scope and cost of additional grouting events at the UGP, the Company's ability to comply with the terms of the Facilities which are required to construct the UGP, including future funding requirements to the CORA, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the UGP, that the estimated timelines to achieve mine ramp up and full production from the UGP can be achieved, that sufficient stockpiled ore of sufficient grade and value will be available to generate revenue prior to the achievement of commercial production of the Karowe underground mine, the economic potential of a mineralized area, the size and tonnage of a mineralized area, anticipated sample grades or bulk sample diamond content, expectations that the UGP and the pit steepening project will extend mine life, forecasts of additional revenues, future production activity, that depletion and amortization expense on assets will be affected by both the volume of carats recovered in any given period and the reserves that are expected to be recovered, the future price and demand for, and supply of, diamonds, expectations regarding the scheduling of activities for the UGP.

Forward-looking information and statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to several known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements due to a variety of risks, uncertainties, and other factors, including, without limitation, those referred to in this MD&A. The foregoing is not exhaustive of the factors that may affect any of our forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Certain risks which could impact the Company are discussed under the heading "*Risks and Uncertainties*" in this MD&A and in the Company's most recent AIF available at SEDAR+ at www.sedarplus.ca.

Although the Company 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 as anticipated, estimated or intended. Accordingly, readers and investors should not place undue reliance on forward-looking statements. Forward-looking information and statements contained in this MD&A are made as of the date of this MD&A and accordingly are subject to change after such date. Except as required by law, the Company disclaims any obligation to revise any forward-looking information and statements to reflect events or circumstances after the date of such information and statements. All forward-looking information and statements contained or incorporated by reference in this MD&A are qualified by the foregoing cautionary statements.

LUCARA

DIAMOND

Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2025

(Unaudited)

LUCARA DIAMOND CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - in thousands of U.S. Dollars)

		March 31, 2025		December 31, 2024
ASSETS				
Current assets				
Cash	$	18,679	$	22,788
Receivables and other (Note 5)		22,317		33,039
Derivative financial instrument (Note 8)		1,778		2,089
Inventories (Note 6)		36,373		31,301
		79,147		89,217
VAT receivables (Note 5)		4,190		-
Inventories (Note 6)		37,299		37,637
Mineral properties, plant and equipment (Note 7)		504,869		473,727
Derivative financial instrument (Note 8)		4,156		6,309
Cost overrun reserve account (Note 8)		50,495		49,148
Other non-current assets		4,768		4,795
TOTAL ASSETS	$	684,924	$	660,833
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	$	28,779	$	29,015
Working capital facility (Note 8)		30,000		25,000
Tax and royalties payable		1,633		7,227
Lease liabilities		725		831
		61,137		62,073
Project facility (Note 8)		190,000		180,000
Due to related party (Note 8)		15,000		15,000
Restoration provisions		18,421		17,640
Deferred income taxes		118,310		110,513
Other non-current liabilities		4,393		3,878
TOTAL LIABILITIES		407,261		389,104
EQUITY				
Share capital, unlimited common shares, no par value (Note 9)		348,751		348,401
Contributed surplus		9,346		9,513
Retained earnings		26,063		26,202
Accumulated other comprehensive loss		(106,497)		(112,387)
TOTAL EQUITY		277,663		271,729
TOTAL LIABILITIES AND EQUITY	$	684,924	$	660,833

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

Nature of Operations and Going Concern – Note 1
Commitments – Note 16

"Ian Gibbs"
Director

"David Dicaire"
Director

LUCARA DIAMOND CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited - in thousands of U.S. Dollars, except for share and per share amounts)

	Three months ended March 31,			
		2025		2024
Revenues (Note 11)	$	30,312	$	39,519
Cost of goods sold				
Operating expenses		13,951		18,340
Royalty expenses (Note 11)		3,478		4,328
Depletion and amortization		3,699		4,349
		21,128		27,017
Income from mining operations		9,184		12,502
Other expenses				
Administration (Note 12)		3,139		2,703
Sales and marketing		818		689
Finance expenses		587		612
Loss (gain) on derivative instrument (Note 8)		2,464		(463)
Foreign exchange loss (gain)		(2,898)		3,024
Loss on extinguishment of debt facilities (Note 8)		-		10,535
Loss on disposal of assets (Note 7)		1		-
		4,111		17,100
Net income (loss) from continuing operations before tax		5,073		(4,598)
Income tax expense				
Current income tax		-		38
Deferred income tax		5,212		2,314
		5,212		2,352
Net loss from continuing operations		(139)		(6,950)
Net loss from discontinued operations		-		(990)
Net loss for the period	$	(139)	$	(7,940)
Loss per common share from continuing operations				
Basic and diluted	$	(0.00)	$	(0.02)
Loss per common share from discontinued operations				
Basic and diluted	$	-	$	-
Weighted average common shares outstanding (millions)				
Basic and diluted		452.0		456.6

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

(Unaudited - in thousands of U.S. Dollars)

	Three months ended March 31, 2025		2024
Net loss for the period	$ (139)		$ (7,940)
Other comprehensive (loss) income			
Items that will not be reclassified to net income			
Change in fair value of marketable securities	(124)		115
Items that may be subsequently reclassified to net income			
Currency translation adjustment	6,014		(4,940)
	5,890		(4,825)
Comprehensive income (loss) for the period	$ 5,751		$ (12,765)
Total comprehensive income (loss) attributable to shareholders of the Company from:			
Continued operations	5,751		(11,775)
Discontinued operations	-		(990)
	$ 5,751		$ (12,765)

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

LUCARA DIAMOND CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited - in thousands of U.S. Dollars)

	Three months ended March 31, 2025	2024
Operating activities		
Net loss for the period from continuing operations	$ (139)	$ (6,950)
Items not affecting cash:		
Depletion and amortization	3,373	4,508
Unrealized foreign exchange loss (gain)	(5,725)	4,332
Share-based compensation	77	99
Loss on extinguishment of debt facilities	-	9,727
Unrealized loss (gain) on derivative instrument	2,464	(463)
Deferred income tax expense	5,212	2,314
Finance expenses	587	360
Loss on disposal of assets	1	-
	5,850	13,927
Net changes in working capital:		
Receivables and other	7,186	1,717
Inventories	(1,840)	615
Trade payables and accrued liabilities	(792)	(17,484)
Tax and royalties payable	(5,688)	(1,281)
Net cash provided by (used in) continuing operating activities	4,716	(2,506)
Net cash used in discontinued operating activities	-	(769)
Financing activities		
Drawdown on working capital facility	5,000	10,000
Drawdown on project facility	10,000	30,000
Withholding tax on share units vested	-	(67)
Lease payments	(468)	(393)
Funding of cost overrun reserve account	(1,346)	(19,034)
Net cash provided by continuing financing activities	13,186	20,506
Net cash provided by discontinued financing activities	-	1,456
Investing activities		
Investment in mineral properties, plant and equipment	(22,178)	(18,738)
Net cash used in continuing investing activities	(22,178)	(18,738)
Net cash used in discontinued investing activities	-	(14)
Effect of exchange rate change on cash	167	(96)
Decrease in cash	(4,109)	(161)
Cash, beginning of the period	22,788	13,337
Cash, end of the period	$ 18,679	$ 13,176
Supplemental information		
Interest paid	$ (6,203)	$ (5,097)
Taxes paid	-	(38)
Changes in trade payables and accrued liabilities related to mineral properties, plant and equipment(1)	933	4,732
Changes in other non-current liabilities related to mineral properties, plant and equipment(2)	655	-
Depletion and amortization included in inventories	646	(365)

(1) Included within accounts payable and accrued liabilities at each period end are additions to plant and equipment and mineral properties, acquired on normal course payment terms, of $8.1 million at March 31, 2025 (December 31, 2024: $7.2 million).

(2) Lease liabilities include $0.7 million (December 31, 2024: $nil) in additions to plant and equipment and mineral properties.

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

LUCARA DIAMOND CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited - in thousands of U.S. Dollars, unless otherwise indicated)

	Number of shares issued and outstanding		Share capital		Contributed surplus		Retained earnings (deficit)		Accumulated other comprehensive loss		Total
Balance, January 1, 2024	**456,177,393**	**$**	**349,718**	**$**	**9,371**	**$**	**(13,702)**	**$**	**(103,256)**	**$**	**242,131**
Net loss for the period	-		-		-		(7,940)		-		(7,940)
Other comprehensive loss	-		-		-		-		(4,825)		(4,825)
Total comprehensive loss	-		-		-		(7,940)		(4,825)		(12,765)
Shares issued for limited standby undertaking	1,900,000		553		-		-		-		553
Shares issued for share units vested	846,555		597		(597)		-		-		-
Withholding tax for share units vested	-		-		(67)		-		-		(67)
Share-based compensation	-		-		(53)		-		-		(53)
Balance, March 31, 2024	**458,923,948**	**$**	**350,868**	**$**	**8,654**	**$**	**(21,642)**	**$**	**(108,081)**	**$**	**229,799**
Balance, January 1, 2025	**451,848,948**	**$**	**348,401**	**$**	**9,513**	**$**	**26,202**	**$**	**(112,387)**	**$**	**271,729**
Net loss for the period	-		-		-		(139)		-		(139)
Other comprehensive income	-		-		-		-		5,890		5,890
Total comprehensive income	-		-		-		(139)		5,890		5,751
Shares issued for debenture	675,000		173		-		-		-		173
Shares issued for share units vested	411,332		177		(177)		-		-		-
Share-based compensation	-		-		10		-		-		10
Balance, March 31, 2025	**452,935,280**	**$**	**348,751**	**$**	**9,346**	**$**	**26,063**	**$**	**(106,497)**	**$**	**277,663**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lucara Diamond Corp. together with its subsidiaries (collectively referred to as the "Company" or "Lucara") is a diamond mining company focused on the development and operation of its Karowe Mine located in Botswana.

The Company's common shares are listed on the Toronto Stock Exchange, NASDAQ First North Growth Market and Botswana Stock Exchanges under the symbol "LUC". The Company was continued into the Province of British Columbia under the Business Corporations Act (British Columbia) in August 2004 and its registered office is located at Suite 2800, 1055 Dunsmuir Street, Vancouver, British Columbia.

During the three months ended March 31, 2025, the Company incurred a net loss from continuing operations of $0.1 million and generated cash of $4.7 million from continuing operating activities. As at March 31, 2025, the Company had cash of $18.7 million and working capital (current assets less current liabilities) of $18.0 million.

The Company's schedule and budget for the Karowe Underground Expansion Project (the "UGP") anticipates commencement of underground production in the first half of 2028 with a completion cost forecast of $683.4 million. As at March 31, 2025, capital expenditures of $380.0 million had been incurred. Committed, not yet incurred, costs under the UGP are $77.9 million at March 31, 2025 (Note 16).

On January 9, 2024, the Company completed an agreement with its lenders to modify the debt package (the "Facilities") for the UGP. The agreement includes increasing the project finance facility from $170.0 million to $190.0 million (the "Project Facility"), reducing the senior secured working capital facility (the "WCF") from $50.0 million to $30.0 million, extending the maturity date of the WCF to June 30, 2031, and amending certain other terms (the "Rebase Amendments"). The WCF requires the Company to fully pay down the WCF for five successive business days at least once every 12 months. A pay down and subsequent redraw of the WCF was completed in October 2024. During the three months ended March 31, 2025, the Company drew $10.0 million under the Project Facility and $5.0 million under the WCF. As of March 31, 2025, the Company has fully drawn on its project-specific financing facilities with the project currently being supported by continuing operating cash flows, cost overrun reserve account ("CORA"), and undertakings and guarantees from its largest shareholder, Nemesia S.à.r.l. ("Nemesia").

Prior to June 30, 2025, the Company is required to place $61.7 million in the CORA as a condition of the Facilities. The Facilities Agreement includes specific provisions for how and when these funds may be released from the CORA. The CORA balance was $50.5 million as at March 31, 2025. The Company is required to fund the remaining balance with the proceeds from the sale of exceptional stones and excess cashflow from operations.

Management has assessed the Company's ability to continue as a going concern for at least twelve months from March 31, 2025. Based on this assessment, including the impact of revisions to revenue guidance for 2025, the Company estimates that its working capital as at March 31, 2025, cash flow from operations, and other committed sources of liquidity will not be sufficient to meet its obligations, commitments, and planned expenditures. These conditions cast significant doubt on the Company's ability to continue as a going concern. These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operations, realize assets, and settle its liabilities as they become due.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

As the Project Facility and WCF are fully drawn, UGP completion will require utilizing working capital generated from existing mining operations, access to the CORA and guarantees and securing additional financing. Under the terms of the Project Facility, Nemesia provided a limited standby undertaking of up to $63.0 million. The standby undertaking consists of two components: i) $28.0 million component is for the undertaking to support the requirement to fill the CORA to $61.7 million by June 30, 2025 and; ii) $35.0 million component is for a funding shortfall guarantee in support for the UGP completion. On April 3, 2025, the lenders approved the Company to draw up to $28.0 million from the CORA to fund the UGP construction in exchange for Nemesia amending the terms of its shareholder standby undertaking, including extending this undertaking until project completion. The Company continues to develop plans to raise additional debt or equity financing required for UGP completion. While the Company has previously been successful in raising debt and equity financing, future fundraising efforts may not succeed or may fall short of the required amounts.

These condensed interim consolidated financial statements do not include adjustments that may be necessary if the Company is unable to continue normal operations; such adjustments could be material and affect asset recoverability, liability classification, expenses, and comprehensive income (loss).

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

(i) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting, including IAS 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements do not contain all of the information required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on May 9, 2025.

(ii) Adoption of new accounting standards and accounting developments

IFRS 18 Presentation and Disclosure in Financial Statements
On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing. Further, operating expenses are presented directly on the face of the income statement – classified either by nature, by function or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures and eliminates classification options for interest and dividends in the statement of cash flows. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The Company will adopt the new standard once it becomes effective.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Areas of judgement and estimates that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2024. There were no changes in significant accounting judgements and estimates during the three months ended March 31, 2025 except for the following:

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding short and long-term forecasts, continued profitability from its mining operations and securing adequate additional debt or equity financing as its existing project financing is fully drawn. Should those judgements prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2024. There were no changes in material accounting policies during the three months ended March 31, 2025.

5. RECEIVABLES AND OTHER

		March 31, 2025		December 31, 2024
Trade receivables	$	11,973	$	18,416
Value-added and income taxes		3,175		7,585
Prepayments		6,905		6,824
Other		264		214
Total current receivables and other	**$**	**22,317**	**$**	**33,039**
Non-current VAT receivables	**$**	**4,190**	**$**	**-**

Trade receivables at March 31, 2025 were $12.0 million (December 31, 2024: $18.4 million) due from HB Trading BV ("HB").

Value-added taxes receivable include $4.2 million on March 31, 2025 (December 31, 2024: $5.0 million) that relates to an income tax assessment dispute in Botswana. As at March 31, 2025, the value-added taxes receivable under dispute in Botswana was classified as non-current.

6. INVENTORIES

		March 31, 2025		December 31, 2024
Rough diamonds	$	19,062	$	14,987
Ore stockpiles		3,474		3,339
Parts and supplies		13,837		12,975
Total current inventories	**$**	**36,373**	**$**	**31,301**
Non-current inventories – ore stockpiles	**$**	**37,299**	**$**	**37,637**

Inventory expensed during the three months ended March 31, 2025 totaled $14.0 million (2024: $18.3 million). There was no inventory write-downs during the three months ended March 31, 2025 and 2024.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Cost	Karowe Mine development costs and capitalized stripping	Karowe Underground Construction	Construction in progress	Plant and equipment	Total
Balance, January 1, 2024	**$ 92,512**	**$ 276,577**	**$ 18,214**	**$ 267,974**	**$ 655,277**
Additions	-	64,666	11,574	1,108	77,348
Borrowing cost capitalized	-	17,441	-	-	17,441
Adjustment to restoration provision	3,056	-	-	-	3,056
Disposals	-	-	-	(994)	(994)
Reclassifications	-	2,677	(25,688)	23,011	-
Translation differences	(3,755)	(13,448)	(301)	(11,776)	(29,280)
Balance, December 31, 2024	**$ 91,813**	**$ 347,913**	**$ 3,799**	**$ 279,323**	**$ 722,848**
Additions	-	19,241	135	379	19,755
Borrowing cost capitalized	-	4,860	-	-	4,860
Disposals	-	-	-	(3)	(3)
Reclassifications	-	199	(380)	181	-
Translation differences	2,094	7,750	88	6,487	16,419
Balance, March 31, 2025	**$ 93,907**	**$ 379,963**	**$ 3,642**	**$ 286,367**	**$ 763,879**

Accumulated depletion and amortization	Karowe Mine development costs and capitalized stripping	Karowe Underground Construction	Construction in progress	Plant and equipment	Total
Balance, January 1, 2024	**$ 81,844**	**$ -**	**$ -**	**$ 161,205**	**$ 243,049**
Depletion and amortization	7,124	-	-	10,231	17,355
Disposals	-	-	-	(725)	(725)
Translation differences	(3,449)	-	-	(7,109)	(10,558)
Balance, December 31, 2024	**$ 85,519**	**$ -**	**$ -**	**$ 163,602**	**$ 249,121**
Depletion and amortization	1,460	-	-	2,588	4,048
Disposals	-	-	-	(2)	(2)
Translation differences	1,942	-	-	3,901	5,843
Balance, March 31, 2025	**$ 88,921**	**$ -**	**$ -**	**$ 170,089**	**$ 259,010**
Net book value					
As at December 31, 2024	**$ 6,294**	**$ 347,913**	**$ 3,799**	**$ 115,721**	**$ 473,727**
As at March 31, 2025	**$ 4,986**	**$ 379,963**	**$ 3,642**	**$ 116,278**	**$ 504,869**

Reclassifications relate to plant and equipment put into use during the periods and depreciation on plant and equipment in use on the Karowe underground construction asset.

Borrowing costs of $39.0 million relating to the Karowe Underground Construction asset have been capitalized to date. Capitalized borrowing costs include interest and amortized initial arrangement costs related to the facilities prior to the Rebase Amendments.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

8. CREDIT FACILITIES

The movement in credit facilities are comprised of the following:

		Deferred financing fees		Project Facility		Working Capital Facility		Total
Balance, January 1, 2024	$	4,122	$	(86,515)	$	(35,000)	$	(117,393)
Finance fees		2,922		-		-		2,922
Finance fees transfer		491		(491)		-		-
Transfer		-		(20,000)		20,000		-
Drawdown		-		(70,000)		(10,000)		(80,000)
Loss on extinguishment of debt facilities		(7,535)		(2,994)		-		(10,529)
Balance, December 31, 2024	**$**	**-**	**$**	**(180,000)**	**$**	**(25,000)**	**$**	**(205,000)**
Drawdown		-		(10,000)		(5,000)		(15,000)
Balance, March 31, 2025	**$**	**-**	**$**	**(190,000)**	**$**	**(30,000)**	**$**	**(220,000)**

Senior secured project facility (Project Facility)

On January 9, 2024, the Company's wholly-owned subsidiary, Lucara Botswana, with Lucara Diamond Corp. as sponsor and guarantor, amended its senior secured project financing debt package of $220.0 million that was originally entered into in 2021. The Facilities consist of the Project Facility of $190.0 million ($170.0 million prior to amendment) to fund the development of the UGP and a $30.0 million ($50.0 million prior to amendment) senior secured WCF. The debt package is with a syndicate of five mandated lead arrangers (the "Lenders").

The amendments modified the repayment schedule, extended the maturity date of the WCF to June 30, 2031, and amended certain other terms (the "Rebase Amendments"). At the financial close of the Rebase Amendments, $20.0 million that was outstanding on the WCF was transferred to the Project Facility.

The Project Facility may be used to fund the development, construction costs and construction phase operating costs of the UGP as well as financing costs on the Facilities during construction. The Project Facility matures on June 30, 2031, with quarterly repayments commencing on September 30, 2028. The Project Facility bears interest at a rate of Term Secured Overnight Financing Rate ("SOFR") plus margin of 6.5% annually until the project completion date, 6.0% annually from project completion to June 30, 2029, and 7.0% annually thereafter, with commitment fees for the undrawn portion of the facility of 35.0% of the margin on the average daily available commitment. As at March 31, 2025, the Project Facility was fully drawn.

The WCF may be used for working capital and other corporate purposes. The WCF bears interest at a rate of Term SOFR plus a margin of 6.5% annually until the project completion date, 6.25% from project completion to June 30, 2029, 7.25% thereafter, and commitment fees for the undrawn portion of the WCF of 35.0% of the margin on the average daily available commitment. The WCF matures on June 30, 2031. As at March 31, 2025, the WCF was fully drawn.

Upon the Rebase Amendments, the remaining balance of deferred financing fees and unamortized initial arrangement costs incurred with the initial arranging of the Facilities, along with the costs of the Rebase Amendments were recognized as a loss on extinguishment in the amount of $10.5 million. As at March 31, 2025, the Company was in compliance with all covenants under the Facilities.

8. CREDIT FACILITIES (CONTINUED)

Under the Rebase Amendments, Nemesia provided a limited standby undertaking of up to $63.0 million. The limited standby undertaking consists of two components:

i) The $28.0 million component for the undertaking to support the requirement to fill the CORA to $61.7 million by June 30, 2025; and
ii) The $35.0 million component for a funding shortfall guarantee in support of the UGP completion.

For each $500,000 drawn under the limited standby undertaking, the Company will issue 7,500 common shares per month settled quarterly to Nemesia until the amounts borrowed are repaid. A further 600,000 common shares will be issued if the undertaking is activated.

Cost Overrun Reserve Account ("CORA")
Prior to June 30, 2025, the Company is required to place $61.7 million in the CORA as a condition of the Facilities. The Rebase Amendments include specific provisions specifying the timing and conditions for releasing funds from the CORA. The Company is required to fund the remaining balance with the proceeds, net of fees and royalites, from the sale of exceptional stones recovered after August 2023 (defined as an individual rough diamond which sell for more than $10.0 million) and excess cashflow from operations. The CORA balance was $50.5 million as at March 31, 2025 (December 31, 2024: $49.1 million). In April 2025, the Company contributed an additional $7.1 million to the CORA from the net sales proceeds of the Eva Star. As at this financial statement release date, the Company has funded a total of $57.6 million of the required $61.7 million CORA funding.

Subsequent to the three months ended March 31, 2025, the lenders approved the Company drawing up to $28.0 million from the CORA in exchange for Nemesia amending the terms of its shareholder standby undertaking, including by extending this undertaking until project completion. Nemesia and the Lenders have agreed to a letter of comfort regarding this amendment and are in the process of finalizing the legal agreement. In April 2025, the Company withdrew $20.0 million of the approved $28.0 million to fund the UGP construction.

Interest rate swap agreements
On December 14, 2021, under the terms of the Project Facility, the Company became party to a series of interest rate swap agreements on 75% of the principal amount available, up to $127.5 million.

As part of the Rebase Amendments signed on January 9, 2024, a new interest rate swap agreement was signed on February 15, 2024, which covers the principal amount available up to $142.5 million. The Company receives interest at the rate equivalent to the three-month USD Term SOFR and pays interest at a fixed rate ranging from 2.447% to 2.577% on a quarterly basis. The final interest rate swap matures on June 30, 2031.

As at March 31, 2025, the interest rate swaps had a total unrealized fair value of $5.9 million (December 31, 2024: $8.4 million), of which $1.8 million has been classified as a current asset. The fair value of the interest rate swaps is based on the difference between the three-month USD SOFR forward curve and the fixed rate, with the net interest due in the next twelve months classified as current.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

8. CREDIT FACILITIES (CONTINUED)

Due to related party – debenture
In November 2023, the Company drew $15.0 million from its liquidity support guarantee provided by Nemesia and issued a corresponding unsecured debenture (the "Debenture"). Subject to the receipt of all required regulatory approvals, for each $500,000 outstanding under the Debenture, the Company is required to issue 7,500 common shares per month at the prevailing market price to Nemesia until the amounts borrowed are repaid. On June 17, 2024, the Company and Nemesia entered into a supplemental agreement in terms of which common shares would be issued to Nemesia on a quarterly, instead of a monthly basis. The Debenture matures August 29, 2029.

9. SHARE CAPITAL

During the three months ended March 31, 2024, 1,900,000 common shares ($0.6 million) were issued to Nemesia as consideration for increasing the limited standby undertaking (Note 8).

During the three months ended March 31, 2025, 675,000 common shares ($0.2 million) were issued to Nemesia as consideration for payment of interest on the Debenture (Note 8).

10. SHARE BASED COMPENSATION

a. Stock options

The Company's stock option plan (the "Option Plan") was approved by the Company's shareholders initially on May 13, 2015, with amendments approved on May 12, 2023. The Option Plan provides the Board of Directors with discretion to determine the vesting period for each stock option grant. Options historically vest in thirds over a three-year period beginning on the first anniversary of the date of grant and expire four years from the date of grant. Options granted in 2023 cliff vest following a three-year period and expire five years from the date of grant. Options granted in 2024 and 2025 vest in thirds over a three-year period beginning on the first anniversary of the date of grant and expire five years from the date of grant.

	Number of shares issuable pursuant to stock options	Weighted average exercise price per share (CA$)
Balance at January 1, 2024	6,544,000	$ 0.68
Granted	2,965,000	0.37
Expired	(1,173,000)	0.77
Forfeited	(2,173,000)	0.58
Balance at December 31, 2024	**6,163,000**	**$ 0.55**
Granted	4,176,325	0.40
Expired	(745,000)	0.71
Forfeited	(819,000)	0.79
Balance at March 31, 2025	**8,775,325**	**$ 0.44**

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

10. SHARE BASED COMPENSATION (CONTINUED)

As of March 31, 2025, the following stock options to acquire common shares remain outstanding:

	Outstanding Options			**Exercisable Options**		
Range of exercise prices (CA$)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CA$)	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (CA$)
$0.32 - $0.43	6,371,325	4.58	0.39	696,662	3.92	0.36
$0.44 - $0.66	2,404,000	2.45	0.60	1,395,000	1.48	0.63
	8,775,325	**3.94**	**$ 0.44**	**2,091,662**	**2.29**	**$ 0.54**

During the three months ended March 31, 2025, the Company recognized $0.1 million (2024: $0.1 million) in share-based compensation based on the vesting of options.

Stock option's fair values are estimated on grant date using Black-Scholes option pricing model with the following weighted average assumptions and resulting values:

	2025	**2024**
Assumptions:		
Risk-free interest rate *(%)*	2.58	3.84
Expected life *(years)*	3.35	3.42
Expected volatility *(%)*	49.82	45.54
Expected dividend *($)*	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	CA$0.17	CA$0.13

b. Restricted and performance share units

The Company has a share unit ("SU") plan that provides for the issuance of SUs as a long-term incentive for certain management team members. Amendments to the SU plan, including a decrease in the common shares reserved for issuance upon the vesting of SUs to 17,000,000 were approved by Shareholders at the May 12, 2023 annual meeting.

SUs typically vests three years from the date of grant and certain share units include performance metrics, some of which provide for annual vesting. Each SU entitles the holder to receive one common share, and the cumulative dividend equivalent SU earned during the SU's vesting period. The value of each SU at the vesting date is equal to the closing value of one Lucara common share plus the cumulative dividend equivalent which was earned over the vesting period.

During the three months ended March 31, 2025, the Company recognized a recovery of $0.1 million (2024: $0.1 million recovery) in share-based payments for the SUs granted, forfeitures and the modification of vesting terms during the period.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

10. SHARE BASED COMPENSATION (CONTINUED)

b. Restricted and performance share units (continued)

	Number of share units	Estimated fair value at date of grant (CA$)	
Balance at January 1, 2024	3,614,000	$	0.65
Granted	6,819,000		0.36
Redeemed	(1,075,000)		0.75
Cancelled	(1,323,332)		0.59
Balance at December 31, 2024	**8,034,668**	**$**	**0.40**
Granted	5,634,384		0.39
Redeemed	(411,332)		0.56
Cancelled	(368,336)		0.63
Balance at March 31, 2025	**12,889,384**	**$**	**0.38**

c. Deferred share units ("DSUs")

The Company's deferred share unit plan was approved by the Company's Shareholders initially on May 8, 2020. Amendments providing for the issuance of up to 4,500,000 DSUs to eligible directors were most recently approved on May 12, 2023. Directors can elect to receive up to 100% of their fees earned in DSUs, awarded quarterly. DSUs vest immediately and are paid out upon retirement from the Board of Directors of the Company. Each DSU entitles the holder to receive one common share and the cumulative dividend equivalent DSU earned prior to the payout date. The value of each DSU at the grant date is equal to the closing value of one Lucara common share. The DSU Plan provides that upon payout a director can elect to receive the value of the DSUs in cash or common shares of the Company. DSUs are recorded as liabilities on the condensed interim consolidated statements of financial position.

During the three months ended March 31, 2025, the Company recognized a share-based payment expense of $0.1 million (2024: $0.2 million) related to the revaluation DSUs granted.

	Number of DSUs	Estimated fair value (CA$)	
Balance at January 1, 2024	3,172,156	$	0.49
Granted	1,589,322	$	0.37
Redeemed	(1,113,852)	$	0.34
Balance at December 31, 2024	**3,647,626**	**$**	**0.42**
Granted	700,555	$	0.39
Balance at March 31, 2025	**4,348,181**	**$**	**0.46**

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

11. REVENUE

Lucara has three sales channels including a diamond sales agreement with HB, the Clara sales platform and tender sales.

Three months ended March 31,	**2025**	**2024**
Sales Channels		
HB	19,286	23,285
Clara	1,732	3,262
Tender	9,294	12,972
Total revenue	**$ 30,312**	**$ 39,519**

A royalty of 10% of the gross sales value of diamonds produced from Karowe is payable to the government of Botswana, regardless of whether the diamond is sold as rough or polished. During the three months ended March 31, 2025, the Company incurred a royalty expense of $3.5 million (2024: $4.3 million).

12. ADMINISTRATION

Three months ended March 31,	**2025**	**2024**
Salaries and benefits	$ 1,436	$ 1,115
Professional fees	512	424
Insurance, office and general	360	341
Promotion	111	75
Stock exchange, transfer agent and shareholder communication	139	158
Travel	50	142
Share-based compensation (Note 10)	77	99
Depreciation	177	160
Sustainability and donations	277	189
	$ 3,139	**$ 2,703**

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

13. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's named executive officers and members of its Board of Directors.

The remuneration of key management personnel was as follows:

Three months ended March 31,		2025		2024
Salaries and wages	$	676	$	505
Short term benefits		11		18
Share based compensation		58		66
	$	**745**	**$**	**589**

Other related party transactions

During the three months ended March 31, 2025, the Company incurred $0.1 million (2024: $nil), primarily relating to office rental, renovation and related services provided by companies associated with the Company's significant shareholder and director. At March 31, 2025, included in trade payables and accrued liabilities is $0.4 million (December 31, 2024: $0.4 million) for related services.

14. SEGMENT INFORMATION

The Company's primary business activity is the operation of an open-pit diamond mine in Botswana. The Company has one operating segment: Karowe Mine.

The following are summaries of the Company's revenues, net income (loss) from continuing operations, capital expenditures and total assets by segment:

Three months ended March 31, 2025						
		Karowe Mine		Corporate		Total
Revenues	$	30,312	$	-	$	30,312
Operating expenses		(13,951)		-		(13,951)
Royalty expenses		(3,478)		-		(3,478)
Depletion and amortization		(3,699)		-		(3,699)
Income from mining operations		9,184		-		9,184
Finance expenses		(405)		(182)		(587)
Loss on derivative financial instrument		(2,464)		-		(2,464)
Foreign exchange gain		2,896		2		2,898
Loss on disposal of assets		(1)		-		(1)
Administrative and other		(2,291)		(1,666)		(3,957)
Income tax		(5,212)		-		(5,212)
Net income (loss) for the period from continuing operations	**$**	**1,707**	**$**	**(1,846)**	**$**	**(139)**
Capital expenditures	**$**	**22,178**	**$**	**-**	**$**	**22,178**
Total assets	**$**	**680,922**	**$**	**4,002**	**$**	**684,924**

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

14. SEGMENT INFORMATION (CONTINUED)

Three months ended March 31, 2024

	Karowe Mine	Corporate	Total
Revenues	$ 39,519	$ -	$ 39,519
Operating expenses	(18,340)	-	(18,340)
Royalty expenses	(4,328)	-	(4,328)
Depletion and amortization	(4,349)	-	(4,349)
Income from mining operations	12,502	-	12,502
Finance expenses	(538)	(74)	(612)
Gain on derivative financial instrument	463	-	463
Foreign exchange gain (loss)	(3,189)	165	(3,024)
Loss on extinguishment of debt facilities	(10,535)	-	(10,535)
Administrative and other	(2,105)	(1,287)	(3,392)
Income tax	(2,314)	(38)	(2,352)
Net loss for the period from continuing operations	**$ (5,716)**	**$ (1,234)**	**$ (6,950)**
Capital expenditures	**$ 18,738**	**$ -**	**$ 18,738**
Total assets	**$ 581,400**	**$ 10,602**	**$ 592,002**

During the three months ended March 31, 2025, diamonds sold to HB generated 64% (2024: 59%) of the Company's revenue. The Company attributes revenue from external customers based on the location where the sales originated. During the three months ended March 31, 2025 and 2024, the Company generated 100% of revenue from sales originating in Botswana.

Depletion and amortization expense for the Karowe Mine and Corporate during the three months ended March 31, 2025 totaled $3.7 million and $0.1 million, respectively (2024: $4.3 million and $0.1 million).

15. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

a) *Measurement categories and fair values*

Financial assets and liabilities have been classified into categories that determine their basis of measurement. Those categories are fair value through profit and loss; fair value through other comprehensive income and amortized cost.

The Company's financial instruments include cash and trade receivables, which are categorized as financial assets at amortized cost, and trade and royalties payable, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. Amounts drawn on the credit facilities are interest-bearing and are recorded at fair value upon inception. These are subsequently measured at amortized cost. The value of the Company's financial instruments at fair value through other comprehensive income is derived from quoted prices in active markets for identical assets.

b) *Fair value hierarchy*

The following table classifies financial assets and liabilities that are recognized at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). No financial assets or liabilities are recognized at level 3.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise indicated)

15. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

		March 31, 2025		December 31, 2024
Level 1: Fair value through other comprehensive income – Investments	$	374	$	498
Level 2: Derivative financial instruments	$	5,934	$	8,398

c) *Financial risk management*

The Company's financial instruments are exposed to certain financial risks, including currency, liquidity, credit, interest rate and price risks.

Currency risk

The Company is exposed to the financial risk related to fluctuating foreign exchange rates. All sales revenues are denominated in U.S. dollars, while directly related costs are denominated in Botswana Pula.

At March 31, 2025, the Company was exposed to currency risk relating to U.S. dollar and Botswana Pula cash held within its subsidiaries with Canadian or Pula functional currency. Based on this exposure, a 10% change in the U.S. dollar exchange rate would give rise to an increase/decrease of approximately $6.7 million in net income for the period. A 10% change in the Botswana Pula would give rise to an increase/decrease of approximately $0.5 million in net income for the period.

Liquidity risk

Liquidity risk is the risk of the Company's potential inability to meet financial obligations as they mature. The Company manages this risk through regular cash flow forecasting at the operational level, aggregated at the corporate level to determine capital needs. Rolling liquidity forecasts are prepared and monitored to ensure sufficient cash is available for short- and long-term operational requirements. Such forecasting takes into consideration the Company's ability to generate cash from the sale of diamonds and additional liquidity support such as accessing the CORA and standby undertakings provided by Nemesia.

As a condition of the Facilities Agreement, the Company is required to place $61.7 million in the CORA by June 30, 2025. The Facilities Agreement includes specific provisions for how and when these funds may be released. As at March 31, 2025, the CORA balance was $50.5 million.

Trade payable and accrued liabilities are predominately due within 60 days. Tax and royalties payable are predominately due within 15 days. As at March 31, 2025, the amount of the Company's contractual maturities for credit facilities, due to related party, and lease liabilities of $30.7 million are due within twelve months, and $209.4 million due beyond twelve months.

Further details regarding the Company's liquidity risks are disclosed in Notes 1 and 8.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its credit exposure on cash by holding its deposits with international financial institutions. Considering the nature of the Company's ultimate customers and the relevant terms and conditions entered with such customers, the Company believes that credit risk is limited as goods are not released until full payment is received when goods are sold through tenders or on the Clara platform.

15. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (CONTINUED)

Credit risk (continued)

On September 28, 2023, the Company terminated the original sales agreement with HB. A new diamond sales agreement was entered into with HB in February 2024 that governs deliveries of goods since December 1, 2023. Under the new diamond sales agreement terms, a large proportion of the Company's goods, by value, are sold through HB to buyers of polished diamonds. The credit risk associated with these sales is concentrated with HB, a single customer, and payment terms are longer (60 to 120 days) than the Company's tender sales and sales through the Clara platform (five days). The Company maintains legal title over goods shipped to HB until the estimated initial polished value is paid and continues to monitor outstanding amounts for collectability. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the credit facility obligations that reference floating interest rates. The Company mitigates cash flow interest rate risk on its Project Facility through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate (see Note 8). Therefore, fluctuations in market interest rates should not materially impact future cash flows related to the credit facilities. Changes in the fair value of the derivative financial instrument will however fluctuate in response to changing market interest rates that will result in a corresponding increase or decrease to net income (loss).

In September 2024, the Company amended interest rate swap contracts to exchange variable interest rate (three-month USD Term SOFR) for a fixed interest rate ranging from 2.447% to 2.577% on 75% of its expected borrowings from the Project Facility (approximately $142.5 million). The Company is exposed to cash flow interest rate increases on 25% of its expected borrowings from the Project Facility, and amounts drawn from its WCF which remain subject to market interest rates (Term SOFR or a replacement benchmark).

Price risk

The Company derives its income from the sale of rough diamonds mined in Botswana. The price and marketability of these diamonds can be significantly impacted by international economic trends, global or regional consumption, demand and supply patterns and the availability of capital for diamond manufacturers, all factors that are not within the Company's control. Under the agreement with HB, the ultimate achieved sales prices of stones larger than 10.8 carats in size is based on a polished diamond pricing mechanism. This pricing mechanism results in the Company's revenue being exposed to a greater extent to the price movements in the polished diamond market than through the traditional tender process for rough diamonds.

To the extent that the supply of rough or polished diamonds exceeds demand, this is likely to result in price deterioration and negatively impact the Company's revenue and ability to generate positive cash flow from operations.

16. COMMITMENTS

As at March 31, 2025, purchase orders and contracts resulting in commitments for future minimum payments for services to be provided related to the UGP amounted to $77.9 million (December 31, 2024: $79.2 million). The following table summarizes the approximate timing of the commitments (undiscounted) at March 31, 2025:

In millions of dollars		2025	2026	2027	2028	2029		**Total**
Underground expansion project	$	55.0	22.1	0.8	-	-	**$**	**77.9**

As at March 31, 2025, minimum payments in relation to lease commitments amount to $2.8 million (December 31, 2024: $2.8 million). The following table summaries the approximate timing of the undiscounted minimum lease payments at March 31, 2025:

In millions of dollars		2025	2026	2027	2028	2029		**Total**
Minimum lease payments	$	0.8	0.8	0.8	0.3	0.1	**$**	**2.8**