



CASE STUDY

LUCARA BOTSWANA

A Holistic Approach to Risk
Management



LUCARA
BOTSWANA



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ABOUT LUCARA BOTSWANA

Lucara Diamond Corp. is a Canadian diamond mining company headquartered in Vancouver, with a producing mine and exploration licenses in Botswana. Its 100% owned Karowe mine is one of the world's foremost producers of large, high quality, type IIA diamonds in excess of 10.8 carats.

The Karowe Diamond Mine, located in Botswana, is a state-of-the-art mine which was fully commissioned in Q2 2012. Karowe, which means 'precious stone' in the local language, is a large-scale asset with tonnage and throughput upside and is one of the world's foremost producers of large, high quality Type IIA diamonds in excess of 10.8 carats, including the historic 1,758 carat Sewelô, the 1,109 carat Lesedi La Rona and the 813 carat Constellation.

With the recent mining license renewal in January 2021, Lucara has secured mining rights to 2046. This marks a critical step in the formal sanction of the Karowe underground expansion project.

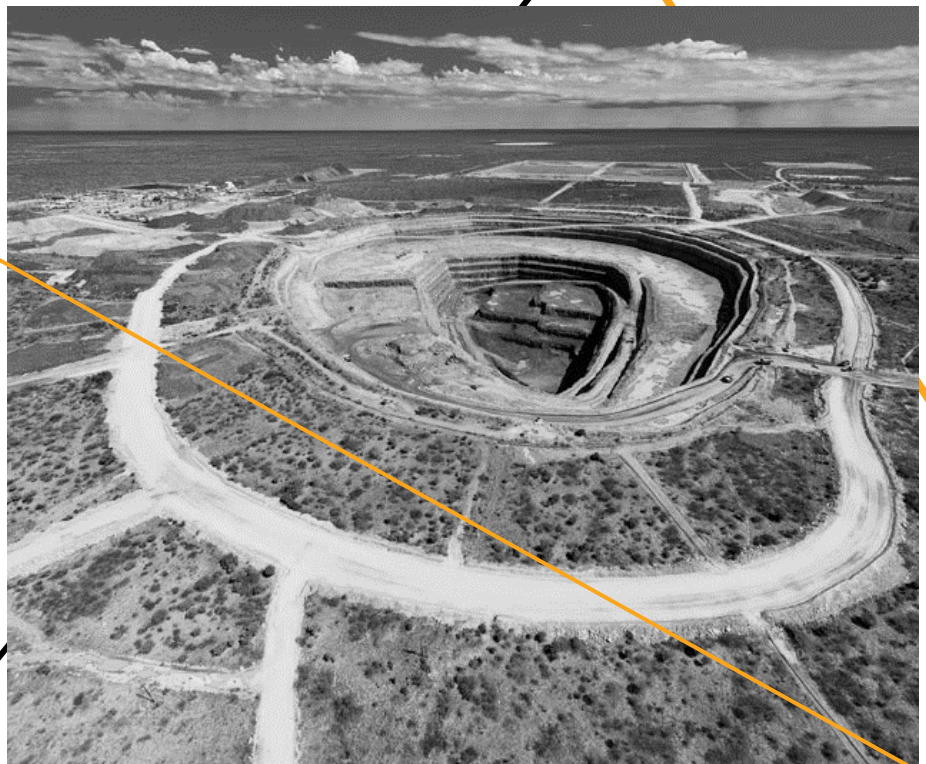
ABOUT LUCARA BOTSWANA

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Lucara is a member of the Lundin Group of Companies and is listed on the Toronto Stock Exchange (TSX), Nasdaq Stockholm and the Botswana Stock Exchange under the symbol "LUC". Lucara complies with the Kimberley Process, is certified under the Responsible Jewellery Council Code of Practices and is a signatory to the UN Global Compact.

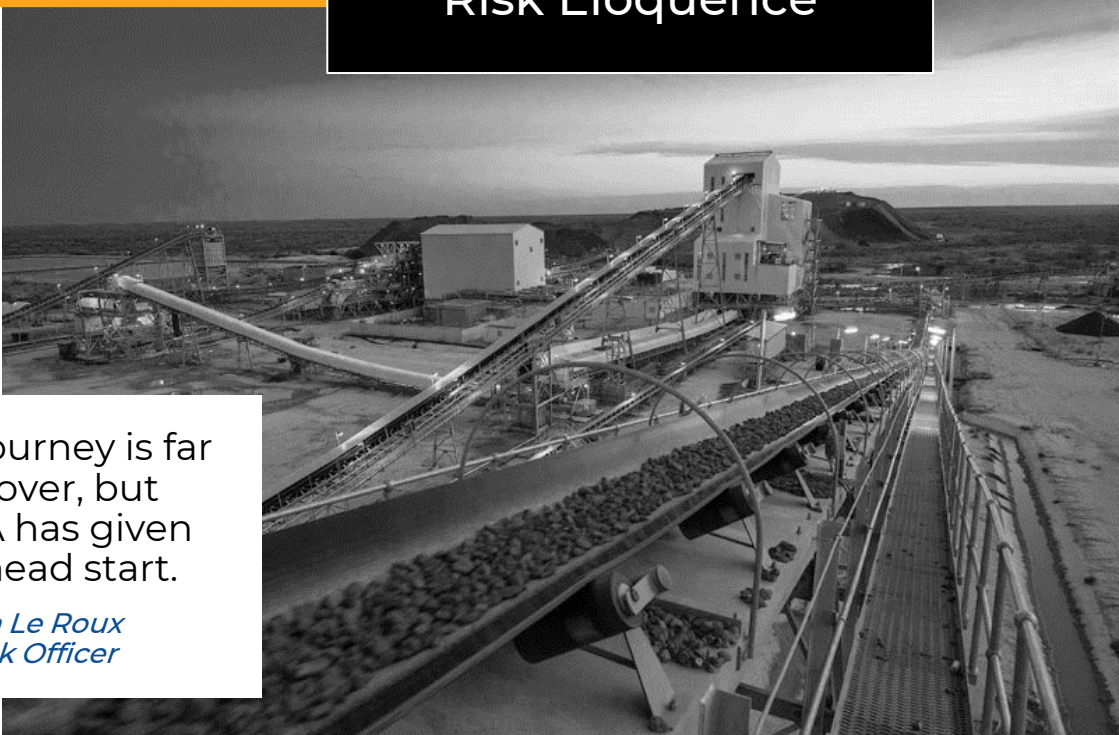
Lucara also owns Clara Diamond Solutions, a secure, digital sales platform positioned to modernize the existing diamond supply chain and ensure diamond provenance from mine to finger.

In addition, Lucara is a member of the Diamond Producers Association, a group of seven of the world's leading diamond companies, which exists to maintain and enhance consumer demand for, and confidence in diamonds.



THE APPLICATION OF ERM

Journeying Towards Risk Eloquence



The journey is far from over, but CURA has given us a head start.

*Jonathan Le Roux
-Chief Risk Officer*

The Lucara Botswana operations and the management of risk occurred in silos at a departmental level as the mine transitioned from a project to a fully operational mine. During this time, although there were reviews done by external parties, a consolidated view of risk and application of enterprise risk methodology did not exist prior to 2019.

The risk management approach which was in practice before the establishment of an internal audit team, referred to as Governance and Assurance (G&A) was fragmented across all business units and as such there was no standardised methodology for Risk Management.

The establishment of G&A came with adoption of an Enterprise Risk Management Framework, Methodology (aligned to COSO ERM and ISO 31000) and Policy and the introduction of Governance, Risk and Compliance software solution, CURA. CURA system enabled centralisation and standardised Risk Registers.

THE APPLICATION OF ERM

— CONTINUED —

Therefore, through the CURA system, G&A has managed to demonstrate to the Board and Audit Committee that the organisation has a holistic view of Strategic Risk and Operational Risks. Furthermore, this has allowed the Board to proactively look at emerging risk across the organisation and determine the organisational risk tolerance in mitigating these risks.

CURA has allowed the G&A team to embed the ability to run both audits and risk assessments from 2019 to date and with an established risk management framework as its backbone – saving significant time in their planning, fieldwork, and execution.

Additionally, Lucara Botswana procured the Risk Management, Audit, Regulatory Compliance, Policy Management and Business Continuity Management Solution. The business has embedded the Risk Management and Audit Solution. The Regulatory Compliance solution is implemented, with over 24 Acts populated into the solution, so that compliance can be monitored via the Compliance Risk Management Plans (CRMPs). The same has been done with the Policy Management module where over 250 policies are now listed and will be monitored going forward.

BUSINESS CHALLENGE

- Siloed risk management
- Disjointed overview of risk

BUSINESS IMPACT

- Central risk identification, review and monitoring
- Standardised application of risk methodology
- Achieve the requirements of ERM by optimising CURA GRC software

INDUSTRY

Mining and Resources

CURA SOLUTION

Enterprise Risk Management (ERM)

We know that ERM implementation takes a minimum of 18-24 months to be fully integrated and embedded, but without CURA and the commitment of the Board and Senior Management, with both the adoption of the ERM Framework and Policy, as well as the eagerness to see the value of having a risk management tool, this would not have been possible.

Jonathan Le Roux
-Chief Risk Officer



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Objectives

- Risk management assessment
- Evaluating risk controls and improving internal risk controls
- Communicate risk transparently across the entire organisation
- Improving data validity and operational analysis

Solution

- Implementation of an Enterprise Risk Management Framework

Benefits

- ✓ A holistic view of Strategic and Operational Risks
- ✓ Centralised and standardised Risk Registers
- ✓ Proactively determine risk tolerance and address emerging risks across the organisation
- ✓ Easy monitoring of the Business Continuity Management module

ABOUT

CURA Software

CURA Software Solutions is a leading provider of Governance, Risk, Compliance and Risk-based Audit software solutions, implemented across more than 250 enterprise customers globally. These solutions offer a clear picture of risk across the organisation which leads to better decision-making and risk management. CURA enhances visibility into business activities and allows for information to be easily consumed and actioned, enabling better business performance and managing the uncertainty of risk.

CURA is a multi-award winner, at the cutting edge of technology, solutions, systems and innovation.

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