

SEPTEMBER 2022 QUARTERLY REPORT

28 OCTOBER 2022

HIGHLIGHTS

ALLIANCE WITH OZ MINERALS

Gulf, QLD, Copper-Gold

- Proof-of-concept drill tests in progress on four standout gravity and magnetic targets.

Yarrie, WA, Copper-Gold-Cobalt

- Passive seismic trials successfully image depth to basement below priority geophysical targets.
- Preparations for drilling early in the 2023 field season are advancing.

Lawn Hill, QLD, Lead-Zinc-Silver and Copper

- Historic Bluebush zinc prospect secured.
- Previously untested target opportunities defined.

RED METAL FUNDED PROJECTS

Pardoo, WA, Gold and Copper-Nickel

- Ultra-fine fraction soil survey lines trialed over key magnetic targets.
- Results pending.

Nullarbor, WA, Copper and Nickel

- Government grant won for drill test on the standout Forrest gravity/magnetic target.

Brunette Downs, NT, Copper-Cobalt

- Data compilation recognizes stratigraphic conductor adjacent to significant basin margin fault.
- Target validation with ground based magnetotelluric trials planned.

GREENFIELDS DISCOVERY ALLIANCE WITH OZ MINERALS

Gulf Project: Copper-Gold

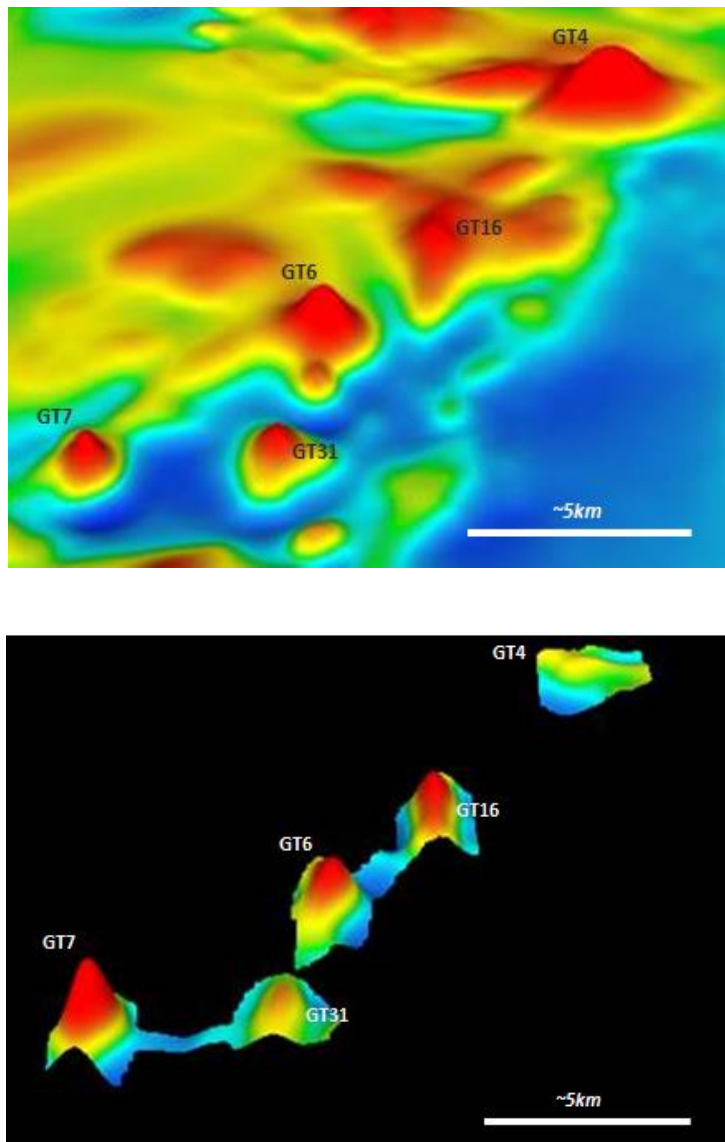
Mount Isa Inlier QLD

Two drill rigs are on site completing proof-of-concept drill tests on four standout gravity and magnetic targets on the Gibson’s Tank tenement (Figure 1).

The current program includes a step-out hole adjacent to an encouraging hydrothermal ironstone intercept on target GT7 (refer to Red Metal ASX announcement dated 27 January 2022) and first tests on the combined gravity and magnetic targets GT6, GT16 and GT31 (Figures 1).

This four-hole program is funded by OZ Minerals (ASX: OZL) under the terms of the Greenfields Discovery Alliance with the drilling component expected to be completed by mid-November 2022.

The Gulf project targets several standout magnetic anomalies which the Alliance views as an under explored extension of the Cloncurry terrain offering scope for the discovery of Iron Oxide Copper-Gold (IOCG) breccia systems similar to that hosting the large Ernest Henry deposit further to the south (Figures 4 and 5).

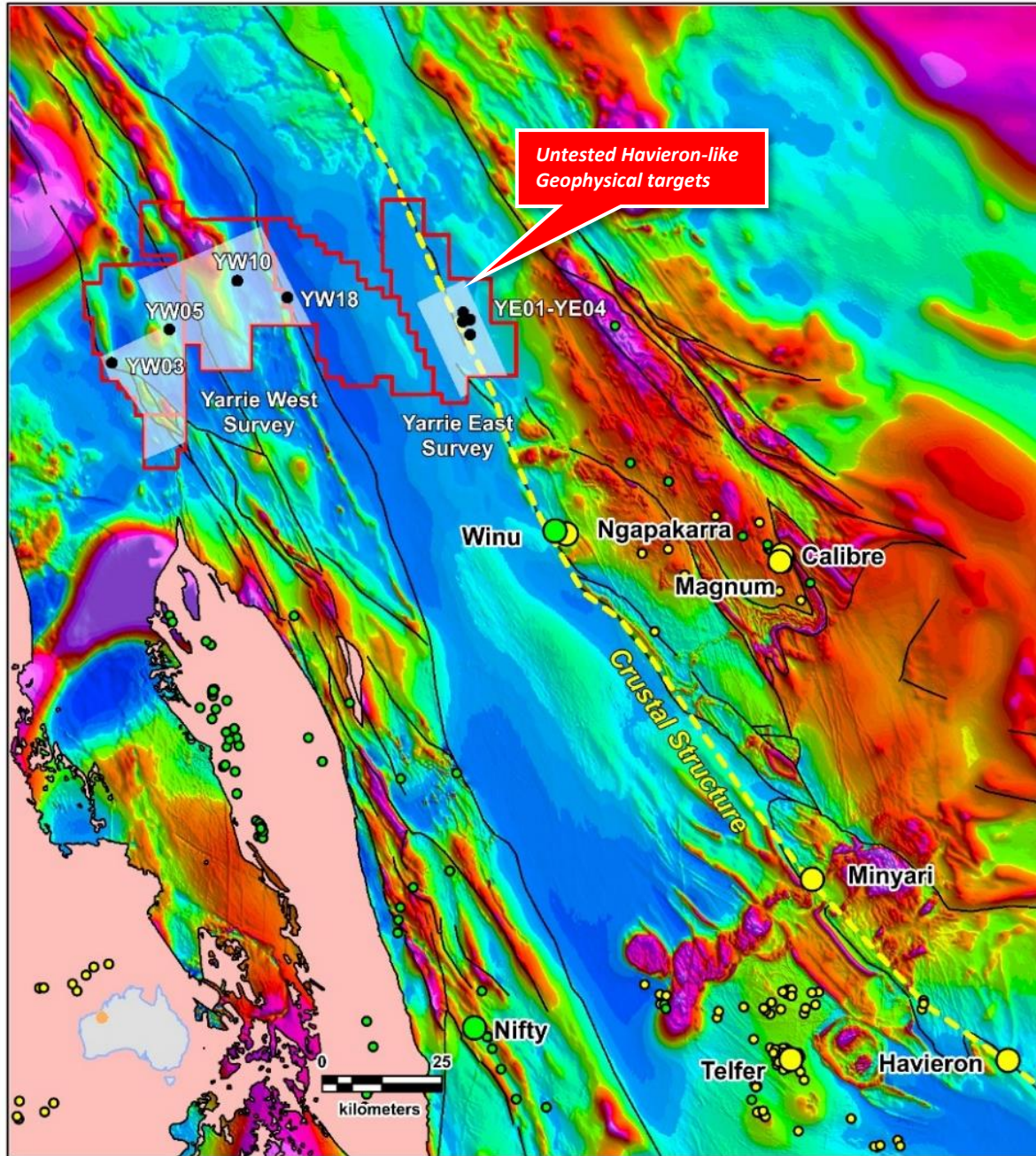


[Figure 1] Gulf Project: Gibson’s Tank 3D oblique topographic view of the total magnetic intensity image (top) and the residual gravity images from Red Metal’s surveying (bottom).

Yarrie Project: Copper-Cobalt & Copper-Gold

Paterson Province WA

Eight remote drill sites were visited last quarter to scope-out access logistics ahead of heritage surveying which has since been postponed until the start of the 2023 field season (Figure 2). Processing of passive seismic data this quarter successfully imaged the depth to basement below the key geophysical targets. Preparations for drilling early in the 2023 field season are well advanced.



[Figure 2] Paterson Province Yarrie Project: Magnetic imagery overlay by the recently flown airborne electromagnetic and magnetic survey areas (frosted white) showing the Nifty mine, Telfer mine, new Winu and Haverion discoveries and Red Metal’s Yarrie tenements (red line). Priority geophysical targets are labelled YE1-YE04 on the Yarrie East survey and YW03, YW06, YW10, YW18 on the Yarrie West survey. The Yarrie East targets are interpreted by Red Metal to occur along the same crustal scale structure (dashed yellow line) as the Haverion, Minyari, Winu and Ngapakarra deposits. Copper-cobalt or copper-gold major deposits and occurrences (green circles); gold or gold-copper major deposits and occurrences (yellow circles). Note the exposed basement terrain of older Archaean rocks (buff coloured polygon).

Lawn Hill Project: Zinc-Lead-Silver & Copper-Cobalt

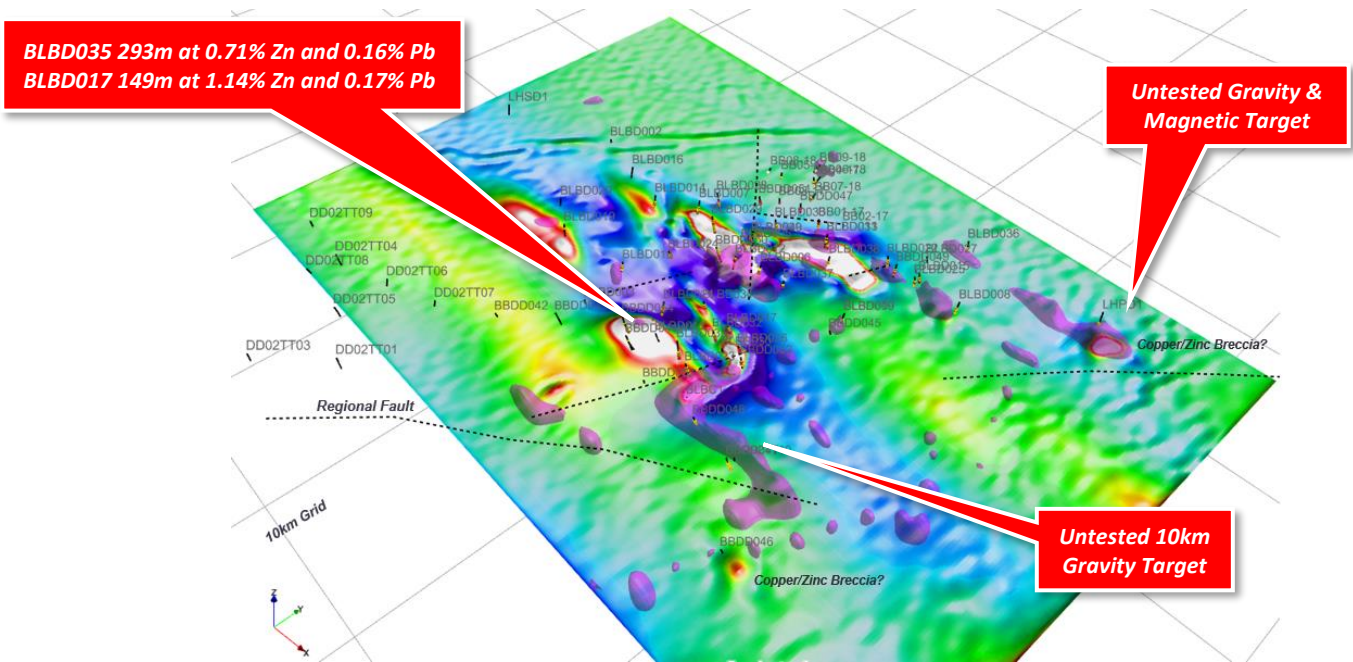
Mount Isa Inlier QLD

Target generation work based on three-dimensional compilation of geological data, advanced modelling of existing magnetic and gravity data sets and trial lines of passive seismic have encouraged Red Metal to secure a new tenement application over the historic Bluebush zinc prospect.

Bluebush contains numerous historic exploration drill holes, over a large area, with thick intercepts of low-grade zinc and lead mineralisation (Figure 3). The mineralisation is of similar age to that of the giant McArthur River deposit, and although no high-grade zinc-rich intervals have been encountered to date, Red Metal’s exploration team interpret the Bluebush prospect as a near-miss play.

Four previously untested, high-priority, targets have been identified on the new application which will be offered to OZ Minerals Limited for inclusion in the Alliance. Land access preparations for proof-of-concept drill tests next season are underway.

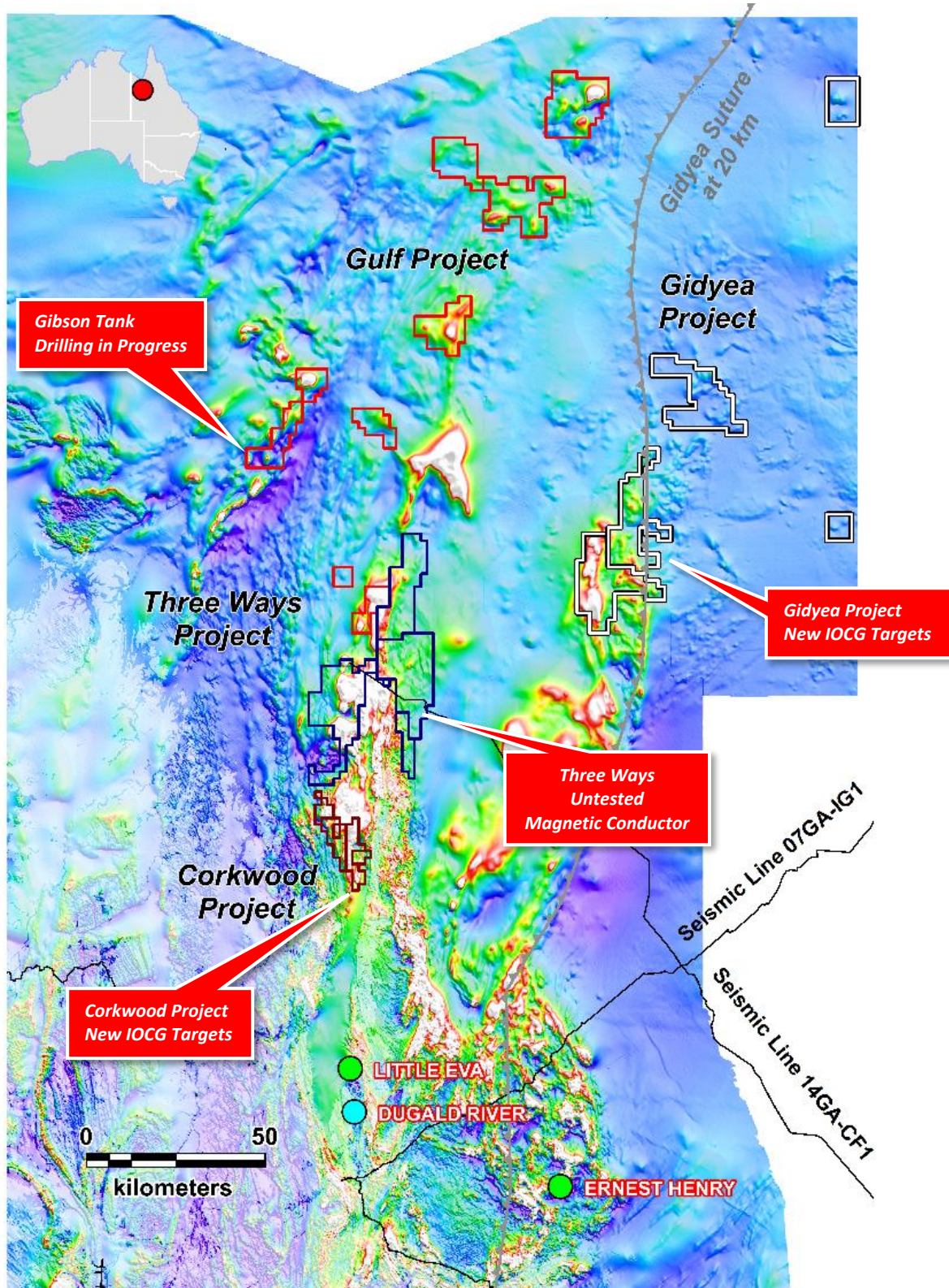
This project targets large stratabound or structural controlled zinc and possibly copper deposit styles in the vicinity of the giant Century zinc-lead-silver deposit.



[Figure 3] Lawn Hill Project, Bluebush Prospect: Oblique 3D view facing northwest showing historic drilling and high gravity shells (purple) on vertical gradient magnetic image.



[Figure 4] Northwest Queensland and Northern Territory: Major deposits and Red Metal tenement locations.



[Figure 5] Three Ways (dark blue), Gulf (red), Gidyea (white) and Corkwood (brown) Projects: Total magnetic intensity image highlighting regional project locations and the interpreted projection of the Gidyea Suture at 20 kilometres below surface. Regions of exposed or outcropping geology highlighted as white translucent areas.

RED METAL FUNDED PROJECTS

Gidyea Project: Copper-Gold

Mount Isa Inlier QLD

Processing and interpretation of new gravity data in combination with the regional magnetic data and new passive seismic data has allowed Red Metal's exploration team to interpret five priority IOCG plays for proof-of-concept drill tests next field season. Land access preparations are progressing.

The Gidyea project targets several standout regional geophysical anomalies in an under explored extension of the Cloncurry terrain in north west Queensland which offer scope for the discovery of large IOCG breccia systems (Figure 4 and Figure 5).

Corkwood Project: Copper-Gold

Mount Isa Inlier QLD

Interest in the Corkwood project has come into renewed prominence with Harmony Gold's recent purchase of the nearby Eva deposit for over \$US170 million. Eva, located only 60 kilometres south of Corkwood, comprises a Mineral Reserve of 171Mt at 0.48% copper and 0.05g/t gold with an Inferred Resource of 307Mt at 0.42% copper and 0.04g/t gold (Figure 5).

Historic exploration drilling over Red Metal's Corkwood project has identified wide zones of low-grade copper, gold and silver mineralisation hosted in brecciated porphyritic volcanic rocks which are comparable to the mineralisation style at Eva. Better intercepts at the Jimmy's Creek prospect include 211 metres at 0.33% copper with 0.16 g/t gold and 153 metres at 0.41% copper with 0.1 g/t gold plus 10 g/t silver which included 32 metres at 1.16% copper with 0.3 g/t gold (refer Red Metal ASX announcement dated 21 March 2011).

Three Ways Project: Copper-Cobalt-Gold

Mount Isa Inlier QLD

Recent exploration on Three Ways discovered previously unrecognised sequences of heavily sulphidic and graphitic metasediments which are the preferred host rocks to Mount Isa style copper mineralisation. Red Metal are now planning a follow-up program directed towards more discrete, structure controlled, geophysical targets. Advanced magnetic modelling in preparation for drilling next field season is underway.

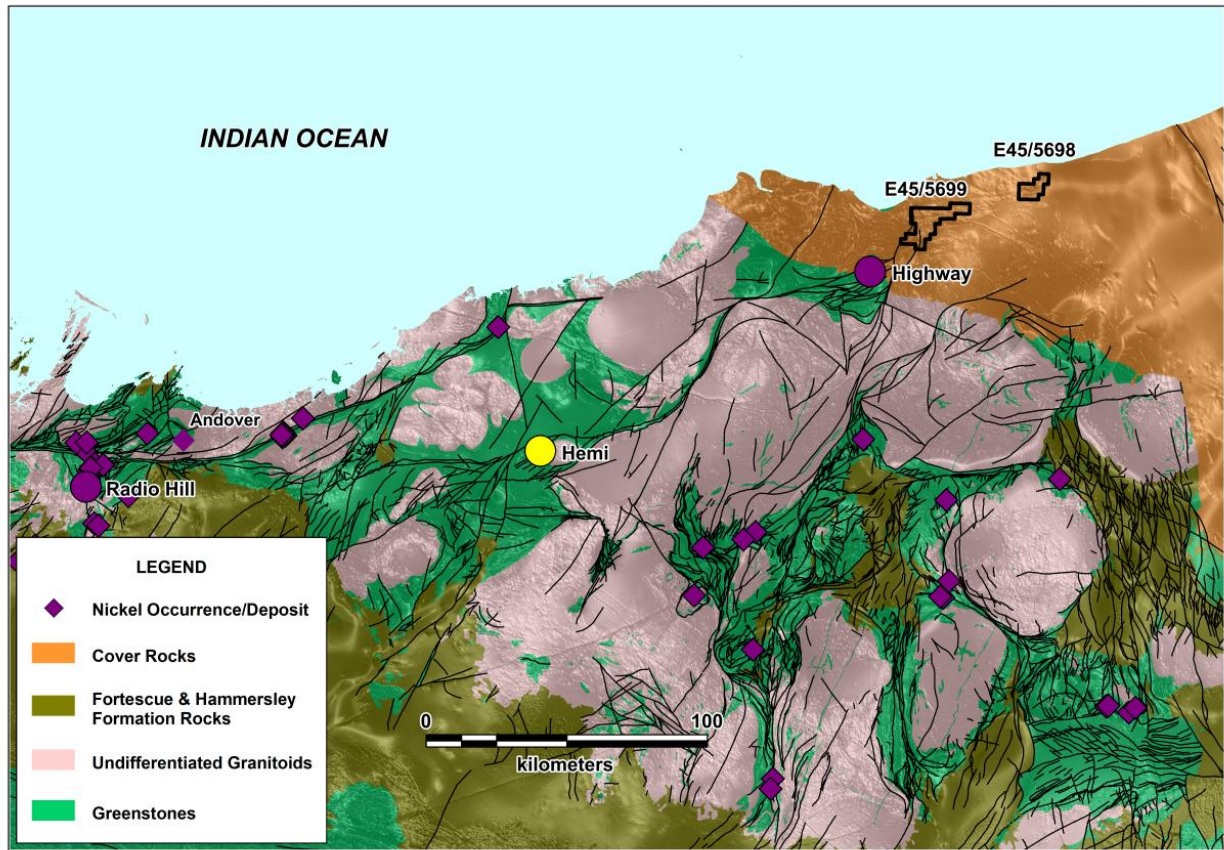
This project is located in covered terrain 130 kilometres along trend from the Dugald River zinc-lead-silver mine and offers potential for large, structure-controlled, copper deposit styles similar to the giant Mount Isa copper deposit (Figure 4 and Figure 5).

Pardoo Project: Nickel-Copper & Gold

Pilbara Craton WA

Trials lines of ultra-fine fraction soil sampling were collected over key magnetic targets this quarter. Results from this orientation work are pending.

The Pardoo project targets magmatic nickel-copper sulphides, disseminated Hemi-style gold deposits and lithium-bearing pegmatites along the northwest margin of the Pilbara Craton where it extends under younger sedimentary cover (Figure 6). This project takes in several shallow covered magnetic targets located along strike from the known Highway nickel and copper deposit (50Mt @ 0.3% nickel and 0.13% copper).



[Figure 6] Pardoo Project: Tenement locations on regional geology over greyscale magnetic image showing major structures with known nickel deposits and occurrences and the world class Hemi gold discovery.

Punt Hill and Pernatty Lagoon Projects: Copper-Gold-Zinc

Gawler Craton SA

These projects are located 30 kilometres south of OZ Minerals’ large Carrapateena copper-gold deposit and target magnetic skarn style deposits where the regional IOCG mineral systems invade carbonate host rock types (Figure 7).

Step out drilling adjacent to historic drill holes with encouraging near-miss geology and geochemistry led to the discovery of the exciting Oak Dam West deposit by BHP in late 2018. The discovery hole included a world class intercept of 438 metres grading 3.0% copper with 0.6 g/t gold.

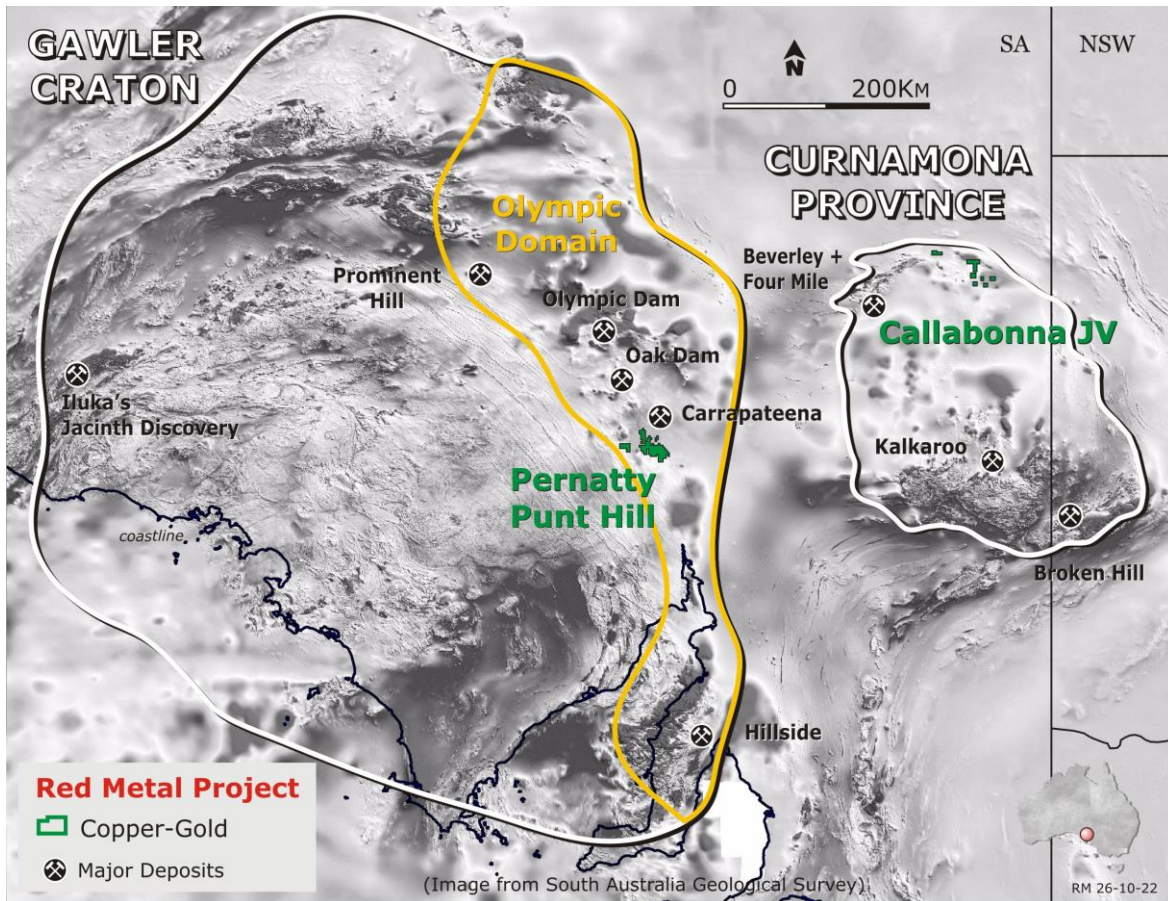
On the Punt Hill and Pernatty Lagoon tenements several untested magnetic targets, some adjacent to potential near-miss drill holes, have been identified for step-out drilling. Geophysical modelling and land access preparations for possible drilling are progressing.

Callabonna Joint Venture Project: Copper-Gold

Curnamona Craton SA

Advanced three-dimensional processing and modelling of gravity and magnetic data together with new passive seismic data has prioritised several possible breccia targets for drill testing. Heritage surveys in preparation for potential drilling are planned.

Red Metal has long recognized the potential for large IOCG deposits along the northern margin to the Curnamona Province and several large magnetic and gravity targets in remote sand dune covered terrain remain to be tested for their copper-gold potential (Figure 7).



[Figure 7] Red Metal South Australian Projects: Grey scale magnetic image with main project locations.

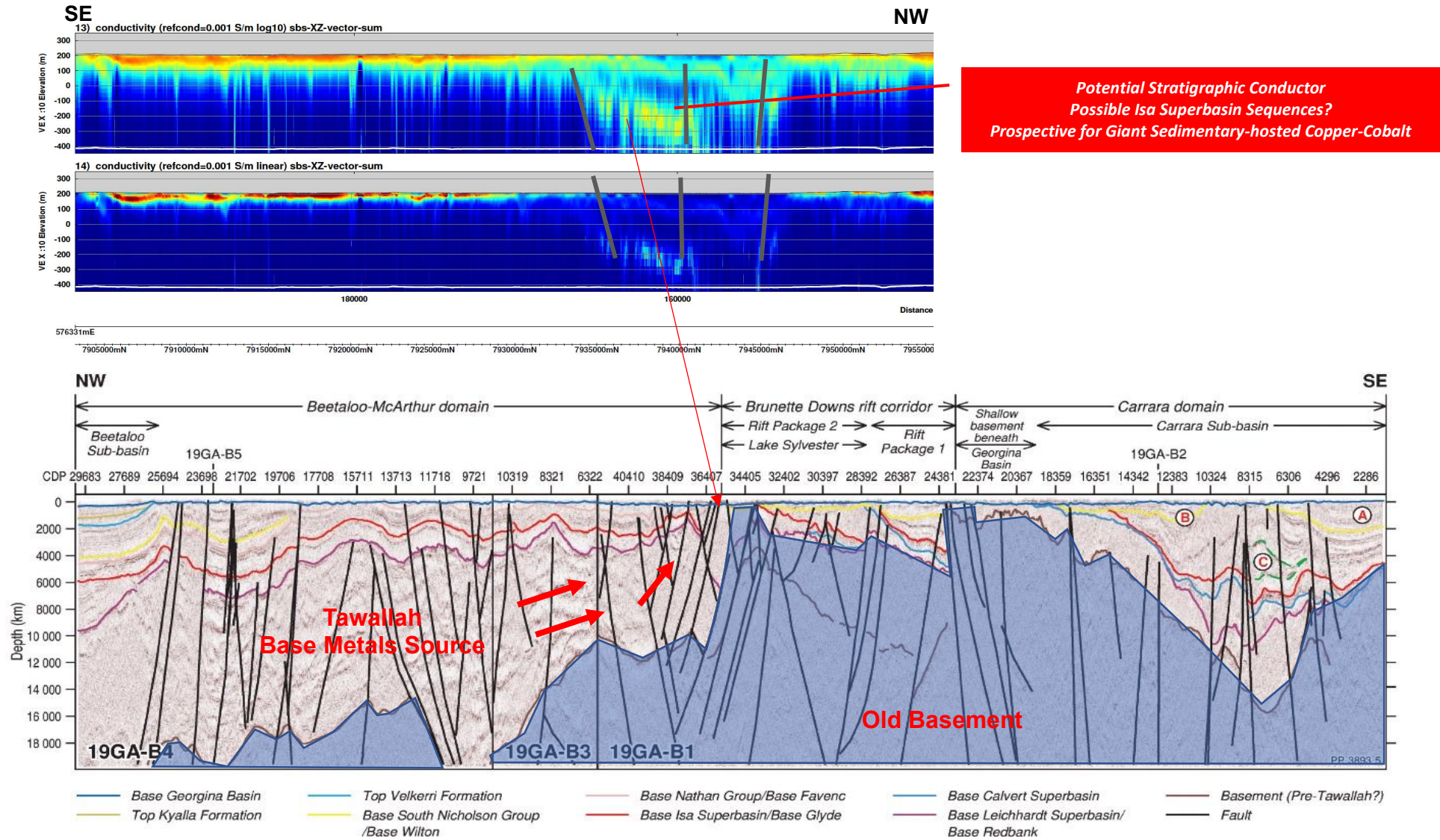
Brunette Downs Project: Copper-Cobalt

McArthur Basin NT

Integration of new gravity data collected by the Northern Territory Geological Survey with Geoscience Australia's regional airborne electromagnetic data and interpreted seismic line 19GA-B1 has allowed Red Metal to prioritise target areas for validation using ground based magnetotelluric trials. A priority target from this compilation work is a potential stratigraphic conductor situated adjacent to a significant, deep penetrating, basin margin fault (Figure 8).

This new project targets previously untested middle Proterozoic sequences adjacent to deep-penetrating basin margin faults for giant sediment-hosted copper-cobalt and zinc-lead-silver deposit styles. Importantly, interpreted seismic data show these base metal prospective sequences at potentially explorable depths where magnetotelluric techniques may provide an effective first-pass targeting tool.

Land access requirements ahead of ground based magnetotelluric trials are progressing.

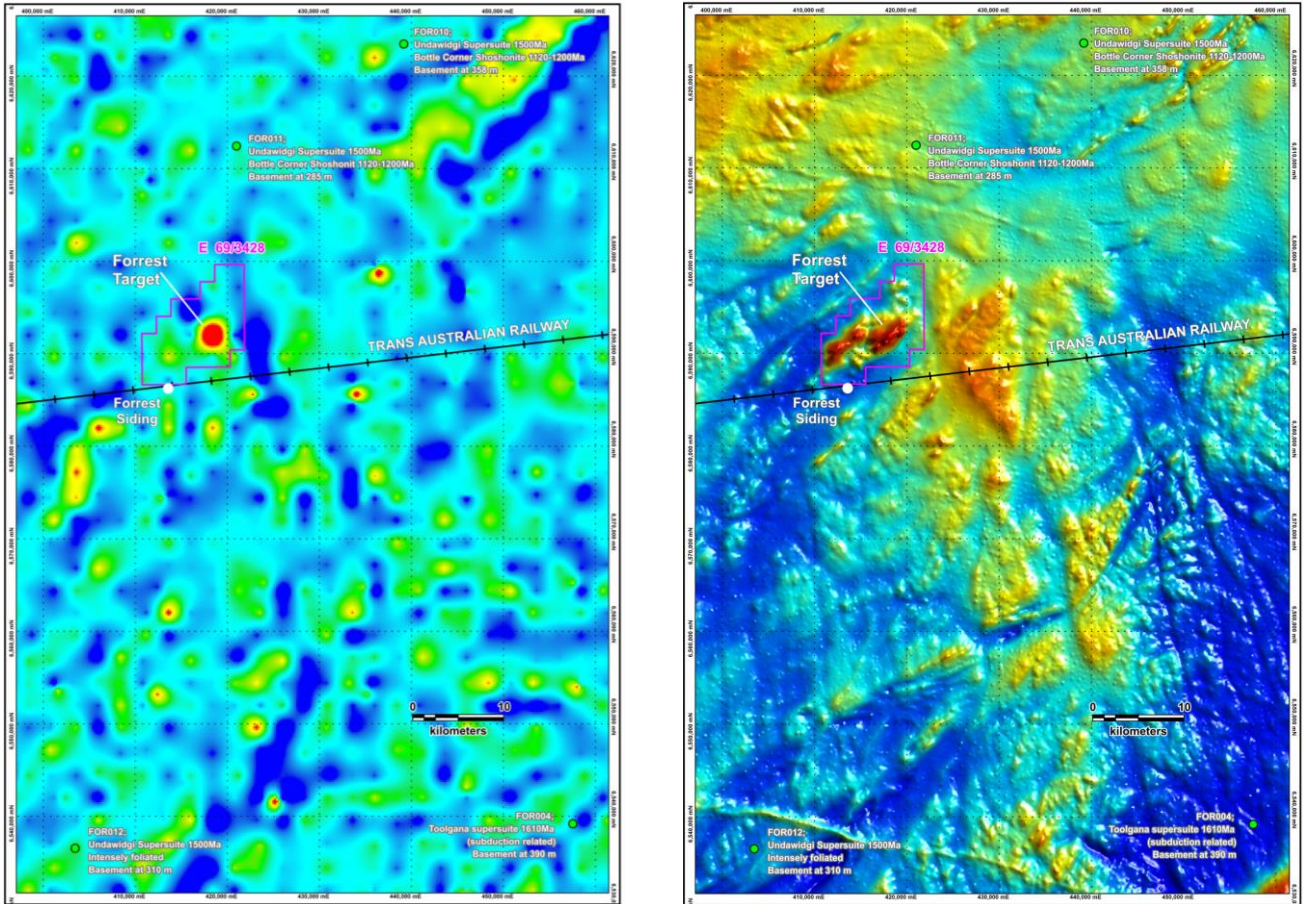


[Figure 8] Brunette Downs Project: Initial interpretation of 2019 Barkly seismic data, (Southby et al 2021), showing location of potential stratigraphic conductor adjacent basin margin fault.

Nullarbor Project: Copper & Nickel

Madura/Coompana Provinces, WA

This quarter Red Metal was awarded a \$220,000 drilling grant under the Western Australia Government’s Exploration Incentive Scheme towards testing a regionally significant gravity and magnetic target at Forrest on the Nullarbor Plain region of Western Australia (Figure 9). This standout anomaly is drill ready and offers potential for copper or nickel sulphide mineralisation below about 280 metres of younger sedimentary cover. The target is well located adjacent to the Trans Australian rail line and an active airstrip at Forrest Siding.



[Figure 9] Nullarbor Project: Regional vertical gradient gravity image (left) and total magnetic image (right) showing the regional significance of the Forrest target and the nearest historic drill holes.

OTHER PROJECTS

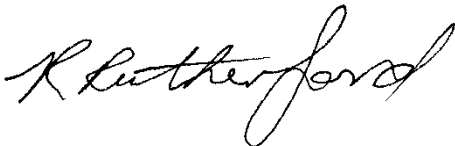
Some of Red Metal’s other projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: other projects.

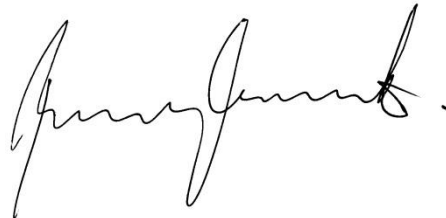
Project	Description	Status
QUEENSLAND		
<u>Emu Creek JV</u> <i>Cu-Au & Pb-Zn-Ag</i>	Joint venture partner Chinova Resources Pty Ltd is seeking Iron Oxide Copper-Gold and Cannington style lead-zinc-silver within trucking distance of the Osborne Mine (Figure 4).	Ongoing prospect evaluation
NORTHERN TERRITORY		
<u>Mallapunyah</u> <i>Pb-Zn-Ag & Cu-Ag-Co</i>	Application on Aboriginal Land located within the McArthur Basin targeting zinc-lead-silver deposits similar to the giant McArthur River and Century mines as well as sedimentary-hosted styles of copper mineralisation. Recent success on the Teena project by Teck has highlighted the potential for additional deposits within this fertile terrain (Figure 4).	Land access meeting planned
<u>Irindina</u> <i>Ni-Cu-Co</i>	This project is centred on a standout magnetic target considered prospective for magmatic nickel-copper sulphide mineralisation (Figure 4).	Crew availability delayed planned ground-based gravity/electromagnetic surveys

This announcement was authorised by the Board of Red Metal. For further information concerning Red Metal’s operations and plans for the future please refer to the recently updated web site or contact Rob Rutherford, Managing Director at:

Phone +61 (0)2 9281-1805
www.redmetal.com.au



Rob Rutherford
Managing Director



Russell Barwick
Chairman

ADDENDUM TO SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

ASX Additional Information

1. ASX Listing Rule 5.3.1: Exploration and Evaluation Payments (excluding staff costs and expenditure incurred by the Alliance) during the Quarter for the Red Metal Group was \$608,000 including \$77,000 by Red Metal Limited and \$531,000 for Maronan Metals Limited. Full details of exploration activity during the Quarter are set out in this report.
2. ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the Quarter.
3. ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the Quarter \$92,000: These payments relate to non-executive director's fees and the managing director's salary.

Table 1 - Granted exploration tenements held at the end of the Quarter are as follows:

Project	Tenement Reference	Interest %	Comment
Corkwood	EPMs 13380, 26032, 27472, 27665, 27808	100	
Lawn Hill	EPMs 25902, 25905, 25985, 26157, 27179, 27224,	100	Refer note 1.
Gulf	EPMs 26434, 26436, 26654, 26655, 26656, 26657, 26672, 26674	100	Refer note 1.
Gidyea	EPMs 27308, 27309, 27567, 27568, 26569	100	
Three Ways	EPMs 26941, 26943, 26947, 27803		
Mount Skipper	EPM 19232	100	
Emu Creek JV	EPM 15385	100	Refer note 2.
Sybella	EPMs 28001, 28003	100	
Callabonna JV	EL 6204, 6318	51	Refer note 3.
Pernatty Lagoon JV	EL 6014	90	Refer note 4.
Punt Hill	EL 6035	100	
Birthday Well	EL 6289	100	
Irindina	EL 27266	100	
Nullarbor	ELs 69/3428, 3433, 3436, 3437, 3438, 3439, 3441, 3595, 3596, 3602, 3603, 3783, 3784	100	
Yarrie	ELs 45/5185, 45/5186, 45/5186, 45/5225, 45/5236	100	Refer note 1
Pardoo	EL 45/5698, 45/5699	100	
Brunette Downs	ELs 32708, 32709, 32710, 32711, 32712, 32713, 32714	100	
Maronan	EPM13368	100	Refer note 5

Notes:

1. Greenfields Discovery Alliance Agreement between Red Metal (diluting to 49%) and OZ Minerals Limited (earning 51%). No change in interest during the quarter.
2. Joint venture between Red Metal (diluting to 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%). No change in interest during the quarter.
3. Joint venture between Red Metal (51% earning 70%) and Variscan Mines Limited (49% diluting to 30%). No change in interest during the quarter.
4. Joint venture between Red Metal (90%) and Havilah Resources NL (10%). No change of interest during the quarter.
5. Tenement held by Maronan Metals Limited, a 50% owned subsidiary of Red Metal Limited

Table 2 - Exploration tenements acquired or disposed of during the quarter are as follows:

Project	Tenement Reference	Status	Comment
Barton	EL 5888	Relinquished	
Sybella	EPM 28003	Granted	

Competent Persons Statement

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC Code). Mr Rutherford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

RED METAL LIMITED

ABN

34 103 367 684

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows - comprising cash flows of Red Metal Limited (parent) and Maronan Metals Limited (50% owned subsidiary)		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(608)	(608)
	(b) development		
	(c) production		
	(d) staff costs	(319)	(319)
	(e) administration and corporate costs	(218)	(218)
1.3	Dividends received (see note 3)		
1.4	Interest received	15	15
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
	Project management and consulting fees received	65	65
	GST Net	(139)	(139)
1.9	Net cash from / (used in) operating activities	(1,204)	(1,204)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(124)	(124)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows - comprising cash flows of Red Metal Limited (parent) and Maronan Metals Limited (50% owned subsidiary)		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) exploration & evaluation		
	(e) investments		
	(f) other non-current assets	(1)	(1)
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
	Advances to Alliance	(50)	(50)
	Reimbursements from Alliance	71	71
	Bonds recovered	3	3
2.6	Net cash from / (used in) investing activities	(101)	(101)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows - comprising cash flows of Red Metal Limited (parent) and Maronan Metals Limited (50% owned subsidiary)		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,923	14,923
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,204)	(1,204)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(101)	(101)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,618	13,618

The total Red Metal Group cash and cash equivalents at 30 September 2022 of \$13.62 million comprises cash and cash equivalents of (i) Red Metal Limited (parent) of \$1.55 million; and (ii) Maronan Metals Limited (50% owned subsidiary) of \$12.07 million.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,618	14,923
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,618	14,923

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	92
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,204)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,204)
8.4 Cash and cash equivalents at quarter end (item 4.6)	13,618
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	13,618
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	11.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: NA	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: NA	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2022

Authorised by the Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.