



ASX Release

ASX Code: RLC

28 April 2023

Quarterly Report for the period ended 31 March 2023

Lithium : RLC 100%

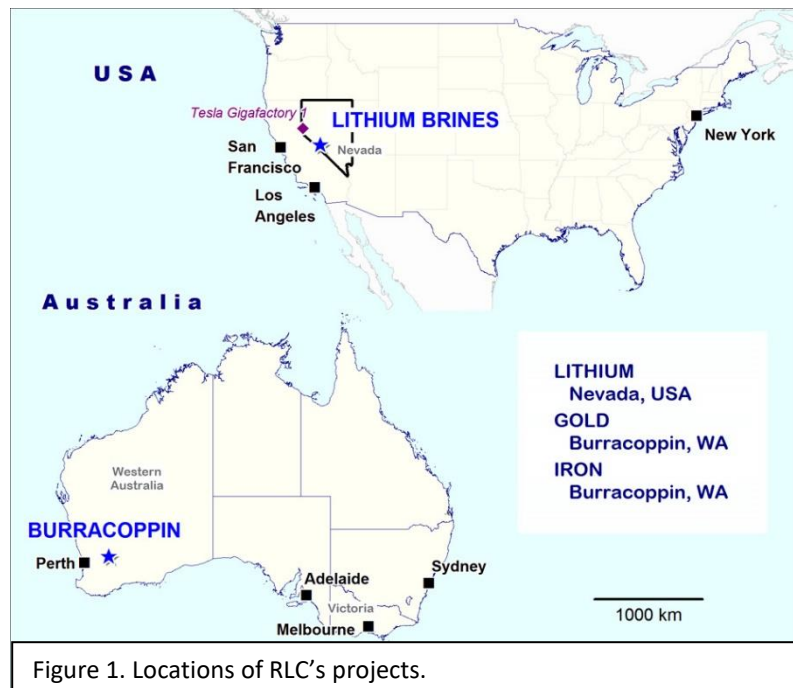
- ❑ Ground staking extended the Alkali Lake North project area targeting Li-clay in addition to Li-brine.

Burracoppin Gold: RLC 100%

- ❑ Infill soil sampling followed-up anomalous gold identified in the September quarter.

Burracoppin Iron: RLC 100%

- ❑ DR Magnetite Concentrate investigated as a potential intermediate product for sale prior to establishing pig iron production.



Corporate

- ❑ Cash at end of quarter: \$209,552

CURRENT EXPLORATION ACTIVITIES

NORTH AMERICAN PROJECTS

Nevada Lithium Brine Projects

Nevada, USA

Reedy Lagoon holds two lithium brine projects located in Nevada: Alkali Lake North ("ALN") and Clayton Valley ("CV"). The projects are located in large and separate ground water catchment areas.

The projects are located within 30 kilometres of the Silver Peak Lithium brine operation owned by Albemarle Corp. and the direct extraction pilot plant operated by Schlumberger under a joint venture with Pure Energy which are located 360 kilometres by road (US-95 route) from the Tesla Gigafactory (lithium-ion batteries) in Reno. Several other advanced lithium projects are active in the area and are shown in Figure 2. The most significant recent development is the identification of substantial clay hosted lithium deposits located to the north of the Company's ALN project.

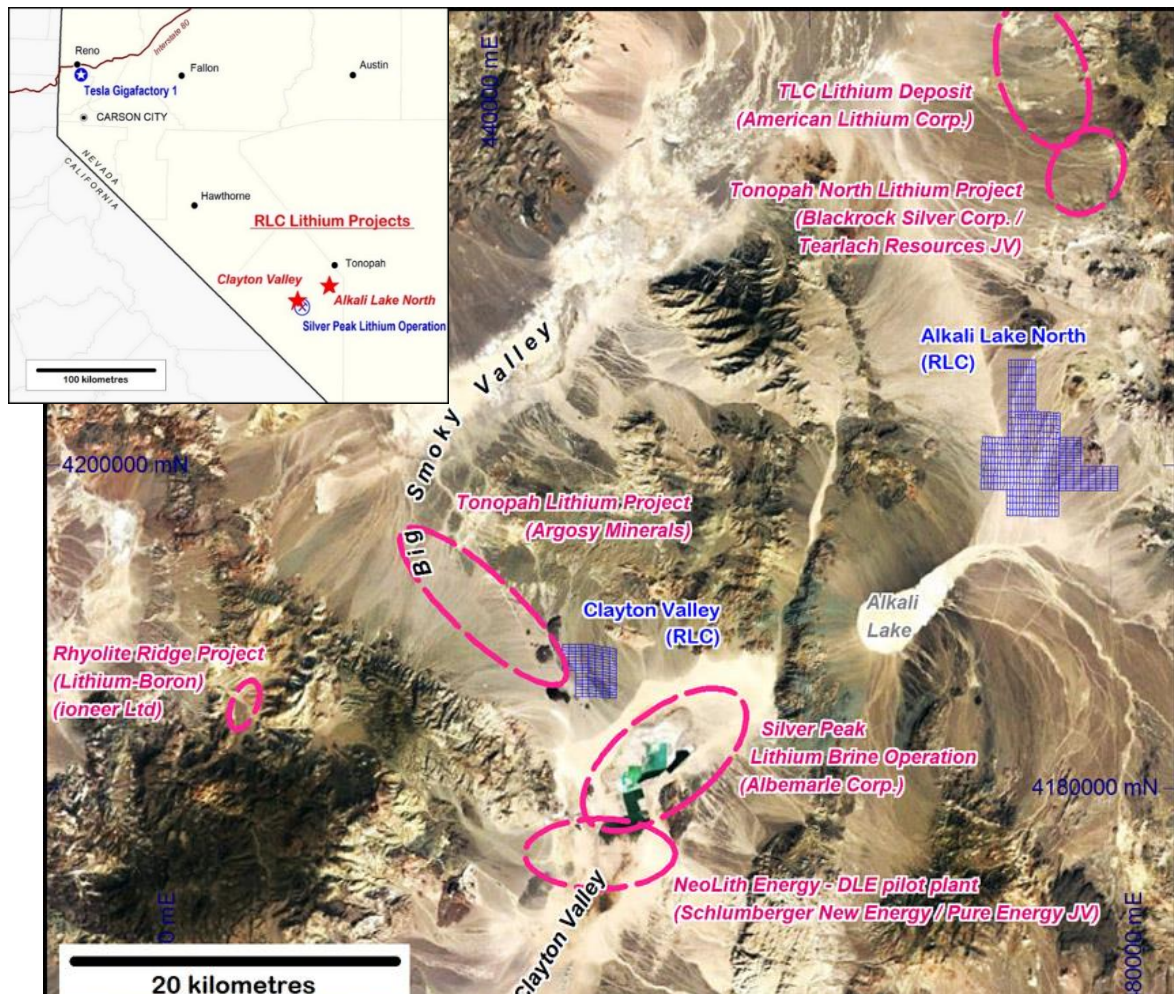


Figure 2. Location diagram. RLC's Alkali Lake North and Clayton Valley lithium projects are shown in blue. Other lithium projects shown are: Silver Peak Lithium Brine Operation (Albemarle Corp.), NeoLith Energy – Direct Extraction Li-brine Pilot Plant (Schlumberger/Pure Energy), Rhyolite Ridge Project (Li-mineral) (Ioneer Ltd), Tonopah Lithium Project (Argosy Minerals), TLC Lithium Deposit (Li-clay) (American Lithium Corp.) and Tonopah North Lithium Project (Li-clay) (Blackrock Silver Corp./Tearlach Resources).

Quarterly activities report for the period ended 31 March 2023

Alkali Lake North Project (Nevada)

Lithium

RLC 100%

334 placer claims and 158 lode claims 9,657 acres (3,908 ha)

During the report period the Company successfully increased its tenure for Alkali Lake North by staking 158 lode claims covering areas adjoining the project and increasing the project area by 1,312 hectares as shown in Figure 3 (refer ASX [release 28/04/2023](#)).

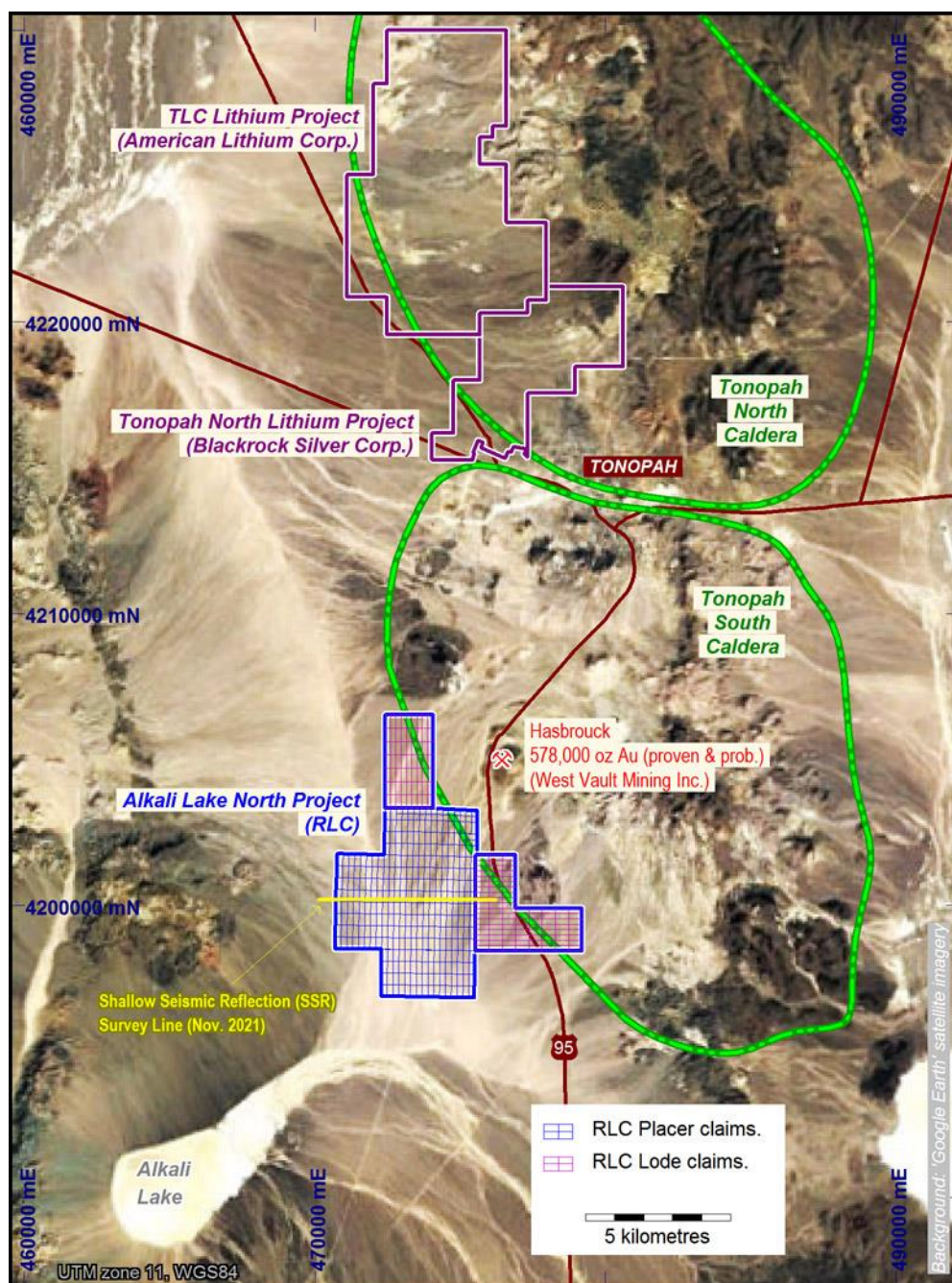


Figure 3. Location diagram showing the newly staked claims at RLC's Alkali Lake North lithium project ("ALN"). The new claims are the Lode Claims shown in 2 blocks. One abuts the northern boundary of the ALN Placer Claims the other block abuts their eastern boundary. Other lithium projects shown are: American Lithium Corp's TLC Lithium Deposit and Blackrock Silver Corp's Tonopah North Lithium Project.

The lode claims were staked to secure ground with potential for lithium-clay deposits. Recent reports of discoveries of lithium in clay at shallow depths (0 to 100 metres) within a volcanic ash unit known as the Siebert Formation have been made by two companies for projects located to the north of ALN. The ground staked by RLC includes areas that are within 300 metres of outcropping Siebert Tuff on their northeast side and the Siebert Tuff is covered by a thin veneer of alluvium on its west side where it extends into the RLC ground.

Quarterly activities report for the period ended 31 March 2023

Other work during the period included preparations for a drill program targeting Li-clay sediments/tuffs and these expanded ongoing plans for a drill program to test a shallow 2D-AMT conductor which coincides with Pleistocene lake sediments interpreted in Shallow Seismic Reflection (“SSR”) survey data acquired last year (refer ASX release [6/01/2022](#)).

The planned drilling has been prioritised over geophysical surveys previously planned to acquire additional data to aid drill target selection for testing the extensive flat lying aquifers interpreted in Audio Magneto-telluric (“AMT”) and SSR data across the project area (refer [ASX release 14/10/2021](#)).

Clayton Valley Project (Nevada)	Lithium
RLC 100%	112 claims 2,240 acres (906 ha)

No field work was conducted on the Clayton Valley project during the quarter.

A brine target potentially comprising a 200 metre thick interval of sediments containing multiple brine filled aquifers has been identified in audio magnetotelluric (3D AMT) survey data (refer ASX release 23/08/2018).

Drilling previously planned includes a core hole to 500 metres depth to investigate the brine target interpreted in the 3D AMT data. This work remains planned but is held pending developments in connection with water rights within the Clayton Valley Hydrographic Basin.

New Project Development (Nevada)	Lithium
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Research into new areas prospective for Li-brine and lithium bearing clay (Li-clay) was conducted.

Work in relation to discontinued Projects

Columbus Salt Marsh (Nevada)

The Columbus Salt Marsh project was divested at the end of August 2019 and areas disturbed by the Company’s prior drilling activities were contoured and seeded later that year. The rehabilitation work was inspected by the Bureau of Land Management (“BLM”) in May 2020 and the reclamation obligation was reduced from US\$21,599 to US\$5,429. An inspection by the BLM during the June 2021 quarter found regrowth had been set-back by drought conditions and as a consequence an inspection following in the latter half of 2022 was scheduled but to the Company’s knowledge not undertaken. The balance of the bond (US\$5,429) will remain held by the BLM until the desired regrowth has been established.

Alvord Lithium Brine Project (Oregon)

The Alvord project was discontinued from 28 July 2022 following notification the ground was not available (refer ASX release [28/07/2022](#)).

All stakes were removed from the area during the quarter. The project was terminated on 30 March 2023 following notification from the BLM that all remedial actions had been completed.

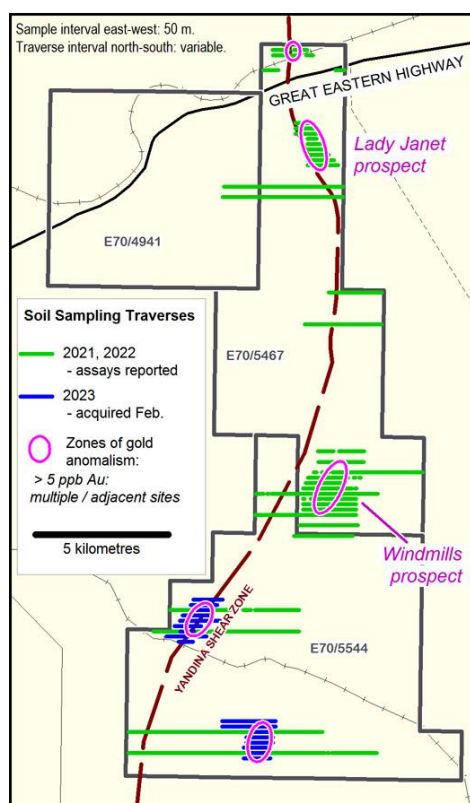
AUSTRALIAN PROJECTS

Burracoppin Gold Project (WA)

Gold

RLC 100%

E70/4941, E70/5467, E70/5544 (241 km²)



The Burracoppin Gold project is located in the central Wheatbelt of Western Australia roughly midway between Perth and Kalgoorlie on the Great Eastern Highway, Route 94. The Edna May Gold Mine is located 20 kilometres to the northeast of the project and the newly opened Tampia Gold Mine is about 60 kilometres to the south (refer to Figure 5).

During the March quarter infill soil sampling was conducted to investigate anomalous gold identified in two pairs of exploratory wide-spaced soil sample traverses located in the south of the project area (refer to ASX [release 28/09/2022](#), and Figure 4).

Figure 4. Burracoppin Gold project. Soil sampling conducted during the March quarter is shown by the blue sample traverse lines. Locations of anomalous gold sites identified in prior samples (green traverse lines) are also shown.

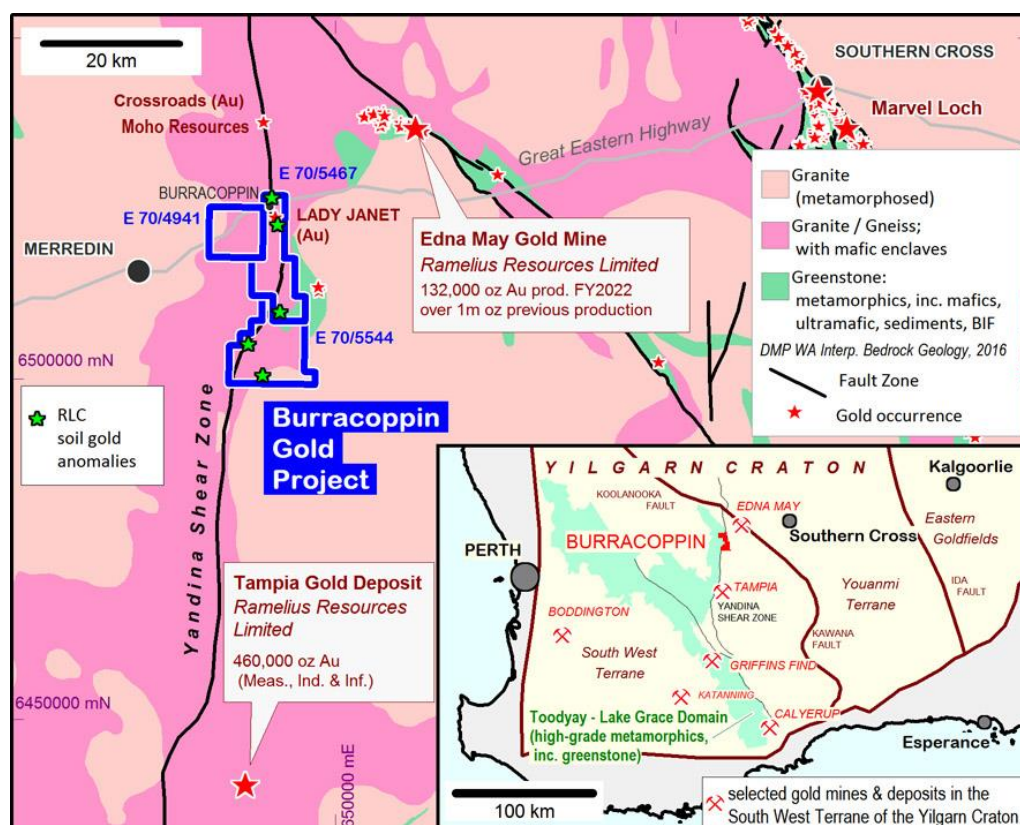


Figure 5. Burracoppin Gold project, Yandina Shear Zone, project tenure and location.

Burracoppin Iron Project (WA)

Iron

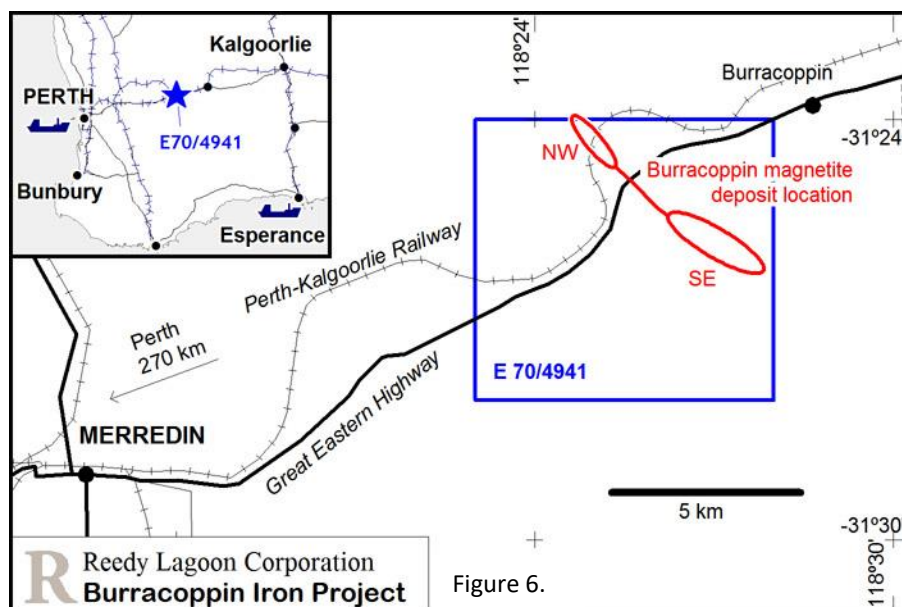
RLC 100%

E70/4941 (area 5,854 ha)

The Burracoppin Iron project plans to mine iron from the Burracoppin magnetite deposit by mining and processing the ore into an iron concentrate for smelting into pig iron using carbon from biomass. The plan incorporates Hismelt technology which is well suited to processing the coarse grained high-purity iron concentrate that the Burracoppin magnetite mineralisation can produce. The planned smelt reactor produces High Purity Pig Iron (“HPPI”) at a rate of 1 million tonnes per annum (“mtpa”) upgradable to 2 mtpa. A pig iron production rate of 1 mtpa would require about 1.6 mtpa iron concentrate (3.2 mtpa for the higher rate). The requirement for 1.6 mtpa iron concentrate is well matched to the likely scale of mining operations that may prove possible at Burracoppin and the available public access infrastructure.

The project aims to be a low-cost producer of green high purity pig iron.

The Burracoppin magnetite deposit is located half-way between Perth and Kalgoorlie near the town of Burracoppin on the Great Eastern Highway, east of Merredin. The Trans-Australian Railway passes over the north-western extension of the deposit providing heavy-haul goods service and access to ports (refer to Figure 6).



Metallurgical testwork conducted on core samples from 3 holes drilled into the Burracoppin magnetite deposit has identified mineralisation well suited to Hismelt. The testwork to date indicates the Burracoppin mineralisation can produce an iron concentrate of at least 67% Fe and low impurities at a grind size of 80% passing 150 micron (refer ASX releases: [18/01/2013](#) and [17/11/2014](#)).

Results from a study by CSIRO using advanced modelling of the magnetic field associated with the deposit have been used by Reedy Lagoon to determine an Exploration Target of 240 to 300 million tonnes at 20 to 25 Wt% iron at Burracoppin and are being used to assist planning the Company’s drilling to establish the presence of sufficient magnetite to support the planned pig iron production (refer ASX release [29/04/2022](#)).

Quarterly activities report for the period ended 31 March 2023

The Exploration Target stated above is a product of research which, whilst based on robust physics, is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Further drilling and metallurgical testwork is planned to establish Indicated Resources which, if achieved, will enable financials for the mining and production of iron concentrate for the planned smelter to be estimated.

Alternative development options were reviewed during the quarter including the option of progressing the project through initial production for sale of Direct Reduction Magnetite Concentrate (“DR Magnetite Concentrate”). DR Magnetite Concentrate typically requires less than 2% total silica and alumina and greater than 70% Fe. The metallurgical work to date indicates the Burracoppin mineralisation may produce such a concentrate at the 45 micron grind size usually required for pelletising. DR Magnetite Concentrate would be marketed primarily to be processed into pellets to make direct reduced iron for Electric Arc Furnaces. The Company maintains its position that development encompassing HIs melt for the production of green high purity pig iron using +67% Fe concentrate (at +100 micron) with no pelletising stage remains the preferred option (including because of its potentially lower net GHG emissions), but acknowledges that the production and marketing of DR Magnetite Concentrate as an intermediary stage in the project’s development could expand RLC’s market options while allowing progression in the future to the production of greener steel.

Work during the quarter was focussed on planning and funding the drilling at the Burracoppin magnetite deposit. This work included discussions with parties interested in involvement in the project and its goal to produce green high purity pig iron in Western Australia.

Reedy Lagoon and Inter cast & Forge, Australia’s largest iron casting foundry, have begun discussions on a relationship with the objective of broadening support for the Burracoppin Iron project. Inter cast & Forge joins the Company in believing Burracoppin Iron is integral to a stronger national economy particularly with regard to the foundry industry.

Discussions with BST (HK) Limited, an independent Hong Kong based commodity trading company, commenced during the period and are forming the basis for an ongoing relationship in connection with the marketing of any future production of iron related products.

CORPORATE

Cash

At 31 March 2023 Reedy Lagoon had \$209,552 in bank accounts and deposits. The Company also had the amount of US\$5,429 (A\$8,352) in a security bond held by the Bureau of Land Management (USA) for the Company’s relinquished Columbus Salt Marsh project in North America. This remaining bond amount is expected to be refunded in 2023 following satisfactory assessment of the Company’s rehabilitation of areas disturbed by the Company’s drilling.

At 28 April 2023 Reedy Lagoon had \$262,281 in bank accounts and deposits.

Quarterly activities report for the period ended 31 March 2023

Exploration Expenditure

During the quarter, the total cash outflow for exploration activities was \$91,851.

During the quarter there were no mining production and development activities.

Related Parties

Payments to related parties during the quarter totalled \$62,124 plus \$500 G.S.T. (refer 1.8 (\$30,954) and 6.1 (\$31,170) in the accompanying Appendix 5B for the period). The payments are for remuneration comprising wages, fees and superannuation paid to directors.

During the quarter a director provided \$100,000 to RLC by way of an interest-free subordinated loan repayable on demand but only if RLC is able to make repayment and remain solvent (that is, the loan is effectively subordinated to all other creditors). Subsequent to the end of the quarter a further \$100,000 was provided by a director on the same basis.

FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Alkali Lake North <i>Lithium</i>	Drill to test for lithium bearing clay deposits. ¹ Drill to recover stratigraphic information to identify sedimentary layers indicated by SSR survey. ¹ Drill to test conductivity target located in eastern side of basin. ¹ Geophysical survey (3D AMT) planned to enable drill targeting over central portion of project area not covered by existing survey. ¹	TBD TBD TBD TBD
Clayton Valley <i>Lithium</i>	Drill to test conductivity targets is planned but held pending availability of water rights.	TBD
New Project Development <i>Lithium</i>	Office studies to assess and build new projects.	On going
Burracoppin Iron <i>Magnetite</i> <i>Biomass/Biochar</i> <i>Pig iron</i>	Drill to establish resources. ¹ Continued investigations into biomass / biochar production.	TBD On going
Burracoppin Gold <i>Gold</i>	Low detection gold assay of soil samples collected during the March Quarter. Review of available multi-element assay data.	Jun Q TBD
Relinquished project (<i>Columbus Salt Marsh</i>)	Revisit and complete any required further rehabilitation of decommissioned drill site and access track.	NA

Note 1: Subject to funding or farm-out.

TBD : to be determined.

Authorised for release on behalf of the Company.

For further information, please contact:

Geof Fethers, Managing Director.

Telephone: (03) 8420 6280

or visit our Website at www.reedylagoon.com.au

Quarterly activities report for the period ended 31 March 2023

Competent Persons' Statement:

The information in the section headed "Australian Projects" in this report that relates to Exploration Results is based on information compiled by Geof Fethers, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Geof Fethers is a director of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)". Geof Fethers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the section headed "North American Projects" of this report as it relates to exploration results and geology was compiled by Mr Geoff Balfe who is a Member of the Australasian Institute of Mining and Metallurgy and a Certified Professional. Mr Balfe is a consultant to Reedy Lagoon Corporation Limited. Mr Balfe 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'. Mr Balfe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Company Statement:

Where Exploration Results have been reported in earlier RLC ASX Releases referenced in this report, those releases are available to view on the [INVESTORS page](https://www.reedylagoon.com.au/investors) of reedylagoon.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier releases. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mining tenements.

Located in Australia

Tenements at end of quarter		
Project / Location	Tenement number	Company Interest (%)
BURRACOPPIN IRON & BURRACOPPIN GOLD (WA)	E70/4941	100%
BURRACOPPIN GOLD (WA)	E70/5467	100%
BURRACOPPIN GOLD (WA)	E70/5544	100%

Located in USA

Tenements (all Placer Claims held 100%) at end of quarter

Claim Name	Claim Numbers	Corresponding BLM NMC Number	Total Claims	Total Area
Alkali Lake North Project				
WH Claims	WH-1 to WH-128	NMC 1138328 to NMC 1138455	128	1,042 ha
	WH-129 to WH-334	NV* 105269236 to NV* 105269441	206	1,554 ha
AC Claims	AC-1 to AC-63	NV*105815722 to NV* 105815784	63	1,312 ha
	AC-64 to AC-158	-Pending-	95	
Clayton Valley Project				
CV Claims	CV-1 to CV-112	NMC 1176204 to NMC 1176315	112	906 ha

*NV = County Serial Number (BLM serial number pending)

Tenements / claims changed during the quarter:

	Tenement number (claim)	Nature of change
Alkali Lake North Project, Nevada, USA	AC-1 to AC-158	158 x Lode Claims staked

Joint ventures changed during period: Nil

Appendix 5B

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

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

40 006 639 514

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(92)	(166)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(28)	(82)
	(e) administration and corporate costs	(71)	(194)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (payments to directors in respect of previously forgone emoluments relating to prior periods)	(31)	(111)
1.9	Net cash from / (used in) operating activities	(221)	(552)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	111
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	100	100
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	100	211

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	330	552
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(221)	(552)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	100	211

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	(1)
4.6	Cash and cash equivalents at end of period	210	210

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	84	144
5.2	Call deposits	126	186
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)	210	330

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	31
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

c	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(221)
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)	(221)
8.4	Cash and cash equivalents at quarter end (item 4.6)	210
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	210
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1
<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?	
<p>Answer:</p> <p>The cash flows from operating activities in the March quarter included a one-off payment of \$31k relating to prior periods (refer to item 1.8). Deducting this one-off payment from the "Net cash used in operating activities" (item 8.1) reduces "Total relevant outgoings" (item 8.3) to \$190k. On current cash levels the Company expects it will continue operating at net operating cash flows of about \$150k to \$200k per quarter.</p>		

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:

Subsequent to the end of the report period a director provided \$100,000 to RLC by way of an interest-free loan subordinated to all other creditors. The entity continually creates ways to raise cash and to fund its operations including by farm out arrangements with joint venture partners, capital raisings and other arrangements. Steps taken primarily include exploration on its projects to increase their appeal to potential joint venture partners and shareholders. The entity believes it will be successful in accessing funding when required.

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:

The entity expects to continue its operations and to meet its business objectives. Forthcoming Activities are described on page 8 in its March Quarter Activities Report. The entity has no debt other than loans from a director which are subordinated to all other creditors, cash on deposit totalling more than \$260k, low overheads and several high calibre projects.

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 April 2023

Authorised by the board.

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.