



NOVONIX

► Quarterly Activities Report

October – December 2022



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This Presentation contains estimates and information concerning our industry and our business, including estimated market size and projected growth rates of the markets for our products. Unless otherwise expressly stated, we obtained this industry, business, market, and other information from reports, research surveys, studies and similar data prepared by third parties, industry, and general publications, government data and similar sources. This Presentation also includes certain information and data that is derived from internal research. While we believe that our internal research is reliable, such research has not been verified by any third party.

Estimates and information concerning our industry and our business involve a number of assumptions and limitations. Although we are responsible for all of the disclosure contained in this Presentation and we believe the third-party market position, market opportunity and market size data included in this Presentation are reliable, we have not independently verified the accuracy or completeness of this third-party data. Information that is based on projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, which could cause results to differ materially from those expressed in these publications and reports.

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NOVONIX Investment Highlights



Our proprietary process technology and capabilities across the value chain drive innovation and commercial opportunities



We develop and supply industry leading battery testing equipment



We are a leading US-based battery materials and technology company with the first GWh-scale domestic supply agreement for synthetic graphite with KORE Power



Our offerings are directly compatible with today's installed and planned battery manufacturing technology



Demand for our technologies underpinned by exponential growth in EV sales and energy storage demand over the next decade and beyond

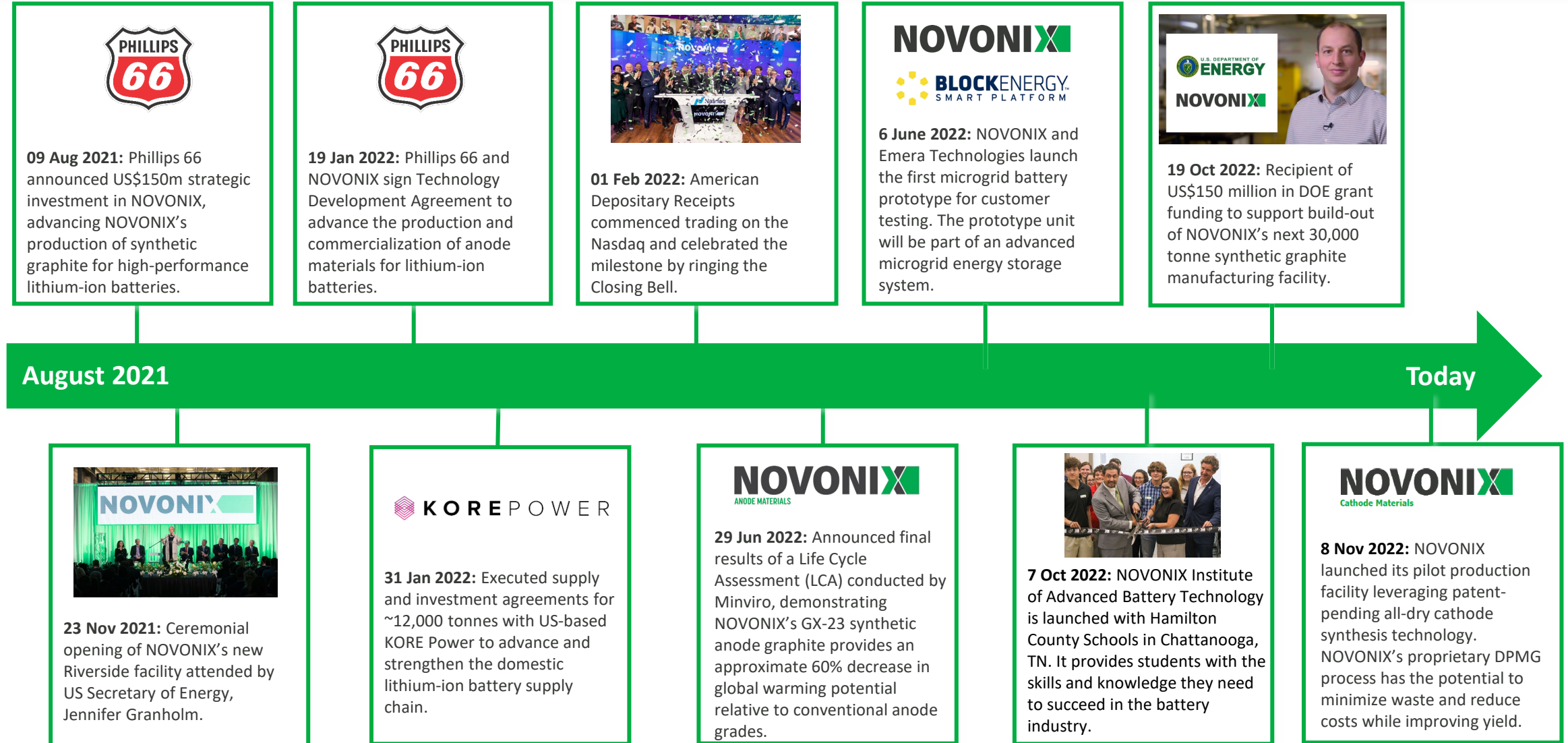


We have a clear path to profitability with global tier 1 customer base



Our leadership team is highly credentialed, continuing to successfully execute growth agenda

NOVONIX Milestones



Corporate Activities

October – December 2022

- NOVONIX announced the appointment of Daniel Akerson and Ron Edmonds to Board of Directors – 26 October 2022
- CEO Chris Burns and CFO Nick Liveris participated in the Piper Sandler Battery Summit – 15 November 2022
- Corporate Connect initiated coverage of NOVONIX (ASX: NVX) with a 12-month price target of A\$5.76 – 22 November 2022
- CEO Chris Burns and CFO Nick Liveris participated in the OTC Markets' Small Cap Growth Investor Conference– 1 December 2022
- NOVONIX joins Accelerate – Canada's Zero Emission Vehicle Supply Chain Alliance – 16 December 2022
- Launched Sustainability web page with ESG disclosures – 19 December 2022
- A total of \$231,000 was paid to directors and their associates for salaries, director fees and superannuation during the quarter ended 31 December 2022
- Cash balance as of 31 December 2022: US\$99.04 million

NOVONIX Anode Materials Activities

October – December 2022

- Equipment installation continues at Riverside as NOVONIX's proprietary Generation 3 graphitization furnaces are being optimized ahead of the start of production to support KORE's required volume.
- NOVONIX plans to adjust the previous production output targets of Riverside from 10,000 tpa in 2023 to now match the KORE supply agreement volumes and any subsequent volumes from supply agreements the Company may enter. This will begin at a rate of approximately 3,000 tpa in 2024 and ramp to approximately 12,000 tpa in 2028, to match KORE's required volume.
- Progressed engagements with tier 1 cell and automotive manufacturers through additional material sampling and qualification.
- Entered negotiation with the Department of Energy (DOE) on terms and conditions to advance the announced US\$150m grant.
- Advanced site selection process for Greenfield facility to produce up to 75,000 tpa of high-performance battery grade synthetic graphite.
- Submitted application to DOE Loan Programs Office (LPO) for technical eligibility and financial viability review.

Battery Technology Solutions (BTS) and Cathode Activities

Battery Technology Solutions Activities

- Grand opening of the cathode pilot facility occurred in November and was attended by the Premier of Nova Scotia, the Minister of Economic Development, and the Federal Parliamentary Secretary to the Minister of Innovation, Science, and Industry.
- Increased cell prototyping capacity to meet demand from customers and internal research and development support for NAM and cathode synthesis team.
- Showcased the newly launched 10A UHPC Channel Module and major software release at Advanced Automotive Battery Conference in San Diego.
- Launched new proprietary cell testing and analytics software service for battery R&D efforts focused on improving time-to-market and reducing battery costs. Based on NOVONIX's expertise in material evaluation and degradation analysis, our advanced analytics software platform will give higher confidence in predicting cell performance and reliability. The new analytics software is currently being used internally and BTS plans to launch a beta for customers in Q2 2023.

Cathode Synthesis Technology Activities

- At our new facility, all pilot equipment has been received and is being commissioned for internal testing of cathode material utilizing our patented all-dry cathode synthesis technology in first half 2023.
- Pre-pilot batches (multi-kilogram level) of mid- and high-nickel materials are being produced and tested using BTS R&D Services Cell Manufacturing Line.
- Cathode team staffing increased to match activities and to enhance capabilities.
- Additional IP is being generated in collaboration with technical advisor Dr. Obrovac's lab.



NOVONIX Selected for US\$150 million in DOE Grant Funding

Department of Energy Grant Funding

- A total of \$7 billion in grant funding under President Biden's Bipartisan Infrastructure Law (BIL) has been appropriated to strengthen the North American battery supply chain amidst surging demand and growing calls to onshore these critical industries.
- On October 19, 2022, \$2.8 billion was provided by DOE's Office of Manufacturing and Energy Supply Chains (MESC) in collaboration with the Office of Energy Efficiency and Renewable Energy (EERE), authorized by last year's BIL to boost domestic battery manufacturing and supply chains.
- NOVONIX was selected for US\$150 million Department of Energy (DOE) grant funding to expand NAM's domestic production of high-performance, synthetic graphite anode materials – one of 21 recipients across 12 categories.
- Specifically, the grant funds will be dedicated to the Company's construction of a 30,000 tonnes per annum (tpa) U.S. manufacturing facility, including site selection, plant layout, and engineering design with capability for additional expansion.



Wednesday, October 19, 2022, DOE announced that NOVONIX was selected to enter negotiations to receive US\$150 Million in grant funding to support a 30,000 tonnes per annum (tpa) synthetic graphite U.S. manufacturing facility

U.S. Legislation Providing Direct Support to NOVONIX's Business Plan

Section 301 Tariffs

- In August 2017, the Office of the United States Trade Representative (USTR) launched an investigation into China's allegedly unreasonable and discriminatory trade practices under Section 301 of the Trade Act of 1974. Every four years, the USTR is required by statute to conduct a "necessity review" of Section 301 tariffs. The tariff exclusion was extended in December 2022 until September 2023.
- **Section 301 includes a 25% tariff on artificial graphite imported from China** to help remove unfair market distortions imposed by China's anticompetitive behaviors and size advantage in the battery materials sector.

IRA Tax Credits & Consumer Credit

- **Inflation Reduction Act of 2022 ("IRA") includes an estimated \$369 billion in investments** related to "climate change and energy security," including tax and other incentives to promote US production of electric vehicles ("EVs"), renewable energy technologies, and critical minerals, representing the **single biggest climate investment in U.S. history**.

DOE Loans

- DOE Loan Programs Office (LPO) has \$15.1 billion in loan authority to support the manufacture of eligible light-duty vehicles and qualifying components under the Advanced Technology Vehicles Manufacturing Loan Program (ATVM), authorized by the Energy Independence and Security Act of 2007, providing debt capital at U.S. Treasury rates.

Inflation Reduction Act of 2022 Details

IRA Tax Credits & Consumer Credit

- The IRA includes several provisions aimed at bolstering domestic supply chains and the production of critical battery materials. These include:
 - **\$7,500 federal consumer tax credit for qualifying electric vehicles, starting in 2023 based on the origin of materials and localization of manufacturing**
 - **\$3,750 of the credit must meet critical minerals requirement** - The critical mineral credit requires certain thresholds of the percentage of the value¹ of the critical minerals in the vehicle's battery to be extracted or processed in the United States or from a country which has a free trade agreement in effect with the U.S.² EV credit eligibility is disqualified if materials are used from foreign entities of concern starting in 2025.
 - **\$3,750 from battery components** - The battery component requirement will be met if the percentage of the value of the components in the vehicle's battery that were manufactured or assembled in North America is equal to or greater than 50 percent in 2023 and increasing from that time.
 - New production and "advanced manufacturing" tax credits
 - Section 45X provides a 10% tax credit which is available to producers of electrode active materials (measured as a percentage of total cost of production).
 - Expands section 48C to provide \$10 billion in tax credits. The tax credit is 30 percent of the amount invested in new or upgraded factories to build specified renewable energy components.
 - \$500 million appropriation for "enhanced" use of the Defense Production Act economic support under banner of national security.
 - \$40 billion authorized for increased loan guarantees under Title XVII of the Energy Policy Act of 2005.

¹ This required percentage increases annually from 40 percent for a vehicle that is placed in service in 2023 to 50 percent in 2024, 60 percent in 2025, 70 percent in 2026, and 80 percent after 2026.

² Treasury and the IRS also expect to propose that the term encompasses, at minimum, the comprehensive trade agreements of the United States with the following countries: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, South Korea, Mexico, Morocco, Nicaragua, Oman, Panama, Peru and Singapore.

NOVONIX Enters "Phase 2" of DOE Loan Programs Office Process

Department of Energy Loan Programs Office

- DOE Loan Programs Office has \$15.1 billion in loan authority to support the manufacture of eligible light-duty vehicles and qualifying components under the Advanced Technology Vehicles Manufacturing Loan Program (ATVM), authorized by the Energy Independence and Security Act of 2007, providing debt capital at U.S. Treasury rates.
- In late 2022, NOVONIX formally submitted its application for a loan under the ATVM program. The loan, if received, would contribute toward funding the company's current expansion of battery materials capacity for the production of synthetic graphite to support the United States EV and ESS supply chain.

DOE LPO Loan Process



Source: DOE Loan Programs Office Website

Contact Information

NOVONIX Anode Materials

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353 Corporate Place, Chattanooga, TN, 37419, USA

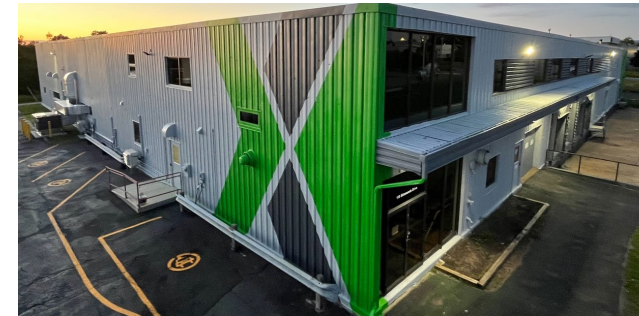


NOVONIX Battery Technology Solutions

177 Bluewater Road, Bedford, NS B4B 1H1, Canada



110 Simmonds Drive, Dartmouth, NS B3B 1N9, Canada



Send all investor queries to: ir@novonixgroup.com

This announcement has been authorized for release by NOVONIX Chairman, Admiral Robert J. Natter, USN Ret

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NOVONIX LIMITED

ABN

54 157 690 830

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,170	4,096
1.2 Payments for		
(a) research and development	(1,075)	(2,539)
(b) product manufacturing and operating costs	(679)	(1,626)
(c) advertising and marketing	(234)	(484)
(d) leased assets	-	-
(e) staff costs	(4,141)	(9,969)
(f) administration and corporate costs	(4,824)	(7,309)
1.3 Dividends received (see note 3)		-
1.4 Interest received	18	18
1.5 Interest and other costs of finance paid	(446)	(898)
1.6 Income taxes paid		-
1.7 Government grants and tax incentives	380	433
1.8 Other (provide details if material)	(4)	1
1.9 Net cash from / (used in) operating activities	(8,835)	(18,279)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(10,725)	(24,440)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(695)	(795)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Refunds / (payments for security deposits)	279	953
2.6	Net cash from / (used in) investing activities	(11,141)	(24,282)

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	-	12
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(258)	(484)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(84)	(167)
3.10	Net cash from / (used in) financing activities	(343)	(647)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	117,468	142,737
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,835)	(18,279)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,141)	(24,282)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(343)	(647)
4.5	Effect of movement in exchange rates on cash held	1,890	(490)
4.6	Cash and cash equivalents at end of period	99,039	99,039

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 \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	99,039	111,006
5.2	Call deposits	-	6,462
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)	99,039	117,468

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	231
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Payments to related parties (directors and Nick Liveris) includes director fees, salary and wages, and superannuation.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
7.1	Loan facilities	39,078	37,630
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	39,078	37,630
7.5	Unused financing facilities available at quarter end		1,448
7.6	<p>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.</p> <ul style="list-style-type: none"> • Loan facility with BDC for CAD\$2,680,000 secured by first mortgage over the group's freehold land and buildings. The facility is repayable in monthly instalments ending 15 September 2044. Interest rate is variable and is currently 7.55%. As at 31 December 2022 the facility has been fully drawn down. • On 28 May 2021, the Group purchased commercial land and buildings in Nova Scotia, Canada for CAD\$3,550,000 from which the Cathode business operates. The Group entered into a loan facility to purchase the land and buildings. The total available under the facility is CAD \$4,985,000 and it has been drawn down to CAD\$4,923,000 as at 31 December 2022. The total liability at 31 December 2022 is CAD \$4,705,240. Interest rate is variable and is currently 7.55%. The full facility is repayable in monthly instalments, commencing 31 December 2022 and ending 30 November 2047. The land and buildings have been pledged as security for the bank loan. • Loan facility with BDC for CAD\$2,300,000 secured by first mortgage over the group's freehold land and buildings. The facility is repayable in monthly instalments, commencing 31 December 2023 and ending 30 November 2033. Interest rate is variable and is currently 7.05%. As at 31 December 2022 it has been drawn down to CAD\$500,000. • Contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD\$450,000. As at 31 December 2022 it has been fully drawn down. The facility is interest free and repayable in monthly instalments commencing 1 September 2019 and ending 1 December 2025. • Contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD\$500,000. As at 31 December 2022 it has been fully drawn down. The facility is interest free and repayable in monthly instalments commencing 1 April 2020 and ending 1 March 2026. • Contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD\$250,000. As at 31 December 2022 it has been fully drawn down. The facility is interest free and repayable in monthly instalments commencing 1 January 2024 and ending 1 December 2026. • Contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD\$1,000,000. As at 31 December 2022 it has been drawn down to \$900,000. The facility is interest free and repayable in monthly instalments commencing 1 January 2025 and ending 1 December 2036. • On 28 July 2021, the Group purchased commercial land and buildings in Chattanooga for USD \$42.6M to expand the NAM business. The Group entered into a loan facility with PNC Real Estate to purchase the land and buildings. The total available amount under the facility is USD\$30,100,000 and it has been fully drawn down as at 31 December 2022. The facility is repayable in monthly instalments, commencing September 2021 and ending August 2031. The land and buildings have been pledged as security for the loan. 		

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(8,835)
8.2 Cash and cash equivalents at quarter end (item 4.6)	99,039
8.3 Unused finance facilities available at quarter end (item 7.5)	1,448
8.4 Total available funding (item 8.2 + item 8.3)	100,487
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	11.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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: N/A	
8.6.2 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: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 31 January 2023

Authorised by: By the Chairman of the Board
(Name of body or officer authorising release – see note 4)

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 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 standard applies 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.