

Australia's next silver and zinc producer.

Polymetals Resources Ltd
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polymetals.com

ASX: **POL**

6 January 2025

Polymetals Resources Ltd (ASX:POL) is progressing the restart of the high-grade underground Endeavor silver zinc mine and is on track to commence production in H1 2025.

Highlights

- Project fully funded via a US\$20 million facility provided by Ocean Partners.
- Focus on Making Endeavor Great Again as mine refurbishment works rapidly advance.
- Recruitment of senior management and supervisory teams in place.
- First underground mobile equipment on site with larger 65 tonne trucks to improve mining efficiency.
- Re-establishing access to the high-grade silver Upper North Lode.
- Diamond drill hole PGNL005 returned 67 metres at 517 g/t silver equivalent along with a positive geotechnical study which reinforces likely upside of the Upper North Lode.
- Exploration strategy finalised with Phase 4 drilling of the Carpark Prospect commencing.



Chairman's Letter

Polymetals has seen a productive December Quarter, with advancement of our stated objectives to return the Endeavor Mine to production. First concentrate production and cash flow remain on track for H1 2025.

Activity on site accelerated during the quarter with a full contingent of senior and supervisory management employed and refurbishment activities advancing to plan. We continue to build our operations workforce and in keeping with the Polymetals way, many of our refurbishment team will transition to operational roles when production commences.



The arrival of the first underground mobile equipment before Christmas added to the momentum with underground rehabilitation largely focussed on re-establishing access to the high-grade silver Upper North Lode. The economics of mining this high-grade silver mineralisation may be enhanced by applying lower cost mining methods recently investigated via a geotechnical drilling program.

In November, formal documentation was completed for a US\$20 million Pre-payment Loan Facility with Ocean Partners, which will fully fund the Company's planned redevelopment capital requirements to restart production operations at Endeavor.

All long lead capital items have been secured with the planned redevelopment works progressing safely and efficiently.

Our geological team has also maintained focus on enhancing Endeavor's operational life with the recent completion of the compilation of +50 years of historic exploration data generated by previous explorers. This work has progressed over the past two years and has involved the reprocessing and new interpretation of available geological, geophysical and geochemical information. This is the first time a comprehensive database has been consolidated over the Endeavor mining and exploration areas and the synthesis of this data into a testable exploration model has commenced through application of modern-day processing methods.

On a best-informed basis we are now able to prioritise the systematic testing of the vast array of copper, gold and silver-lead-zinc targets across our 1,107km² exploration tenement portfolio. Once cashflow has been established, Polymetals will further ramp up its exploration activities.

The Polymetals team remain focused on delivering positive outcomes: on time and on budget, safely and efficiently.

David Sproule
Executive Chairman

Endeavor Silver Zinc Mine

Cobar, NSW

Redevelopment activities for the restart of the underground Endeavor Silver Zinc Mine have been accelerated during the December quarter. The Endeavor silver zinc mine (Elura as it was first named) was discovered by Electrolytic Zinc of Australia in 1974. The mine was constructed by Fluor Daniel Engineering, commissioned in 1982 and operated continuously for 38 years before being placed on care and maintenance in 2020. During this operational period, some 32 million tonnes of ore was mined and processed recovering saleable metal in concentrate valued at more than A\$18 billion at today's metal prices. Mineral Resources (reported under guidelines of JORC 2012) of 16.3 million tonnes remain within the Endeavor mine.

Polymetals formally acquired the Endeavor Mine in August 2024 after resetting a prohibitive silver streaming royalty and is now executing on its Restart Plan with an initial mine life of 10 years.

Endeavor Restart Financing Completed

Formal completion of the US\$20 million pre-payment loan facility with Ocean Partners provides funding for 100% of the pre-production capital required to restart the Endeavor Mine. The company completed its first drawdown of this facility in November in line with planned and budgeted expenditure.



Figure 1. Polymetals team with new underground mobile equipment.

Mine Restart and Refurbishment Works

Mine restart activities and refurbishment work ramped up during the quarter as planned. Three distinct areas of work are: Site Establishment, Surface Refurbishment and Underground Readiness Work.

Key areas of work completed as at the date of this release include:

- The identification and implementation of the necessary safety, training, environmental and accounting systems
- Recruitment of senior management, onboarding and training of various staff roles
- Improvement and allocation of housing and unit accommodation
- Operational readiness with a focus on site offices, workshop and change rooms
- Structural & electrical audits
- Clean-up of surface infrastructure
- Electrical re-energising of the site
- Replacement of winder ropes for shaft haulage
- Modification of mine portal entrance to allow access for larger 65t trucks
- Inspection and refurbishment of ventilation fans and replacement of foundations
- Ground support rehabilitation works on an underground electrical substation
- Underground mine decline and access LIDAR survey
- General underground clean-up and clearing redundant services
- Check scaling program commenced of all mine access areas and early stope identification; and
- First blast to establish ventilation and rehabilitation to mine the Upper North Lode (Figures 4 & 7)



Figure 2. Endeavor Mine site management and employees attending 0600 Muster meeting.

Mobile Equipment & Underground Readiness

As outlined in the Endeavor Mine Plan, Polymetals is progressing with an owner/operator mining model. Detailed investigations have been completed to determine the most optimal mobile equipment configuration and which was sourced and secured during the December Quarter. The fleet includes new, refurbished and hire equipment with delivery to site scheduled to meet Mine Plan requirements. Equipment selected includes 65t trucks, which are larger than previously used and will enhance mining efficiencies compared to historic performance. At the end of December, two jumbos (development drills), one new 65t truck (Figure 3), one large second-hand loader and one used 45t truck had been delivered to site.

There have been a number of modifications to roof height and floor within the mine as well as removal of an unnecessary concrete apron at the portal (mine entrance) to allow the larger 65 tonne trucks to operate within the mine.

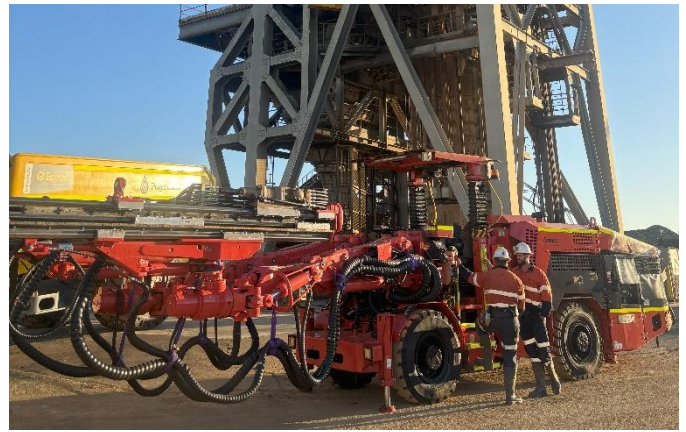


Figure 3. New Epiroc MT65 Truck (left) and Sandvik DD321 Drill (right).

An amount of rehabilitation was completed during December to facilitate the installation of ventilation services and access to the high-grade silver Upper North Lode (UNL) (Figures 4 & 7). High grade silver ore is scheduled to be extracted from this area during the early stages of mining to commence in Q2 2025.

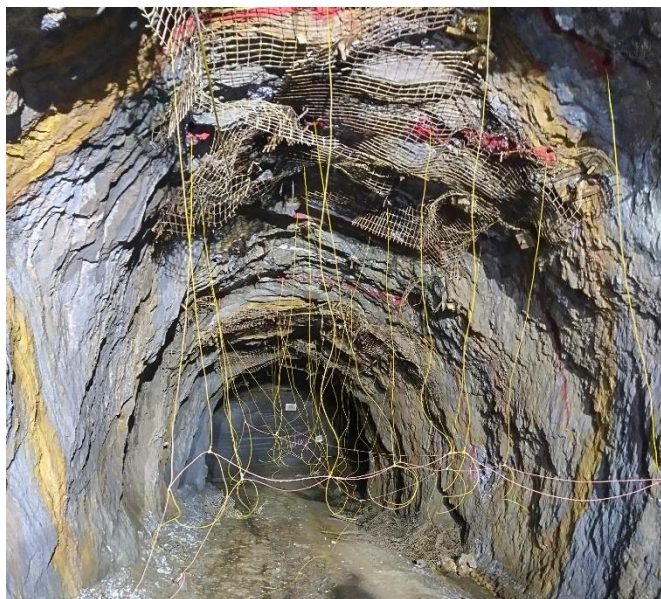


Figure 4. Level 1: Charged (LHS) & blasted (RHS) to establish ventilation to Upper North Lode (UNL).

Upper North Lode (UNL) - Geotechnical Drilling

Polymetals completed a programme of five diamond drill holes targeting the Upper North Lode (UNL) for the purpose of collecting geotechnical data. The drill core obtained was sent to ALS for assay, as well as representative sample for metallurgical optimisation test work which is currently ongoing with positive results to date.

Four of the five holes were designed to intersect mineralisation, the intercepts from which are summarised as follows:

PGNL005 (67.1m @ 517 g/t silver equivalent)

- 67.1m @ 1.04 g/t Au, 395 g/t Ag, 7.19% Zn and 4.57% Pb from 66m to 133.1m (*ending in mineralisation*)

PGNL003 (53.8m @ 551 g/t silver equivalent)

- 53.8m @ 1.19 g/t Au, 405 g/t Ag, 7.28% Zn and 6.24% Pb from 96m to 149.8m (*ending in mineralisation*)

PGNL002 (45.1m @ 483 g/t silver equivalent)

- 45.1m @ 2.01 g/t Au, 345 g/t Ag, 5.97% Zn and 6.61% Pb from 72.5m to 117.6m including 6.1m @ 8.77g/t Au (*ending in mineralisation*)

PGNL001 (54.1m @ 455 g/t silver equivalent)

- 54.1m @ 1.24 g/t Au, 334 g/t Ag, 6.05% Zn and 5.06% Pb from 98.75m to 152.8m (*ending in mineralisation*)

Geotechnical drilling shows that a portion of the UNL is likely to be sufficiently competent to support open stoping and backfilling as the mining method. Stopping will allow faster, and more complete extraction of the Upper North Lode at lower cost in comparison to the 'cut and fill' mining method assumed in the Endeavor Mine Plan.

The 'cut and fill' mining method for the UNL in the Endeavor Mine Plan was a conservative assumption due to uncertainties around ground conditions. The data collected from the recently drilled geotechnical holes has helped to build a better picture of the UNL rock properties and stability. Advice from independent geotechnical consultants suggests alternate mining methods (stopping) is likely possible, which would substantially reduce the time and cost to mine the main part of the UNL orebody.

The optimal mining method will be determined once access has been re-established to the UNL.

Near Mine Exploration Strategy

Polymetals has identified nine near mine exploration targets with current priority focusing on the Carpark Prospect, which is shaping up as a potential southern extension to the Endeavor orebody.

Over the past year Polymetals has completed 11 combination reverse circulation / core drill holes over Carpark. All holes have intercepted broad zones of anomalous lead and zinc mineralisation. Downhole electromagnetic (EM) surveys have been undertaken, with three 'off-hole' EM conductor highs identified. One is coincident with a historically collected induced polarisation (IP) chargeable high along strike and to the south of the Endeavor orebody (Figure 5).

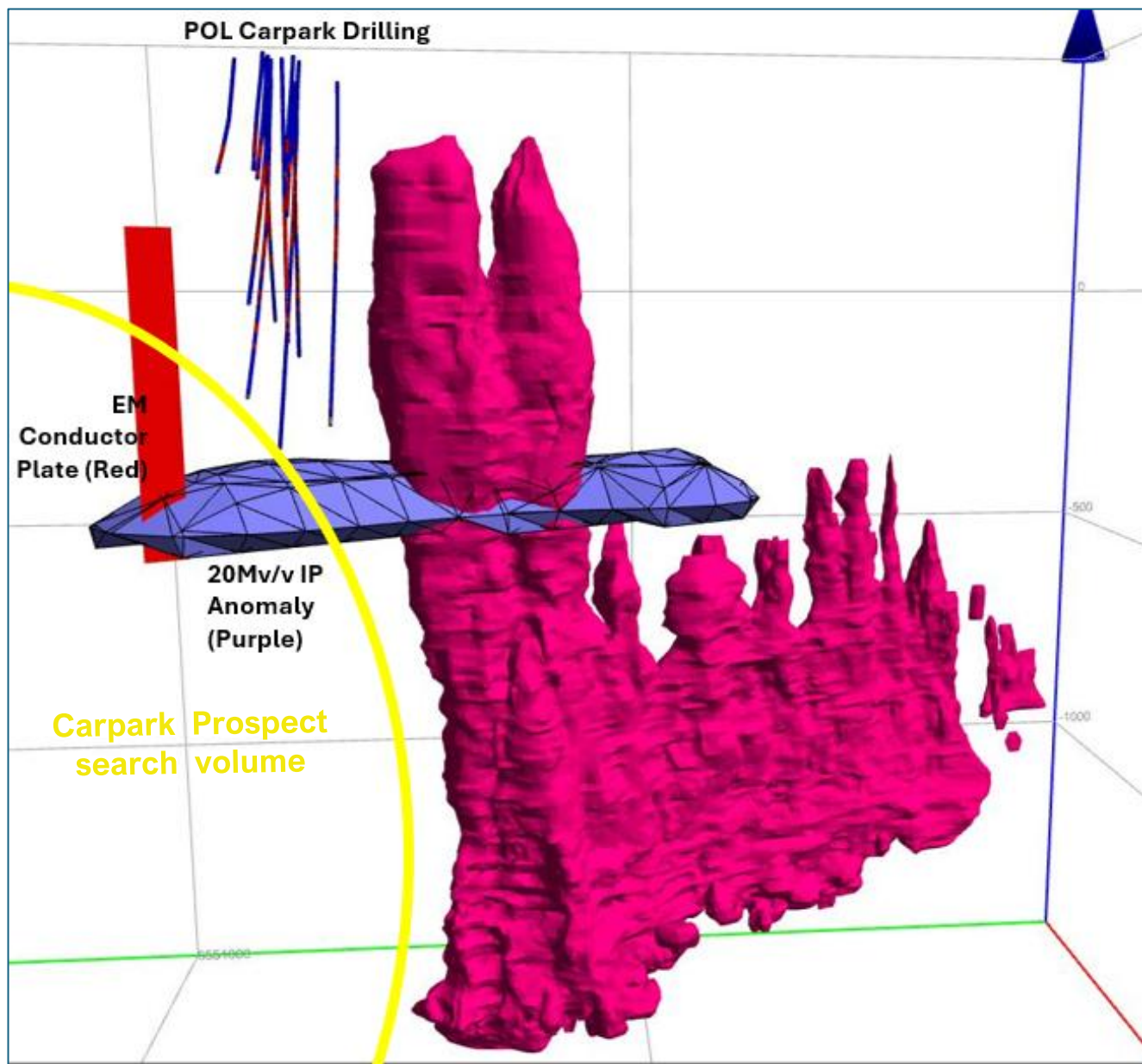


Figure 5. Long section of Carpark drilling & geophysics models highlighting the modelled downhole electromagnetic (DHEM) conductor plate (red), induced polarisation chargeable anomaly (purple) the Endeavor orebody (pink), Polymetals completed drilling and untested target volume (yellow).

Importantly, the volume occupied by this coincident conductive and chargeable anomaly has not been tested and is less than 300m from the main Endeavor orebody. Interpretation of the geophysics and geology (from core drilling) suggests the presence of a deeper sulphide source below the Carpark Prospect and to the immediate south of the Endeavor orebody. Phase 4 drilling at Carpark will commence during January to test this coincident conductive and chargeable anomaly.

Regional Exploration Plan

Polymetals has recently completed a two-year data compilation programme of all historically collected geology, geochemistry, geophysics and drilling information generated over approximately 50 years from exploration completed by previous owners within the Endeavor 1,107km² exploration licences. The regional exploration targets are prolific and prospective (Figure 6). Further grassroots exploration including regional BLEG geochemistry surveys and mapping programmes, will likely identify other

targets, especially in areas of deeper regolith cover. Now that the Endeavor Mine redevelopment is well underway, the Company is preparing to actively advance exploration targets during 2025 field season.

Prior to any targeted drilling, planned regional exploration activities to commence in Q1 CY2025 will consist of acquiring 18-line kilometres of induced polarisation (IP) geophysics and geological mapping across several advanced prospects.

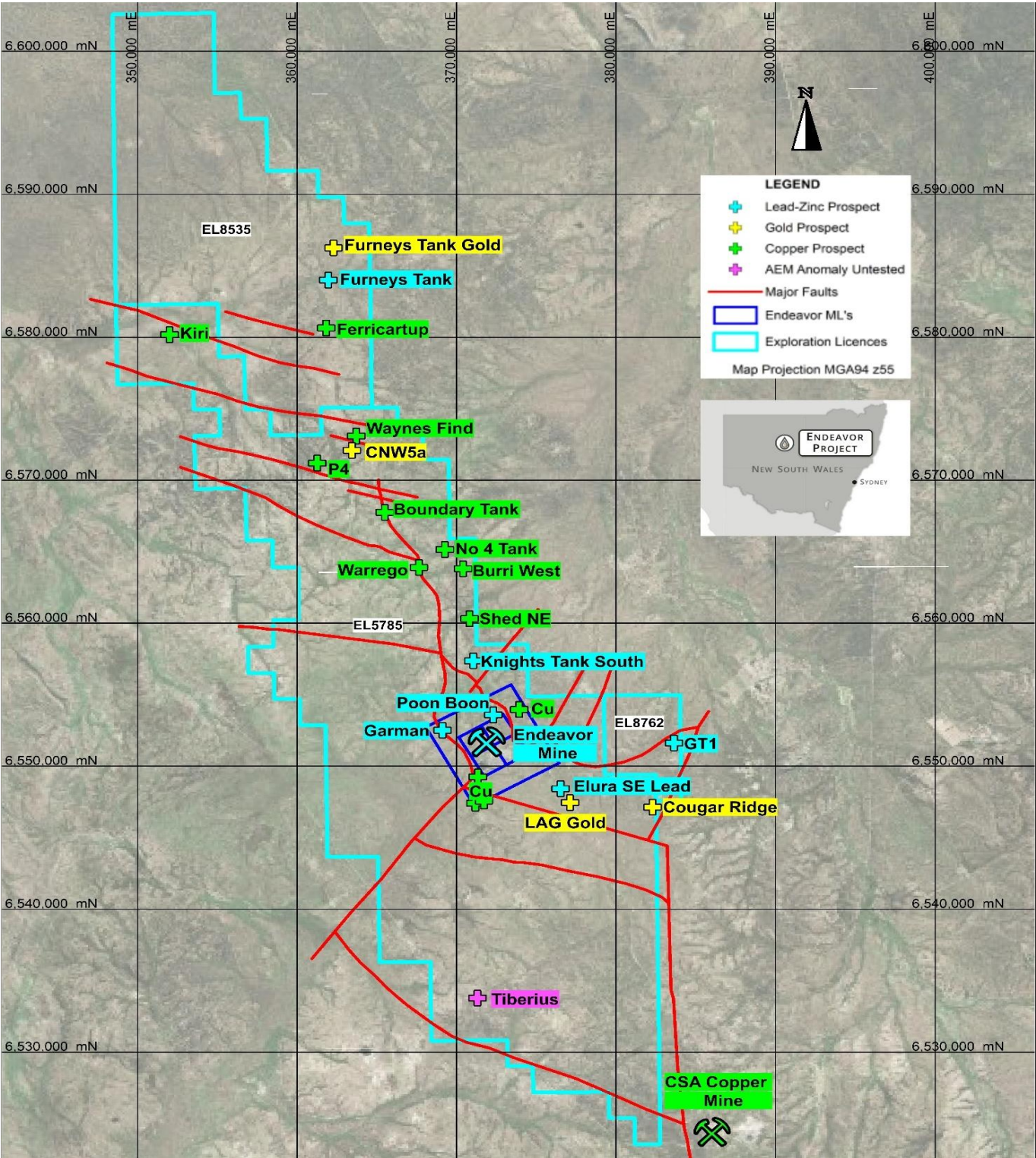


Figure 6. Regional exploration licences and targets.

Corporate

The Endeavor Project development expenditure during the quarter was \$4,181,000 (including care and maintenance \$239,000, stamp duty \$120,000, structural steel & engineering \$320,000 and electricity costs of \$363,000. Exploration and evaluation expenses were \$365,000 during the quarter.

Payments in cash to related parties of the Company during the quarter amounted to \$9,000 in non-executive Director fees.

The Company's cash balance on 31 December was \$5,525,000.



Figure 7. Underground rehabilitation commences on the high-grade silver Upper North Lode access.

Tenements

In accordance with Listing Rule 5.3.3, Polymetals provides the following Information concerning its mining tenements:

- (a) no applications were made during the quarter by the Company to acquire new or surrender its existing licences; and
- (b) the following table lists the Company's mining tenements held at the end of the quarter and their location:

Table 1: Polymetals - Exploration Licences & Mining Leases: Endeavor and Guinea.

Project	Licence	Location	Expiry	Ownership
Endeavor (NSW)				
Exploration Licence	EL 5785	NSW	5/10/2027	100%
Exploration Licence	EL 8583	NSW	2/6/2029	100%
Exploration Licence	EL 8752	NSW	27/6/2027	100%
Mining Lease	ML 158	NSW	20/5/2028	100%
Mining Lease	ML 159	NSW	12/3/2028	100%
Mining Lease	ML 160	NSW	12/3/2028	100%
Mining Lease	ML 161	NSW	12/3/2028	100%
Mining Lease	ML 930	NSW	20/5/2028	100%
Guinea				
Alahiné	EL22123	Republic of Guinea	Awaiting renewal	100%
Mansala	EL22694	Republic of Guinea	Awaiting renewal	100%

This announcement was authorised for release by Polymetals Resources Ltd Board.

For further information, please contact:

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Important Notices

References

The information in this report references to previously released ASX Announcements.

- ASX Announcement “Management Performance Share Conditions Achieved” dated 19 December 2024
- ASX Announcement “Making Endeavor Great Again-Project Update 1” dated 4 December 2024
- ASX Announcement “Endeavor Exploration update” dated 26 November 2024
- ASX Announcement “Results of Meeting” dated 15 November 2024
- ASX Announcement “Endeavor Project Finance completed” dated 8 November 2024
- ASX Announcement “September 2024 Quarterly Report” dated 22 October 2024
- ASX Announcement “67 m at 517 g/t Silver Equivalent Endeavor Mine” dated 9 October 2024
- ASX Announcement “London Metal Exchange-Presentation” dated 2 October 2024
- ASX Announcement “Significantly improved Endeavor Silver Lead Zinc Mine Plan” dated 5 August 2024

The Company confirms that it is not aware of any information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the Original Announcement continue to apply and have not materially changed.

Competent Persons Statement

The information supplied in this release regarding Exploration Targets & Exploration Results of the Endeavor Project is based on information compiled by Mr Jess Oram. Mr Oram is a Director of Polymetals Resources Ltd.

The information supplied in this release regarding Mineral Resources of the Endeavor Project is based on information compiled by Mr Troy Lowien. Mr Lowien is a full-time employee of Polymetals Resources Ltd.

The information supplied in this release regarding Ore Reserves of the Endeavor Project is based on information compiled by Mr Matthew Gill. Mr Gill is a full-time employee of Polymetals Resources Ltd.

Mr Jess Oram, Mr Troy Lowien and Mr Matthew Gill are each Competent Persons and Members of the Australian Institute of Mining and Metallurgy. Mr Jess Oram, Mr Troy Lowien and Mr Matthew Gill each have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Oram, Mr Lowien and Mr Gill consent to the inclusion of matters based on information in the form and context in which it appears.

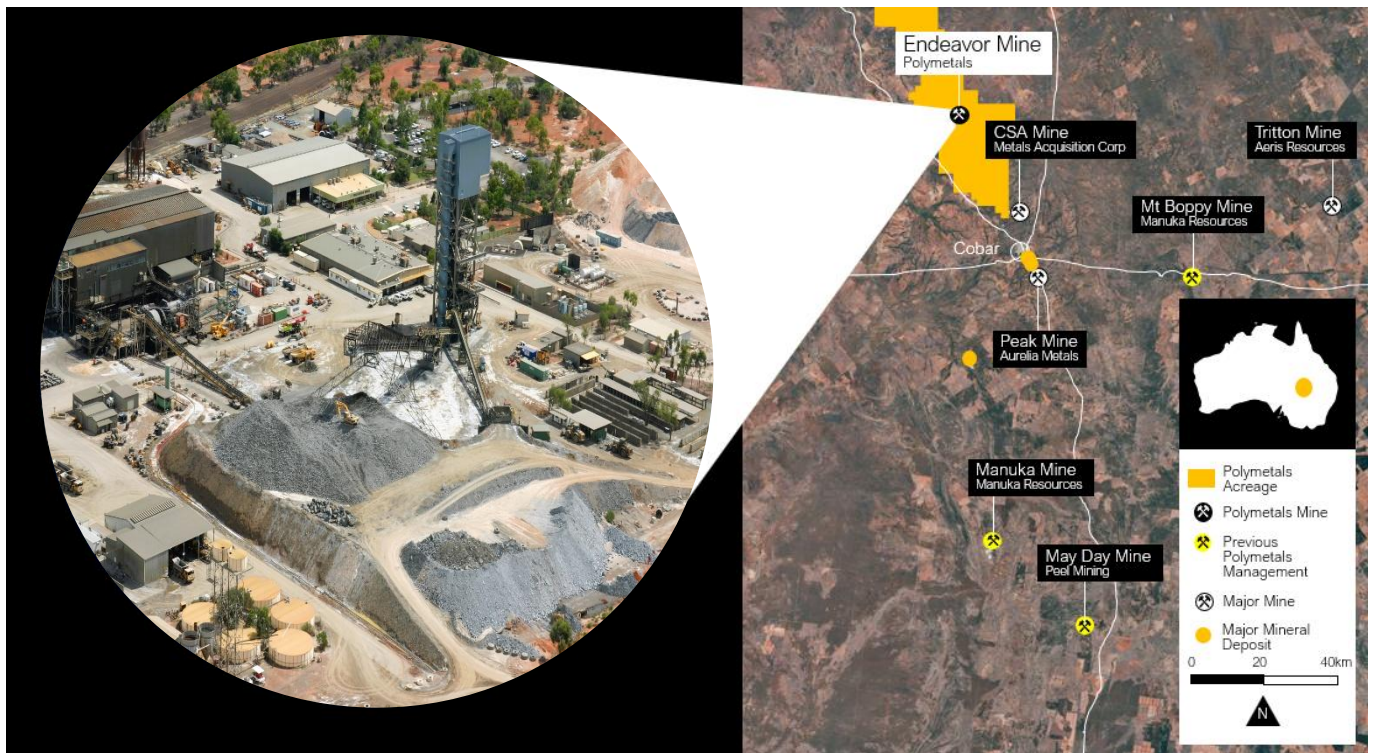
Forward Looking Statement

This report prepared by Polymetals Resources Limited (or ‘the Company’) includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as ‘may’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘anticipate’, ‘continue’, and ‘guidance’, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, exploration results, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Company Profile

Polymetals Resources Ltd (ASX: POL) is an Australian mining company on track to deliver first production and cashflow in H1 2025 at its 100% owned Endeavor Silver Zinc Mine, located in the Cobar Super Basin, New South Wales, Australia. Polymetals has the potential to be a +20-year producer of precious and base metals, initially within its five approved and permitted mining leases. Polymetals is active across its 1,100km² of exploration licenses covering 80km of the prolific polymetallic (copper, gold, silver and zinc) mineral province.

For more information visit www.polymetals.com



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

POLYMETALS RESOURCES LTD

ABN

73 644 736 247

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(365)	(566)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,057)	(1,593)
	(e) administration and corporate costs	(328)	(747)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(412)	(412)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(2,162)	(3,318)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(361)	(493)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) project development - Endeavor	(4,181)	(5,562)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(4,542)	(6,055)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	560
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	7,715	7,715
3.6	Repayment of borrowings	-	(1,183)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other-EL Bond replacement	-	(40)
3.10	Net cash from / (used in) financing activities	7,715	7,052

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,514	7,846
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,162)	(3,318)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,542)	(6,055)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,715	7,052
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,525	5,525

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	715	
5.2	Call deposits	4,810	4,514
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)	5,525	4,514

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
9
0

Note : The above payments to directors reflect fees for services paid during the current quarter. More information concerning the breakdown of the relevant director payments can be found within the accompanying Quarterly Announcement.

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 current quarter end \$A'000	Amount drawn amount at previous quarter \$A'000
7.1	Loan facilities (US\$20m @ .63)	31,746,031	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	7,200,000	-
7.4	Total financing facilities	38,946,031	-
	1. Underground Mobile Equipment Lease facility provided by Epiroc Financial Solutions Australia Pty. Ltd Total = \$6.7m (\$2,700,000 drawn at 31/12/2024). 2. Vehicle Lease facility provided by Australian Truck & 4WD Rentals Pty. Ltd (Hertz Australia). Total = \$500,000 (\$500,000 drawn at 31/12/2024) 3. US\$20m pre-payment/loan facility provided by Ocean Partners. (US\$5m drawn at 31/12/2024) <i>No further loan facilities (or repayments) have been entered into (made) by the Company since the end of the quarter.</i>		
7.5	Unused financing facilities available at quarter end	25,537,492	
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.		
	1. Underground Mobile Equipment Lease facility term 41-months, Interest = 7.5% 2. Vehicle Lease facility term 36-months 3. US\$20m pre-payment/loan facility, Interest = SOFR + 6%		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,162)	
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,181)	
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(6,343)	
8.4	Cash and cash equivalents at quarter end (Item 4.6)	5,525	
8.5	Unused finance facilities available at quarter end (Item 7.5)	25,537	
8.6	Total available funding (Item 8.4 + Item 8.5)	31,062	
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.58	
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions: 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? <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> Answer: </div>		

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:

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:

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: 6 January 2025

Authorised by: By the Polymetals Resources Ltd 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.