



Activities Report for the Quarter Ended 30 June 2021

The Board of Black Cat Syndicate Limited ("Black Cat" or "the Company") is pleased to report on activities at the Kal East Gold Project ("Kal East") during the quarter ended 30 June 2021.

HIGHLIGHTS

Operations

- 6% increase in total JORC 2012 Resources ("Resources") to 15.3Mt @ 2.2 g/t Au for 1,090,000oz, which included a 14% increase in total Indicated Resources.
- 341 RC holes (23,952m) and 5 diamond tails (567.7m) were drilled during the quarter. Assay results were reported throughout the quarter and will continue to be reported during the September 2021 quarter.
- Approvals obtained for underground mining and for construction of the processing facility at the Majestic Mining Centre.
- 1.5Mtpa milling facility relocated to Kalgoorlie and additional pre-construction infrastructure purchased.
- Drilling activities during the quarter were focussed on extensions and discoveries near the Majestic, Fingals, and Trojan Mining Centres. Results included:
 - 8m @ 5.23 g/t Au from 48m (21IMRC002) - southern extension of Imperial deposit (Majestic)
 - 4m @ 18.40 g/t Au from 96m (21IMRC022) - northern extension of Imperial deposit (Majestic)
 - 8m @ 2.25 g/t Au from 36m (21IMRC015) - new target, Majestic Mining Centre
 - 2m @ 8.68 g/t Au from 130m (21IMRC029) - Majestic North
 - 8m @ 5.81 g/t Au from 68m (21IMDD002) (pre-collar) - hangingwall lode Majestic North
 - 4m @ 5.44 g/t Au from 68m (21IMDD001) (pre-collar) - hangingwall lode Majestic North
 - 2m @ 7.64 g/t Au from 40m (21FRRC016) - new target, south of Fingals
 - 4m @ 5.25 g/t Au from 28m (21FRRC034) - new target, southwest of Fingals
 - 4m @ 9.00 g/t Au from 16m (21FRRC064) - new target, 4km north of Fingals Fortune
 - 6m @ 3.40 g/t Au from 48m (21FRRC001) - historic shafts, south of Fingals Fortune
 - 7m @ 5.04 g/t Au from 61m (21TNRC001) - Trojan extension, south of dolerite dyke
 - 4m @ 6.67 g/t Au from 84m (21TNRC006) - new parallel target, southeast of Trojan

Corporate

- Cash of ~\$16M at 30 June 2021. The Company completed an equity raising during the quarter raising \$20M before costs. Funds will be used to complete 85,000m of drilling and to continue process facility equipment purchases.
- Key staff appointments, including HR manager, Environment/Community Manager, Underground Mining Engineer, Procurement Administrator and Processing Manager, as Black Cat readies for production.

September 2021 Quarter Planned Activities

- >20,000m of drilling targeting extensions to existing Resources and regional exploration.
- Continuing Resource growth from drilling activities conducted in June and September 2021 quarters.
- Ongoing engineering and equipment purchases for Kal East processing facility.

BLACK CAT SYNDICATE LIMITED (ASX:BC8)

Level 3, 52 Kings Park Road, West Perth WA 6005
PO Box 184, West Perth WA 6872
T: +61 458 007 713 | E: admin@blackcatsyndicate.com.au
W: www.blackcatsyndicate.com.au
ABN 63 620 896 282

DIRECTORS

Paul Chapman	Non-Executive Chairman
Gareth Solly	Managing Director
Les Davis	Non-Executive Director
Philip Crutchfield	Non-Executive Director
Tony Polglase	Non-Executive Director

CORPORATE STRUCTURE

Ordinary shares on issue: 140.8M
Market capitalisation: A\$79M
(Share price A\$0.56)
Cash (30 June 2021): A\$16M

Activities Report for the Quarter Ended 30 June 2021

SAFETY AND PRODUCTIVITY

Summary of key performance indicators during the June 2021 quarter are shown below:

- Drilling activities were productive; 1 Lost time injury (LTI) was incurred by a drilling contractor.
- 24,519.7m of RC and diamond drilling completed.

Since listing in January 2018, Black Cat has drilled 168,000m of RC and 8,600m of diamond which has added 558,000 oz in Resource as well as acquiring 532,000 oz for a total of 1,090,000 oz. The Company's combined discovery and acquisition cost is ~\$15/oz.



Figure 1: RC and diamond drilling at the Majestic Mining Centre during the quarter

Activities Report for the Quarter Ended 30 June 2021

CORPORATE

During the June 2021 quarter, Black Cat raised \$20M before costs through a strongly supported share placement to professional and institutional investors. Directors and their related parties subscribed for ~\$1,500,000 in the placement (approved by shareholders at a general meeting held on 17 June 2021) bringing their total investment to ~\$5.5m.

Black Cat appointed Mr Philip Crutchfield as a non-executive director of the Company on 6 April 2021. Additionally, seven employees were added to management team during the quarter including Human Resources Manager, Environment and Community Relations Manager, Underground Project Mining Engineer, Contracts/Procurement Administrator and Processing Manager.

The company continued high levels of activity across the Kal East during the quarter.

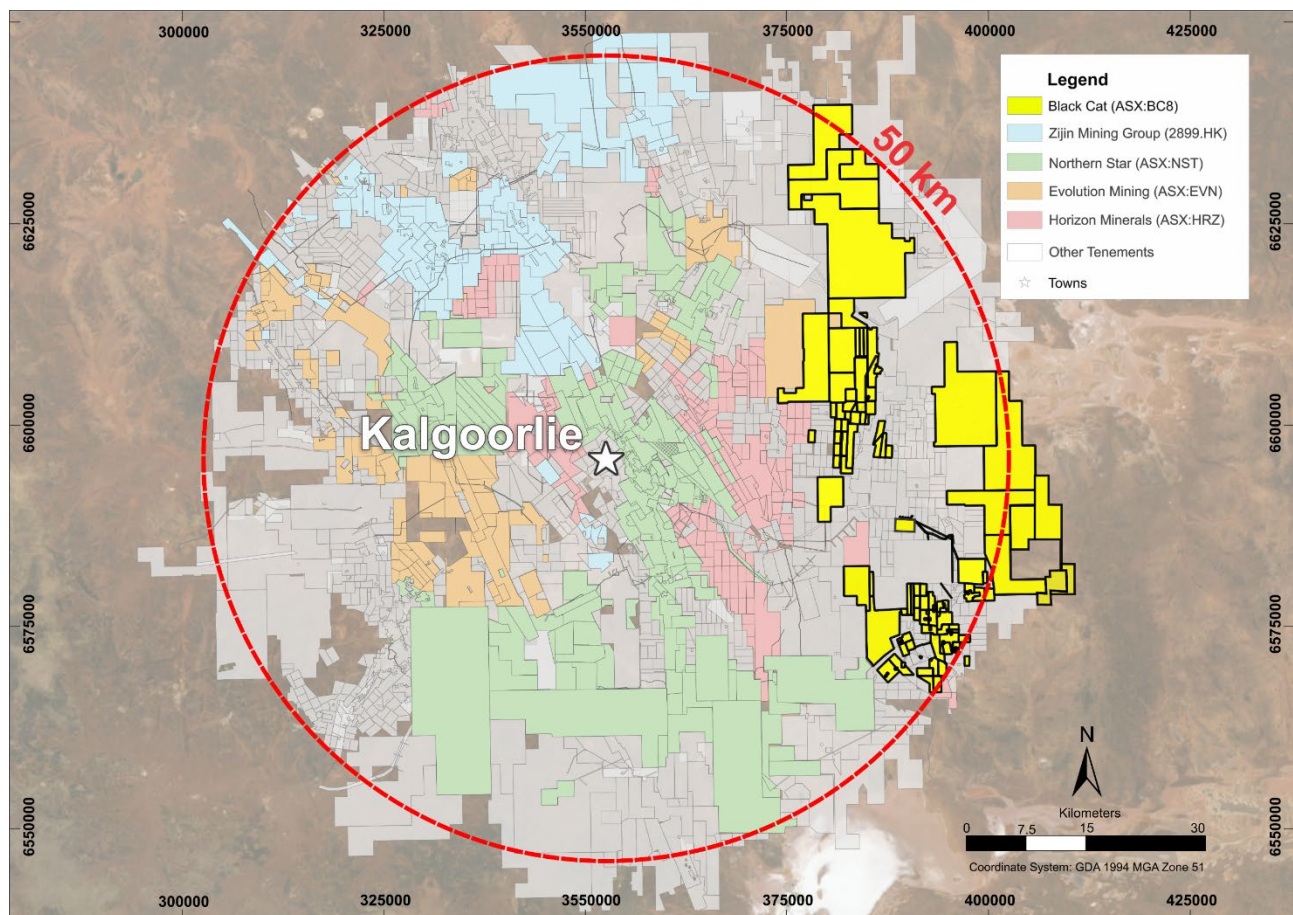


Figure 2: Largest landholders within 50km of Kalgoorlie. Black Cat's holding is displayed in yellow

OPERATIONS

Black Cat is advancing Kal East to a decision to commence mining in 2022. Key objectives include:

- Secure all major mill components;
- Continue to grow Resources while progressing maiden Ore Reserves; and
- Re-optimize mine plans based on 800,000 tpa milling capacity and a larger mining fleet.

Activities Report for the Quarter Ended 30 June 2021

Majestic Mining Centre (M25/350, P25/2323) 100%

Along with an open pit at Myhree, Majestic is expected to provide the initial feed for the proposed processing facility at Majestic. Drilling continued at the Majestic Mining Centre during the quarter with a program designed to upgrade Resources as well as to define Ore Reserves. Drilling was a mixture of RC (14 holes for 5,049m) and diamond tails (5 holes for 567.7m). No diamond results have been returned to date. RC results show a number of high-grade zones, including results in pre-collars of the diamond holes that are targeting deeper parts of the system.

Results included (4m comp unless otherwise stated¹):

- 8m @ 5.23 g/t Au from 48m (21IMRC002) - southern extension to Imperial
- 1m @ 16.60 g/t Au from 155m (21IMRC002) - southern extension to Imperial²
- 5m @ 2.95 g/t Au from 175m (21IMRC002) - southern extension to Imperial²
- 1m @ 14.70 g/t Au from 228m (21IMRC002) - southern extension to Imperial²
- 4m @ 3.29 g/t Au from 72m (21IMRC005) - northern extension of Imperial
- 4m @ 18.40 g/t Au from 96m (21IMRC022) - northern extension of Imperial
- 8m @ 2.25 g/t Au from 36m (21IMRC015) - early-stage target, north east of Imperial
- 4m @ 2.92 g/t Au from 20m (21IMRC017) - early-stage target, northern extension of Crown
- 4m @ 5.44 g/t Au from 68m (21IMDD001) - Majestic West (pre-collar)
- 4m @ 2.43 g/t Au from 122m (21IMDD001) - Majestic West (pre-collar)
- 8m @ 5.81 g/t Au from 68m (21IMDD002) - Majestic West (pre-collar)
- 12m @ 1.20 g/t Au from 80m (21IMDD002) - Majestic West (pre-collar)
- 4m @ 3.42 g/t Au from 224m (21IMDD003) - Majestic West (pre-collar)
- 4m @ 3.76 g/t Au from 16m (21IMDD008) - Majestic West (pre-collar)
- 2m @ 8.68 g/t Au from 130m (21IMRC029) - Majestic North²

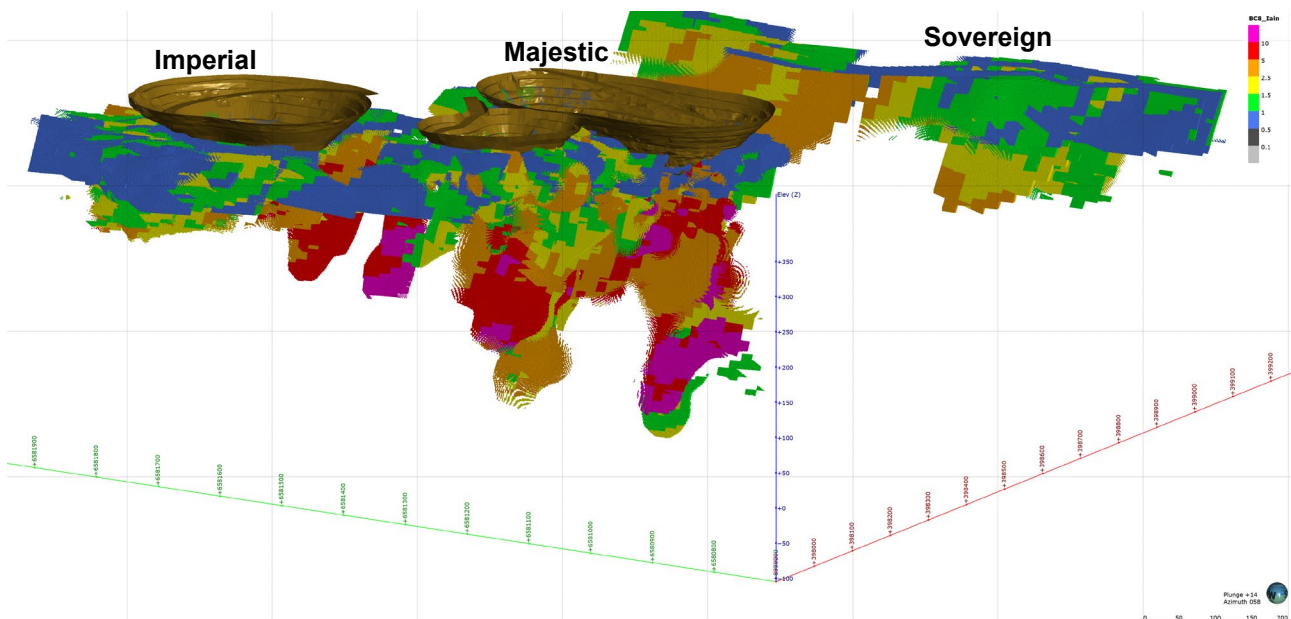


Figure 3: Resources at the Majestic Mining Centre

¹ Refer ASX announcements 25 May 2021 and 14 July 2021

² 1m samples

Activities Report for the Quarter Ended 30 June 2021

Fingals Mining Centre (M26/357, M26/148, M26/248 and M26/364) 100%

During the quarter, a highly successful regional drilling program was undertaken at the Fingals Mining Centre including 73 RC holes for 6,134m. Drilling was designed to test early-stage targets and identified a number of new targets that will require additional drill testing during the coming quarters. Results included³:

- 4m @ 3.36 g/t Au from 12m (21FRRC016) - historic target south of Fingals
- 2m @ 7.64 g/t Au from 40m (21FRRC016) - historic target south of Fingals (ended in mineralisation)
- 4m @ 2.99 g/t Au from 52m (21FRRC017) - testing historic drilling south of Fingals
- 4m @ 5.25 g/t Au from 28m (21FRRC034) - lithological target, south west of Fingals
- 8m @ 1.15 g/t Au from 52m (21FRRC024) - lithological target, south west of Fingals
- 4m @ 3.04 g/t Au from 52m (21FRRC013) - one of several lines of shafts south of Fingals
- 6m @ 3.40 g/t Au from 48m (21FRRC001) - historical “Black Cat” shaft, Fingals South
- 4m @ 9.00 g/t Au from 16m (21FRRC064) - new target, 4km north of Fingals Fortune

Drilling at the Fingals Mining Centre is ongoing and focussed on Resource conversion and follow up drilling to the recent positive regional program.

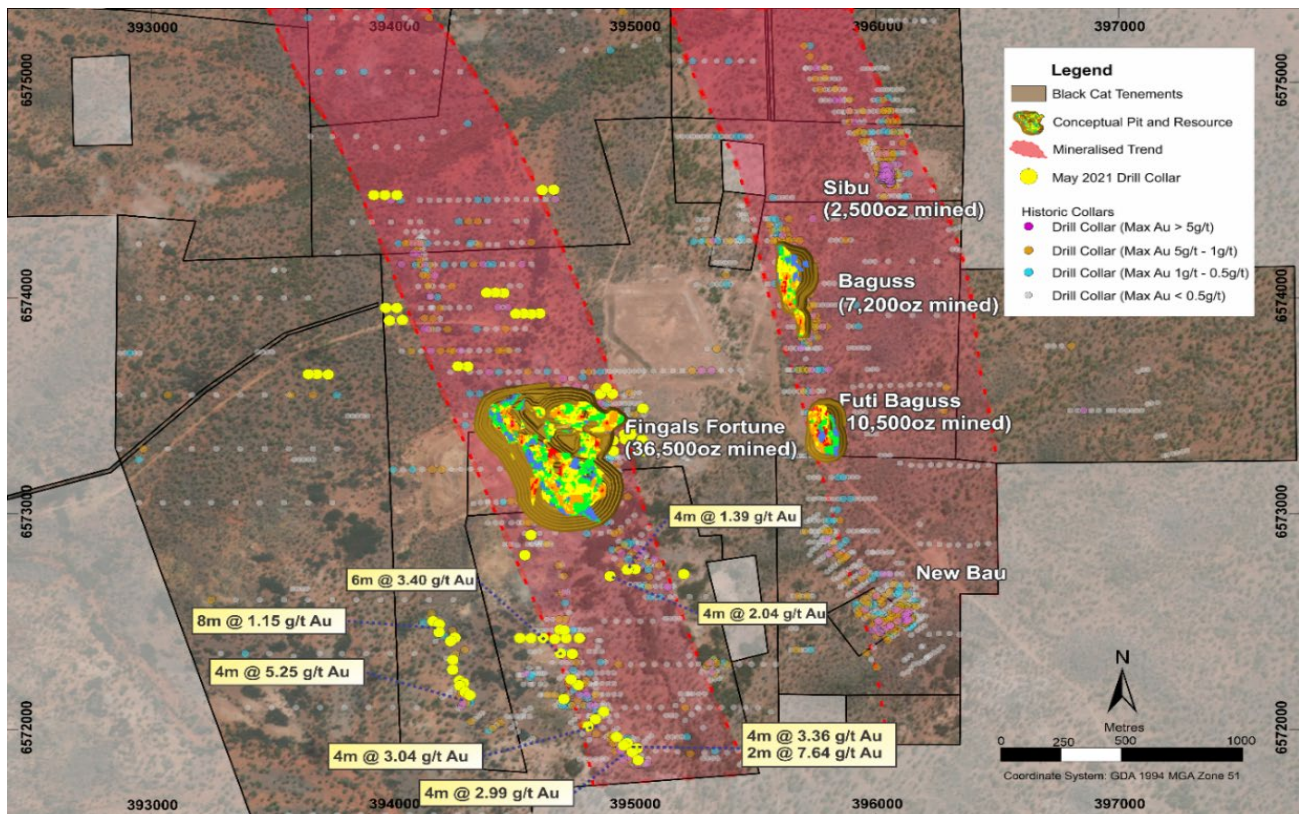


Figure 4: Plan view of Fingals Mining Centre with recent regional drilling and Resources over conceptual pit designs

Trojan Mining Centre (M25/0104, E25/0571, E25/0558, E25/0526 and P25/2333) 100%

The Trojan Mining Centre is located 10km east of the proposed Kal East processing facility. Open pit mining between 2000 and 2004 extracted 1.97Mt @ 1.97 g/t Au for 125,129 oz. Mining ceased when the gold price dropped to US\$400 oz and little work has been undertaken since. The current Resource is 2.1Mt at 1.7 g/t Au for 115,000 oz and is open at depth and along strike.

Black Cat completed its maiden 20 hole (2,156m) drilling program in May 2021 and targeted parallel shears in the area. Results were encouraging and included⁴:

³ Refer ASX announcements 25 May 2021 and 14 July 2021

⁴ Refer ASX announcements 25 May 2021 and 14 July 2021

Activities Report for the Quarter Ended 30 June 2021

- 7m @ 5.04 g/t Au from 61m (21TNRC001) - Trojan south extension
- 5m @ 2.11 g/t Au from 52m (21TNRC002) - Trojan south extension
- 4m @ 6.67 g/t Au from 84m (21TNRC006) - parallel shear, south east of Trojan
- 4m @ 1.42 g/t Au from 72m (21TNRC018) - parallel shear, east of Trojan
- 5m @ 1.41 g/t Au from 19m (21TNRC016) - north of Trojan pit

Previously, a cross cutting dolerite dyke was interpreted to close off the Trojan deposit. However, holes 21TNRC001 and 21TNRC002 were drilled 300m south of the dyke. Together with historical intersections of **4m @ 7.13g/t Au from 51m** (CMM417) and **5m @ 4.40g/t Au from 63m⁵** (TEXRC010) these results provide further validation that the Trojan deposit extends beyond the dyke.

Furthermore, hole 21TNRC018 (**4m @ 1.42 g/t Au from 72m**) shows evidence of a parallel shear zone 300m east of Trojan. Historic drilling in this area outlined a parallel trend of gold anomalism with a strike length of ~600m. Again, this trend was thought to be truncated by the east-west striking dolerite dyke. Additional drilling is required to further delineate the local geology and the exact location of the dyke. The next drilling planned in these areas will commence during the September 2021 quarter.

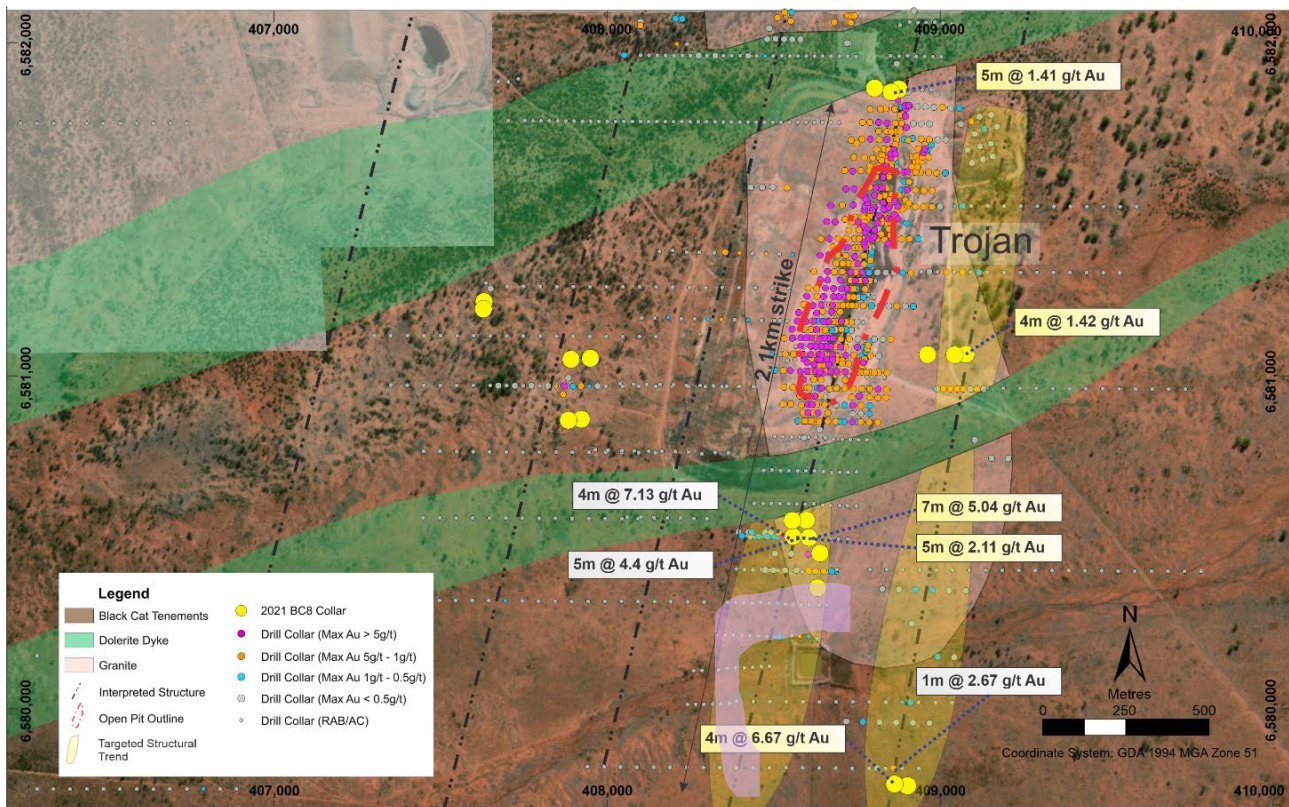


Figure 5: Plan view at Trojan Mining Centre. Results highlight the possible extension of Trojan to the south of the dolerite dyke (green) and a possible parallel deposit to the southeast of Trojan

⁵ Refer ASX announcement 7 October 2021

Myhree Mining Centre (M25/24, M25/091, M 25/129, P25/2286) 100%

Along with an underground mine at Majestic, Myhree is expected to provide the initial feed for the proposed processing facility. Grade control drilling occurred during the quarter with a total of 120 RC holes completed for 4,315m over the proposed Myhree open pit. Drilling was designed on 7.5m hole spacing and 12.5m line spacing pattern with every second line drilled during this program. Results from this program are expected in September 2021.

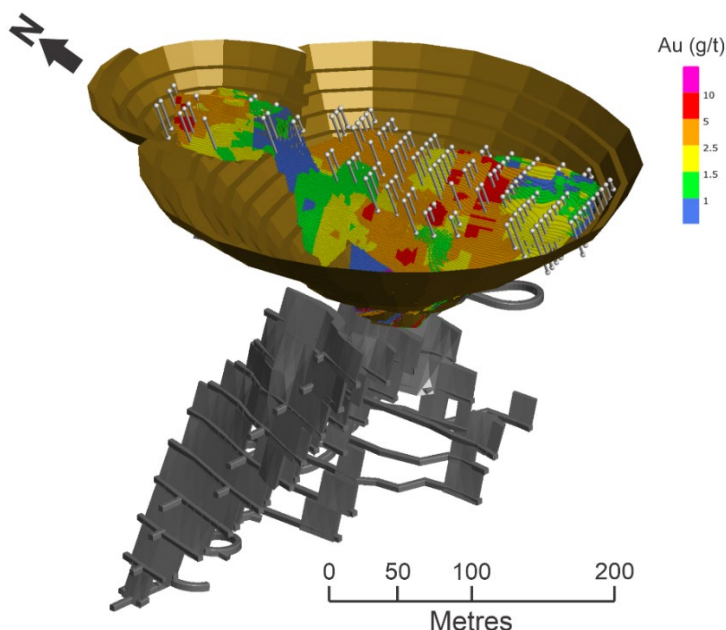


Figure 6: Conceptual open pit and underground at Myhree with Resource contained within the pit coloured by Au. Completed grade control displayed as grey lines

Wombola (M26/642, M26/683) 100%

In the Wombola area, a 24 hole RC program of 2,016m was completed in May 2021, focussed on early stage targets. All holes were drilled to 84m depth and showed similar dolerite rock units as found in the historic open pits. Drilling confirmed the continuity of a >1,500m parallel trend of gold anomalism located north of the historic open pits. Elsewhere, a gold in soil anomaly was tested and returned anomalous gold at depths of up to 60m.

Results⁶ of **4m @ 1.12g/t Au from 68m (21WORC013)** and **4m @ 1.18 g/t Au from 52m (21WORC014)** indicate that there is the potential for further mineralised structures in this area, which has historically produced more than 50,000 oz from open pit mining.

Sterilisation Drilling

Sterilisation drilling of an expanded tailings storage facility was undertaken with 54 RC holes drilled for 2,898m. The expanded tailings storage facility is required for the planned 800,000tpa processing facility. Assays are expected in September 2021.

Sterilisation drilling also occurred at the Myhree Mining Centre with 26 RC holes drilled for 1,404m; designed to test the planned waste dump for the Myhree open pit.

Regional Exploration

Black Cat conducted auger sampling programs over several targets during the quarter. A total of 2,730 holes were drilled to an average depth of 1.5m. This work was focussed on the Balagundi, Slate Dam, Bulong North and Fingals South areas and will enable new drill targets to be defined. Partial results have been returned to date and show a number of gold and base metal trends which will be used to rank and prioritise targets for further exploration⁷.

⁶ Refer ASX announcement 14 July 2021

⁷ Refer ASX announcement 26 July 2021

Activities Report for the Quarter Ended 30 June 2021

Summary of Drilling

The following table is a summary of drilling completed during the quarter:

Target	Objective	# RC Holes	Total RC (m)	# DD Holes	Total DD (m)
Majestic Mining Centre	Resource Upgrade and Growth	14	5,049	5	567.7
Fingals Regional	Discovery	65	5,594		
Fingals Mining Centre	Resource Upgrade and Growth	8	540		
Trojan	Discovery	30	2,136		
Myhree	Waste Dump Sterilisation	26	1,404		
Myhree	Grade Control	120	4,315		
Wombola Regional	Discovery	24	2,016		
Tailings Storage Facility	Sterilisation	54	2,898		
Total		341	23,952	5	567.7

Table 1: Drill summary by deposit

1.5Mtpa Milling Facility and Infrastructure Relocation

During the quarter, two Outokumpu ball mills were relocated to the Burgess BLA facility in Kalgoorlie, where the larger of the two mills will undergo servicing ready for planned installation in 2022. The surrounding mill infrastructure was also dismantled and removed to appropriate storage facilities ready for construction. This work was completed as planned and within budget.

Other pre-construction activities included engineering to integrate the larger Outokumpu ball mill into the previous design which will allow the operation to commence with a throughput of ~800,000 tpa along with engineering other parts of the processing facility including gravity, elution and gold room circuits.

Steel for the manufacture of additional CIL tanks was procured and arrangements for tank manufacture have commenced. Progress was also made in securing additional high-quality components for construction, including structural steel, conveyors, feed chutes, pumps, construction offices a mobile crane⁸.



Figure 7: 1.85MW Outokumpu ball mill on the road to Kalgoorlie

⁸ Refer ASX announcement 8 July 2021

Activities Report for the Quarter Ended 30 June 2021

Resource Status

Drilling between January and June 2021 totalled more than 50,000m and has been largely directed toward Resource upgrades for ongoing mining studies. The Fingals Mining Centre Resources were updated during the quarter (based on drilling to 30 April 2021⁹). Total Resources at Kal East increased to 15.3Mt @ 2.2 g/t Au for 1,090,000oz. Additional Resource estimation activities occurred at other deposits at Kal East. All Resources remain open and have potential for strong growth with drilling ongoing. See Appendix for Resource breakdown.

Reoptimisation of Mine Plans

Mining studies at Kal East continued during the quarter and included:

- Open pit studies are being reoptimised to incorporate larger mining equipment, allowing for larger volume waste stripping ahead of ore mining. This includes single stage open pit designs for Myhree and Fingals Fortune (Figure 8).
- Underground studies are underway with designs well advanced to optimise several potential underground mines with a focus on Majestic and Imperial.

These studies will be incorporated into maiden Ore Reserves due in the December 2021 quarter.

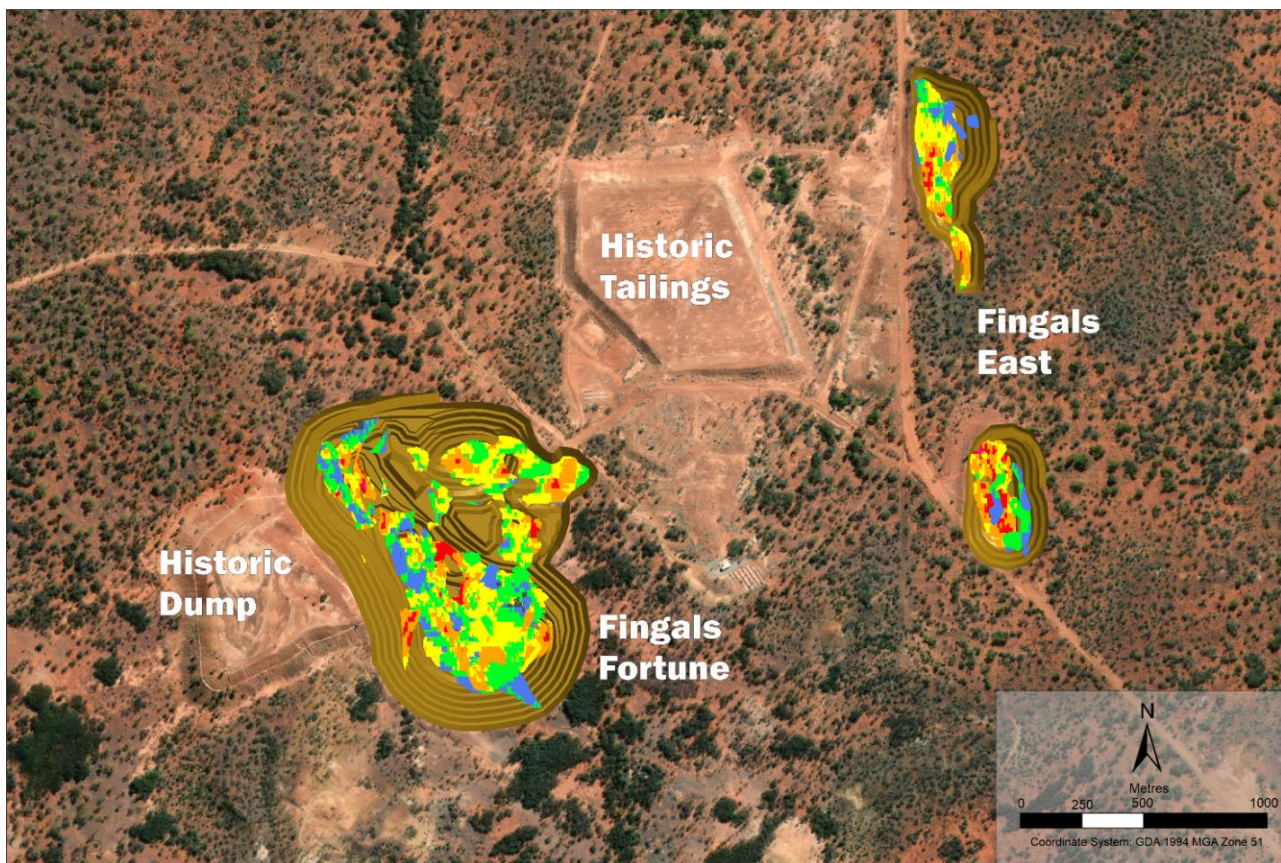


Figure 8: Plan view of the Fingals Mining Centre and conceptual open pits

Approvals Status

Approval for the development of the Majestic underground mine was received. This means that the two mines scheduled for initial development (Myhree open cut and Majestic underground) have full DMIRS approval.

DMIRS approval was also granted for the construction of the processing facility at the Majestic Mining Centre. The application for DWER Environmental Works Approval is underway.

⁹ Refer ASX announcements 31 May 2021



Activities Report for the Quarter Ended 30 June 2021

CORPORATE/FINANCIAL

Strongly Supported Share Placement

During the June 2021 quarter, Black Cat raised \$20M before costs through a strongly supported share placement to professional and institutional investors. Directors and their related parties subscribed for ~\$1,510,000 in the placement (approved by shareholders at a general meeting held on 17 June 2021) bringing their total investment to ~\$5.5m.

Cash

At 30 June 2021, Black Cat held cash of \$16.05M. Cash outflows for the quarter totalled \$5.4M.

Securities on Issue

At the date of this report the Company had the following securities on issue:

	Fully Paid Ordinary Shares	Options	Fully Diluted
Fully Paid Ordinary Shares	140,807,811	-	140,807,811
Options @ \$0.20 expiring 25 January 2023	-	9,541,147	9,541,147
Options @ \$0.40 expiring 25 June 2023	-	1,450,000	1,450,000
Options @ \$0.60 expiring 2 August 2023	-	700,000	700,000
Options @ \$0.62 expiring 18 May 2024	-	250,000	250,000
Options @ \$1.20 expiring 21 July 2024	-	187,000	187,000
Options @ \$0.98 expiring 10 December 2024	-	625,000	625,000
Options @ \$1.00 expiring 28 June 2025	-	530,000	530,000
Current Issued Capital	140,807,811	13,283,147	154,090,958

Table 2: Securities on issue

Payments to Related Parties of the Entity and their Associates (refer section 6 of Appendix 5B):

Included at section 6.1 of Appendix 5B

Remuneration of directors (\$102,000).

Salary paid to spouse of Mr Gareth Solly (\$22,000).

Included at section 6.2 of Appendix 5B

Remuneration of directors (\$11,000).

Information Provided in Accordance with ASX Listing Rules 5.3.1 and 5.3.2

In accordance with ASX Listing Rule 5.3.1, the Company confirms that there have been no material developments or changes to its exploration and feasibility activities. A summary of the specific activities undertaken in each project area is provided in the relevant sections of this activity report.

A total of \$2.946M was incurred in respect of project related expenditure which was focussed on ongoing exploration, Resource drilling and economic studies at Kal East.

In accordance with ASX Listing Rule 5.3.2, the Company advises that no mining development or production activities were conducted during the quarter.



Activities Report for the Quarter Ended 30 June 2021

PLANNED DRILLING

Black Cat's ongoing drilling program is progressing well with ~85,000m drilled from 1 July 2020 to 30 June 2021. RC drilling has recently focussed on upgrading Inferred Resources to Indicated, as well as early testing of regional targets. Black Cat intends to drill, report and update Resources on an ongoing basis.

Black Cat is aiming to drill a further ~60,000m in 2021 focussed on Resource growth, Reserve definition and discovery potential across Kal East.

In line with the industry generally, assay results are slow in their turnaround and Black Cat has seen a steady increase in assay backlogs. Additional assay labs are being sought to assist in reducing the backlog.

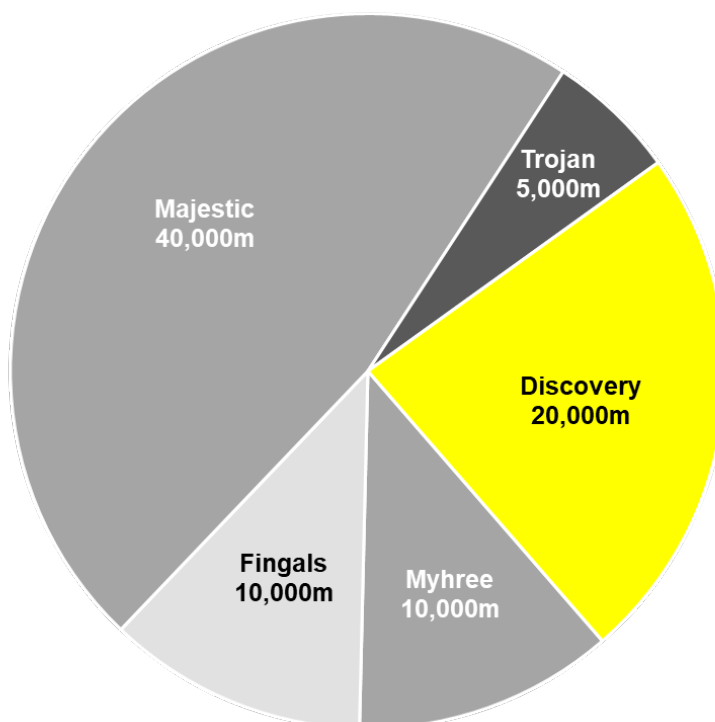


Chart 1: Black Cat's planned drilling by location through 2021

RC and diamond drilling activity will focus on the following programs through 2021:

- Majestic Mining Centre: Resource extensions and infill drilling;
- Fingals Mining Centre: Resource extensions and infill drilling;
- Myhree Mining Centre: Grade control and infrastructure sterilisation;
- Trojan Mining Centre: Resource extension and regional follow up;
- Other Areas: Resource infill and extension and exploration drilling at Rowe's Find, Bulong, Black Hills and Wombola.

Activities Report for the Quarter Ended 30 June 2021

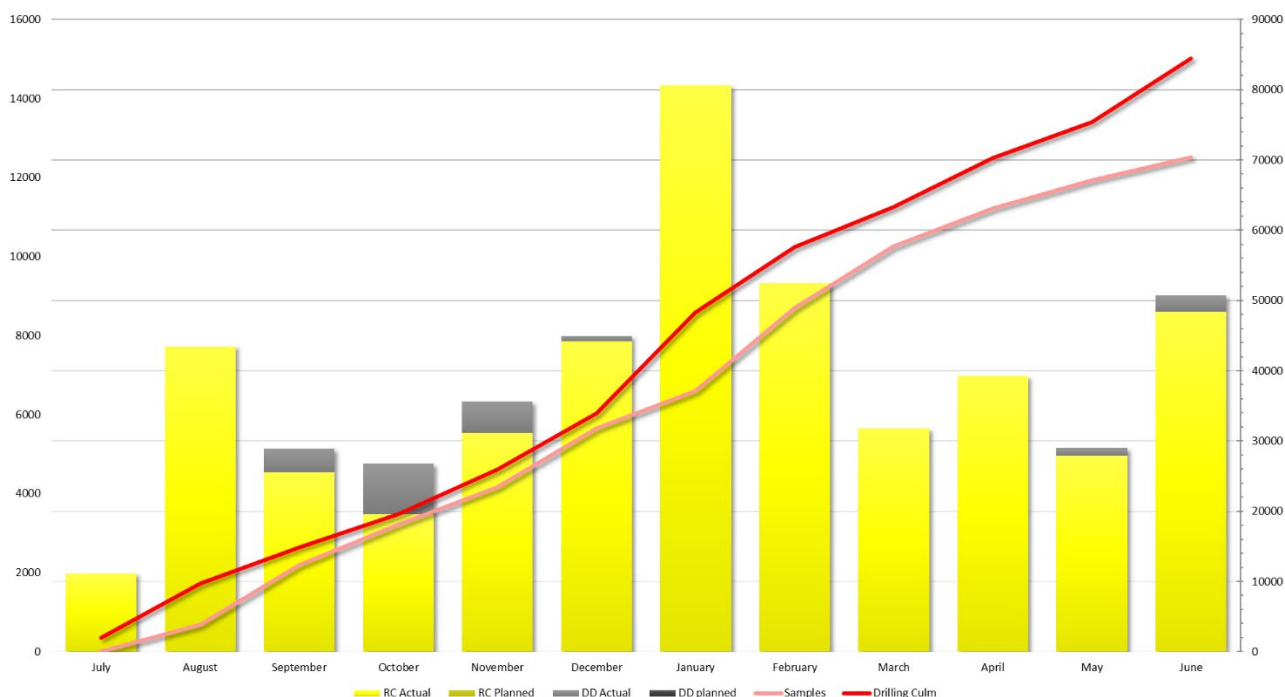


Chart 2: Black Cat's drilling plan with progress on drill metres and assay results showing a recent increase in assay backlogs.

RECENT AND PLANNED ACTIVITIES

Upcoming activities include:

Planned Activities	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21
RC and diamond drilling						
Milling facility acquisition and servicing						
Updated Resources and Ore Reserves						
Ongoing acquisition of major equipment components						
Tailings storage facility approval						
Environmental works approval						
Fingals mining approval (required for 2023)						
Exhibiting at Diggers & Dealers, Kalgoorlie						
Annual Audited Financial Statements						
Quarterly reports						
Annual General Meeting						

For further information, please contact:

Gareth Solly

Managing Director

+61 458 007 713

admin@blackcatsyndicate.com.au

This announcement has been approved for release by the Board of Black Cat Syndicate Limited.



Activities Report for the Quarter Ended 30 June 2021

APPENDIX 1: TENEMENT INFORMATION

Lease	Location	Project Name	Area (km ²)	Status	% Interest at Start of Quarter	% Interest at End of Quarter
M25/0350	Majestic Mining Centre	IMPERIAL/MAJESTIC	9.9	LIVE	0%	0%*
M25/0360	Majestic Mining Centre	CROWN	1.3	LIVE	0%	0%*
M25/0364	Majestic Mining Centre	IMPERIAL/MAJESTIC	9.9	PENDING	0%	0%*
P25/2323	Majestic Mining Centre	JONES FIND	0.7	LIVE	0%	0%^
L25/0014	Majestic Mining Centre	IMPERIAL/MAJESTIC	0.1	LIVE	0%	0%*
L25/0017	Majestic Mining Centre	IMPERIAL/MAJESTIC	0	LIVE	0%	0%*
L25/0018	Majestic Mining Centre	IMPERIAL/MAJESTIC	0	LIVE	0%	0%*
L25/0053	Majestic Mining Centre	IMPERIAL/MAJESTIC	0.6	LIVE	0%	0%*
L25/0054	Majestic Mining Centre	IMPERIAL/MAJESTIC	0	LIVE	0%	0%*
L25/0064	Majestic Mining Centre	IMPERIAL/MAJESTIC	0.4	PENDING	0%	0%
M26/0197	Fingals Mining Centre	FINGALS EAST	0.9	LIVE	0%	0%*
M26/0248	Fingals Mining Centre	FINGALS FORTUNE	3.5	LIVE	0%	0%*
M26/0357	Fingals Mining Centre	FINGALS FORTUNE	4.7	LIVE	0%	0%*
M26/0635	Fingals Mining Centre	FINGALS EAST	0.1	LIVE	0%	0%*
M26/0148	Fingals Mining Centre	FINGALS FORTUNE	0.1	LIVE	0%	0%*
L26/0162	Fingals Mining Centre	FINGALS FORTUNE	0.1	LIVE	0%	0%*
L26/0262	Fingals Mining Centre	FINGALS FORTUNE	0.2	LIVE	0%	0%*
M25/0117	Fingals Mining Centre	FINGALS FORTUNE	3.7	LIVE	0%	0%*
M25/0136	Fingals Mining Centre	FINGALS FORTUNE	0.8	LIVE	0%	0%*
M26/0364	Fingals Mining Centre	FINGALS FORTUNE	1.3	LIVE	0%	0%*
M26/0406	Fingals Mining Centre	FINGALS FORTUNE	0.1	LIVE	0%	0%*
M26/0409	Fingals Mining Centre	FINGALS FORTUNE	0.4	LIVE	0%	0%*
M26/0417	Fingals Mining Centre	FINGALS FORTUNE	0.7	LIVE	0%	0%*
M25/0104	Trojan Mining Centre	TROJAN	8.7	LIVE	0%	0%`
E25/0571	Trojan Mining Centre	TROJAN	24.5	LIVE	0%	0%`
P2502333	Trojan Mining Centre	TROJAN	0.1	LIVE	0%	0%`
M25/0024	Myhree Mining Centre	MYHREE	4.9	LIVE	100%	100%
M25/0083	Myhree Mining Centre	ANOMALY 38	0.7	LIVE	100%	100%
M25/0091	Myhree Mining Centre	TRUMP	0.8	LIVE	100%	100%
M25/0129	Myhree Mining Centre	BOUNDARY	1.8	LIVE	100%	100%
M25/0372	Myhree Mining Centre	TRUMP	1.2	PENDING	0%	0%
P25/2286	Myhree Mining Centre	TRUMP	1.2	LIVE	100%	100%
L25/0062	Myhree Mining Centre	HAMPTON HILL	0.3	PENDING	0%	0%
M26/0059	Other Mining Centre	WOMBOLA DAM	0	LIVE	0%	0%*
M26/0278	Other Mining Centre	HAMMER & TAP	1.2	LIVE	0%	0%*
M26/0352	Other Mining Centre	HAMMER & TAP	0.3	LIVE	0%	0%*
M26/0437	Other Mining Centre	HAMMER & TAP	1.2	LIVE	0%	0%*
M26/0440	Other Mining Centre	HAMMER & TAP	1.1	LIVE	0%	0%*



Activities Report for the Quarter Ended 30 June 2021

M26/0642	Other Mining Centre	WOLBOLA DAM	3.9	LIVE	0%	0%*
M26/0657	Other Mining Centre	WOMBOLA DAM	0.1	LIVE	0%	0%*
M26/0683	Other Mining Centre	WOMBOLA DAM	2.9	LIVE	0%	0%*
M26/0783	Other Mining Centre	WOMBOLA DAM	0.3	LIVE	0%	0%*
M26/0791	Other Mining Centre	WOMBOLA DAM	0	LIVE	0%	0%*
M26/0802	Other Mining Centre	WOMBOLA DAM	0	LIVE	0%	0%*
M26/0834	Other Mining Centre	HAMMER & TAP	0	LIVE	0%	0%*
M28/0164	Other Mining Centre	ROWE'S FIND	1.4	LIVE	0%	0%*
M28/0370	Other Mining Centre	ROWE'S FIND	0.1	LIVE	0%	0%*
E27/0558	Exploration	BALAGUNDI	40.6	LIVE	100%	100%+
E25/0499	Exploration	MOUNT YOULE	9.8	LIVE	100%	100%
E25/0512	Exploration	WOODLINE WEST	10.1	LIVE	100%	100%
E25/0520	Exploration	BULONG	8.3	LIVE	100%	100%
E25/0594	Exploration	HAMPTON HILL	14.7	PENDING	0%	0%
E27/0431	Exploration	MT. MCLEAY	157.8	LIVE	100%	100%
E27/0449	Exploration	NORTH DAM	10.3	LIVE	100%	100%
E27/0456	Exploration	MT MCLEAY	11	PENDING	0%	0%
E27/0532	Exploration	NORTH DAM	18.4	LIVE	100%	100%
E27/0600	Exploration	HALFWAY HILL	41.4	PENDING	0%	0%
P25/2287	Exploration	BULONG	1.4	LIVE	100%	100%
P25/2288	Exploration	BULONG	1	LIVE	100%	100%
P25/2293	Exploration	BULONG NORTH	0.5	LIVE	100%	100%
P25/2367	Exploration	BULONG	2	LIVE	100%	100%
P25/2368	Exploration	BULONG	2	LIVE	100%	100%
P25/2369	Exploration	BULONG	1.7	LIVE	100%	100%
P25/2377	Exploration	VIRGIN DAM NORTH	2	LIVE	100%	100%
P25/2378	Exploration	VIRGIN DAM WEST	1.9	LIVE	100%	100%
P25/2463	Exploration	BULONG	1.4	LIVE	100%	100%
P25/2478	Exploration	BULONG	1.2	LIVE	100%	100%
P25/2479	Exploration	BULONG	1.9	LIVE	100%	100%
P25/2480	Exploration	BULONG	1.8	LIVE	100%	100%
P25/2481	Exploration	BULONG	1.7	LIVE	100%	100%
P25/2553	Exploration	BULONG	1.2	LIVE	100%	100%
P25/2554	Exploration	BULONG	1.2	LIVE	100%	100%
P25/2624	Exploration	BULONG	1.2	LIVE	100%	100%
P25/2625	Exploration	BULONG	1.2	LIVE	100%	100%
P25/2632	Exploration	HAMPTON HILL	1.2	LIVE	100%	100%
P25/2648	Exploration	HAMPTON	0.5	LIVE	0%	100%
P25/2674	Exploration	HAMPTON	0.1	PENDING	0%	0%
P25/2693	Exploration	HAMPTON	2	PENDING	0%	0%
P25/2694	Exploration	HAMPTON	2	PENDING	0%	0%
P25/2695	Exploration	HAMPTON	1.2	PENDING	0%	0%
P27/2326	Exploration	HAMPTON HILL	1.8	LIVE	100%	100%
P27/2327	Exploration	HAMPTON HILL	1.8	LIVE	100%	100%
P27/2328	Exploration	HAMPTON HILL	1.6	LIVE	100%	100%



Activities Report for the Quarter Ended 30 June 2021

E25/0526	Exploration	TROJAN	16.4	LIVE	0%	0%`
E25/0534	Exploration	SLATE DAM	31.8	LIVE	0%	0%`
E25/0553	Exploration	SLATE DAM	74.1	LIVE	0%	0%`
E25/0556	Exploration	SLATE DAM	58.9	LIVE	0%	0%`
E25/0558	Exploration	TROJAN	27.5	LIVE	0%	0%`
E25/0568	Exploration	TROJAN	13.9	LIVE	0%	0%`
E26/0226	Exploration	HAMPTON	11.8	PENDING	0%	0%
P2502320	Exploration	TROJAN	1.4	LIVE	0%	0%`
P25/2248	Exploration	IMPERIAL/MAJESTIC	1.9	PENDING	0%	0%*
P25/2249	Exploration	IMPERIAL/MAJESTIC	1.9	PENDING	0%	0%*
P25/2324	Exploration	BLACK HILLS	1.2	LIVE	0%	0%^
P25/2325	Exploration	BLACK HILLS	1.2	LIVE	0%	0%^
P25/2326	Exploration	BLACK HILLS	1.2	LIVE	0%	0%^
P25/2327	Exploration	BLACK HILLS	1.1	LIVE	0%	0%^
P25/2328	Exploration	BLACK HILLS	1.4	LIVE	0%	0%^
P25/2331	Exploration	BLACK HILLS	1.7	LIVE	0%	0%^
P25/2357	Exploration	BLACK HILLS	2	LIVE	0%	0%^
P25/2358	Exploration	BLACK HILLS	1.7	LIVE	0%	0%^
P25/2581	Exploration	BLACK HILLS	0.9	LIVE	0%	100%
P25/2683	Exploration	HAMPTON	1.9	PENDING	0%	0%
P25/2684	Exploration	HAMPTON	1.8	PENDING	0%	0%
P25/2685	Exploration	HAMPTON	1.5	PENDING	0%	0%
P26/3970	Exploration	FINGALS FORTUNE	0.1	LIVE	0%	0%*
P26/4090	Exploration	FINGALS FORTUNE	1.9	LIVE	0%	0%*
P26/4091	Exploration	FINGALS FORTUNE	2	LIVE	0%	0%*
P26/4117	Exploration	BLACK HILLS	2	LIVE	0%	0%^
P26/4118	Exploration	BLACK HILLS	1.9	LIVE	0%	0%^
P26/4119	Exploration	BLACK HILLS	1.9	LIVE	0%	0%^
P26/4122	Exploration	BLACK HILLS	0.6	LIVE	0%	0%^
P26/4176	Exploration	FINGALS FORTUNE	2	LIVE	0%	0%*
P26/4177	Exploration	FINGALS FORTUNE	2	LIVE	0%	0%*
P26/4179	Exploration	FINGALS FORTUNE	1.6	LIVE	0%	0%*
P26/4184	Exploration	FINGALS FORTUNE	1.3	LIVE	0%	0%*
P26/4550	Exploration	HAMPTON	1.9	PENDING	0%	0%
P26/4551	Exploration	HAMPTON	2	PENDING	0%	0%
P26/4552	Exploration	HAMPTON	1.9	PENDING	0%	0%
P26/4553	Exploration	HAMPTON	1.7	PENDING	0%	0%
P26/4554	Exploration	HAMPTON	1.9	PENDING	0%	0%
P26/4555	Exploration	HAMPTON	2	PENDING	0%	0%
P26/4556	Exploration	HAMPTON	1.9	PENDING	0%	0%
P26/4557	Exploration	HAMPTON	2	PENDING	0%	0%
P26/4558	Exploration	HAMPTON	1.8	PENDING	0%	0%
P26/4559	Exploration	HAMPTON	0.7	PENDING	0%	0%
P26/4560	Exploration	HAMPTON	0.1	PENDING	0%	0%



Activities Report for the Quarter Ended 30 June 2021

P26/4561	Exploration	HAMPTON	1.8	PENDING	0%	0%
P26/4562	Exploration	HAMPTON	1.9	PENDING	0%	0%
P26/4573	Exploration	MT MONGER	0.1	PENDING	0%	0%
P26/4574	Exploration	MT MONGER	0.1	PENDING	0%	0%
E28/2809	Exploration	AVOCA DOWNS	41.2	PENDING	0%	0%

+ BC8 earning up to 75% as per Farm In and Joint Venture agreement on 25 July 2019.

* BC8 acquired through Fingals & Rowe's Find transaction – announcement 28 May 2020.

^ BC8 acquired through Black Hills and South Three transaction – announcement 29 May 2020.

BC8 acquired through Yarri East transaction – announcement 10 July 2020.

` BC8 acquired Trojan, Slate Dam and Clinker Hill transaction – announcement 7 October 2020.

COMPETENT PERSON'S STATEMENT

The information in this announcement that relates to geology and exploration results and planning was compiled by Mr. Edward Summerhayes, who is a Member of the AIG and an employee, shareholder and option holder of the Company. Mr. Summerhayes has sufficient experience which 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. Summerhayes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Where the Company refers to the Mineral Resources in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate with that announcement continue to apply and have not materially changed.



Activities Report for the Quarter Ended 30 June 2021

ABOUT BLACK CAT SYNDICATE (ASX: BC8)

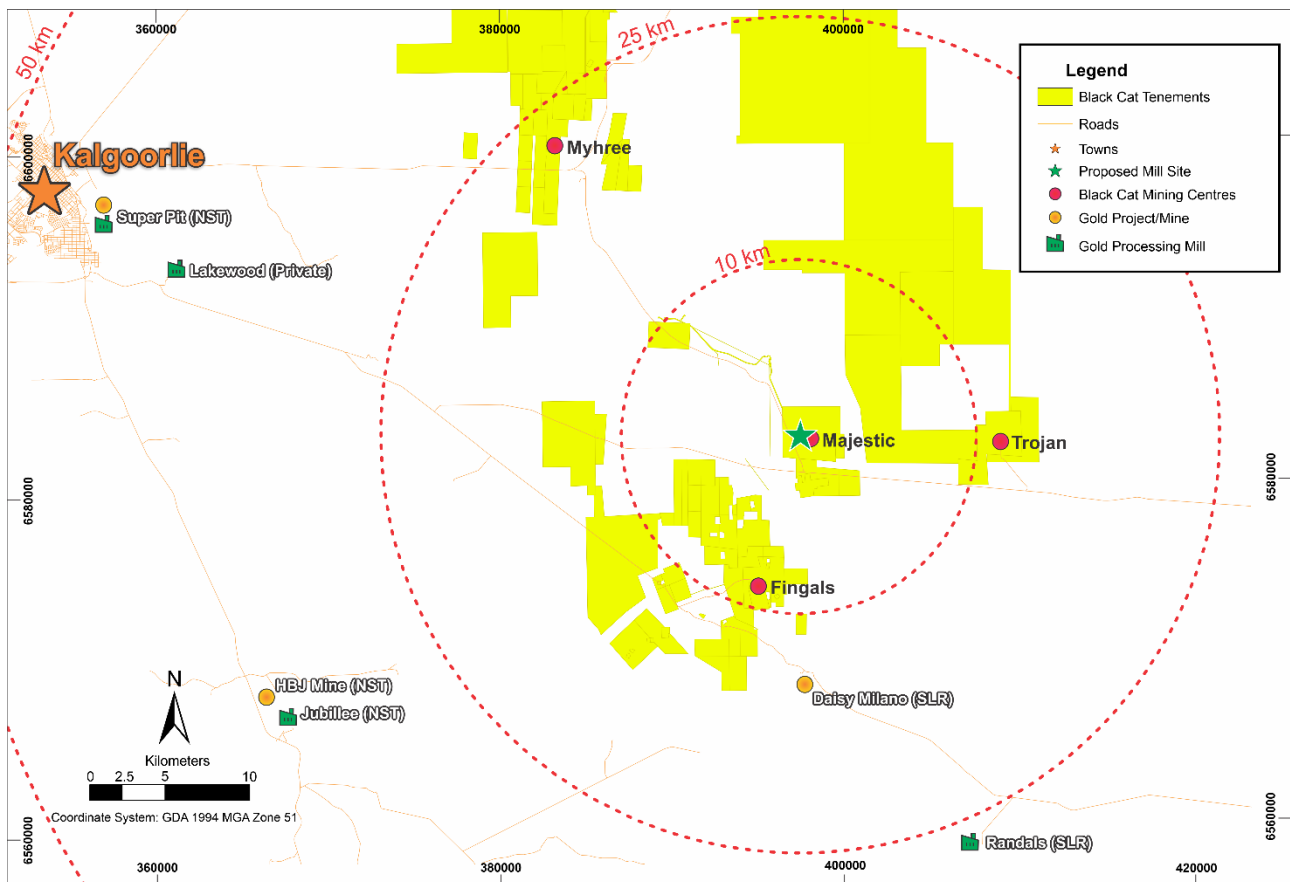
Black Cat's Kal East Gold Project comprises ~800km² of highly prospective tenements to the east of the world class mining centre of Kalgoorlie, WA. Kal East contains a combined JORC 2012 Mineral Resource of 15.3Mt @ 2.2 g/t Au for 1,090,000 oz which is mainly located in the Myhree, Majestic, Fingals and Trojan Mining Centres.

Black Cat plans to construct a central processing facility near the Majestic Mining Centre, ~50kms east of Kalgoorlie. This location is well suited for a processing facility and sits within a short haulage distance of the bulk of Black Cat's Resources. The processing facility will be a traditional Carbon-In-Leach gold plant which is ideally suited to Black Cat's Resources as well as to third party free milling ores located around Kalgoorlie.

Black Cat is well advanced on securing key, long lead time items. High quality Outokumpu ball mills and associated infrastructure have already been purchased and relocated. After servicing in Kalgoorlie, the mills will be relocated to the Majestic Mining Centre. Other key components have also been identified for procurement and Black Cat intends to secure all items needed to allow for production to commence in the second half of 2022.

Black Cat's extensive ground position contains a pipeline of projects spanning from exploration targets on new greenstone belts, Resource extensions around historic workings and study work for the definition of maiden Ore Reserves.

Black Cat is actively growing and increasing confidence in the current Resources with an ongoing drilling programs underway and delivering results.



Regional map of Kalgoorlie showing the location of the Kal East Gold Project as well as nearby infrastructure



Activities Report for the Quarter Ended 30 June 2021

JORC 2012 RESOURCE TABLE - Black Cat (100% owned)

The current in-situ, drill-defined Resources for the Kal East Gold Project are listed below.

Deposit	Measured Resource			Indicated Resource			Inferred Resource			Total Resource		
	Tonnes ('000s)	Grade (g/t Au)	Metal ('000s oz)	Tonnes ('000s)	Grade (g/t Au)	Metal ('000s oz)	Tonnes ('000s)	Grade (g/t Au)	Metal ('000s oz)	Tonnes ('000s)	Grade (g/t Au)	Metal ('000s oz)
Myhree Mining Centre												
Open Pit	-	-	-	964	2.7	83	863	1.8	50	1,827	2.3	132
Underground	-	-	-	230	4.6	34	823	3.5	93	1,053	3.8	127
Sub Total	-	-	-	1,194	3.0	117	1,686	2.6	143	2,880	2.8	259
Majestic Mining Centre												
Open Pit	-	-	-	2,083	1.6	104	1,969	1.4	90	4,052	1.5	194
Underground	-	-	-	627	4.9	100	476	5.5	84	1,103	5.2	184
Sub Total	-	-	-	2,710	2.3	204	2,445	2.2	174	5,155	2.3	378
Fingals Mining Centre												
Open Pit	-	-	-	1,818	1.8	106	1,576	1.7	88	3,394	1.8	194
Underground	-	-	-	0	0.0	0	283	3.0	27	287	3.0	28
Sub Total	-	-	-	1,818	1.8	106	1,859	1.9	116	3,681	1.9	222
Trojan												
Open Pit	-	-	-	1,356	1.8	79	760	1.5	36	2,115	1.7	115
Sub Total	-	-	-	1,356	1.8	79	760	1.5	36	2,115	1.7	115
Other Resources												
Open Pit	13	3.2	1.0	200	2.6	17	1,134	2.3	85	1,347	2.4	103
Underground	-	-	-	-	-	-	114	3.8	14	114	3.8	14
Sub Total	13	3.2	1.0	200	2.6	17	1,248	2.5	99	1,461	2.5	117
TOTAL Resource	13	3.2	1.0	7,278	2.2	522	7,999	2.2	566	15,293	2.2	1,090

1. The preceding statements of Mineral Resources conforms to the 'Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code) 2012 Edition'.

2. All tonnages reported are dry metric tonnes.

3. Data is rounded to thousands of tonnes and thousands of ounces gold. Discrepancies in totals may occur due to rounding.

4. Resources have been reported as both open pit and underground with varying cut-offs based off several factors discussed in the corresponding Table 1 which can be found with the original ASX announcements for each Resource.

The announcements containing the Table 1 Checklists of Assessment and Reporting Criteria relating for the 2012 JORC compliant Resources are:

1. Myhree Mining Centre:
 - o Boundary – Black Cat ASX announcement on 9 October 2020 "Strong Resource Growth Continues including 53% Increase at Fingals Fortune";
 - o Trump – Black Cat ASX announcement on 9 October 2020 "Strong Resource Growth Continues including 53% Increase at Fingals Fortune";
 - o Myhree – Black Cat ASX announcement on 9 October 2020 "Strong Resource Growth Continues including 53% Increase at Fingals Fortune";
 - o Strathfield – Black Cat ASX announcement on 31 March 2020 "Bulong Resource Jumps by 21% to 294,000 oz";
2. Majestic Mining Centre:
 - o Majestic – Black Cat ASX announcement on 11 March 2021 "1 Million Oz in Resource & New Gold Targets";
 - o Sovereign – Black Cat ASX announcement on 11 March 2021 "1 Million Oz in Resource & New Gold Targets";
 - o Imperial – Black Cat ASX announcement on 11 March 2021 "1 Million Oz in Resource & New Gold Targets";
3. Fingals Mining Centre:
 - o Fingals Fortune – Black Cat ASX announcement on 31 May 2021 "Fingals Mining Centre Resource Continues to Grow";
 - o Fingals East – Black Cat ASX announcement on 31 May 2021 "Fingals Mining Centre Resource Continues to Grow";
4. Trojan Mining Centre:
 - o Trojan – Black Cat ASX announcement on 7 October 2020 "Black Cat Acquisition adds 115,000oz to the Fingals Gold Project"; and
5. Other Resources:
 - o Queen Margaret – Black Cat ASX announcement on 18 February 2019 "Robust Maiden Mineral Resource Estimate at Bulong";
 - o Melbourne United – Black Cat ASX announcement on 18 February 2019 "Robust Maiden Mineral Resource Estimate at Bulong";
 - o Anomaly 38 – Black Cat ASX announcement on 31 March 2020 "Bulong Resource Jumps by 21% to 294,000 oz";
 - o Wombola Dam – Black Cat ASX announcement on 28 May 2020 "Significant Increase in Resources - Strategic Transaction with Silver Lake";
 - o Hammer and Tap – Black Cat ASX announcement on 10 July 2020 "JORC 2004 Resources Converted to JORC 2012 Resources";
 - o Rowe's Find – Black Cat ASX announcement on 10 July 2020 "JORC 2004 Resources Converted to JORC 2012 Resources".

Appendix 5B

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

Name of entity

Black Cat Syndicate Limited

ABN

62 620 896 282

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(244)	(668)
(e) administration and corporate costs	(167)	(700)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	50
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(411)	(1,304)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(10)	(1,054)
(c) property, plant and equipment	(1,766)	(2,013)
(d) exploration & evaluation	(3,246)	(10,772)
(e) investments	-	-
(f) other non-current assets – bonds and deposits	-	(48)

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 (12 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 – bonds and deposits	3	3
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	(5,019)	(13,884)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	19,896	29,896
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	154	518
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,246)	(2,034)
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	18,804	28,380

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,677	2,868
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(411)	(1,304)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,019)	(13,884)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	18,804	28,380

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(11)
4.6	Cash and cash equivalents at end of period	16,049	16,049

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	6,049	2,677
5.2	Call deposits	10,000	-
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)	16,049	2,677

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	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	11

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.

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)	(411)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,246)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,657)
8.4 Cash and cash equivalents at quarter end (item 4.6)	16,049
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	16,049
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.4
<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?	-
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?	-
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?	-
<i>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.</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: 29 July 2021.

Authorised by: The Board of Black Cat Syndicate Limited

(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 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.