

ASX Release: 30 October 2023

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

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QUARTERLY ACTIVITIES REPORT

Quarter ending 30 September 2023

HIGHLIGHTS

- **Next-Generation geophysical program completed across Estrella's entire 253km² Carr Boyd igneous complex tenure**
 - TargetEM offers significant technology and sensitivity upgrades from previous airborne systems
 - Post quarter results indicate presence of multiple first and second order bedrock conductor anomalies
 - High-priority Colreavy Komatiite shows bedrock conductivity over a 5km strike length
 - Previously unknown 3km long southern bedrock conductor lies under shallow cover warrants immediate investigation
 - PoW to drill Colreavy approved with activities ready to commence
- **Lithium potential identified at Carr Boyd**
 - Project wide evaluation of the lithium potential of Carr Boyd commenced
 - Evaluation based on a combination of mapping, geophysical interpretation, geochemistry and extensive drilling
 - No previous work specifically on targeted pegmatite hosted lithium potential within tenure
- **Definitive Feasibility Study work for the Spargoville 5A nickel deposit continues unabated**

Estrella Resources Limited (ASX: ESR) ("Estrella" or "the Company") is pleased to provide its activities report for the quarter ended 30 September 2023, in which the Company continued to enhance its highly prospective Western Australian nickel assets.

Commenting on the quarter, Managing Director Chris Daws said:

"The September quarter has been a key period for Estrella, highlighted by the world-first implementation of the TargetEM survey at Carr Boyd.

This survey is using some very advanced technology in order to help define new targets, as well as build a greater understanding of our existing targets.

The deployment of TargetEM speaks volumes about Estrella's industry experience and connections, and also reinforces the attractiveness of Carr Boyd which possesses more than 250km² of highly prospective tenure.

When considering Estrella's in-house development activities, the collaboration with the CSIRO as well as facilitating the debut of TargetEM technology, it is clear the Company continues to execute its strategy of using advanced technology to unlock material nickel discoveries.

Meanwhile work continues at the Spargoville 5A deposit, with the Company advancing a Definitive Feasibility Study.

CARR BOYD NICKEL PROJECT

Next-Generation Geophysical Program to Commence at Carr Boyd

During the period, Estrella Resources oversaw the commencement and completion of a world-first helicopter-borne TargetEM electromagnetic survey via Canadian-based geophysical firm Expert Geophysics at its Carr Boyd nickel project¹.

The 253km² survey targeted all of Estrella's tenure at Carr Boyd, as shown in Figure 1, encompassing all prospective horizons identified in the recent exploration review, including the high priority Colreavy Komatiite target which has had no previous modern geophysics undertaken.

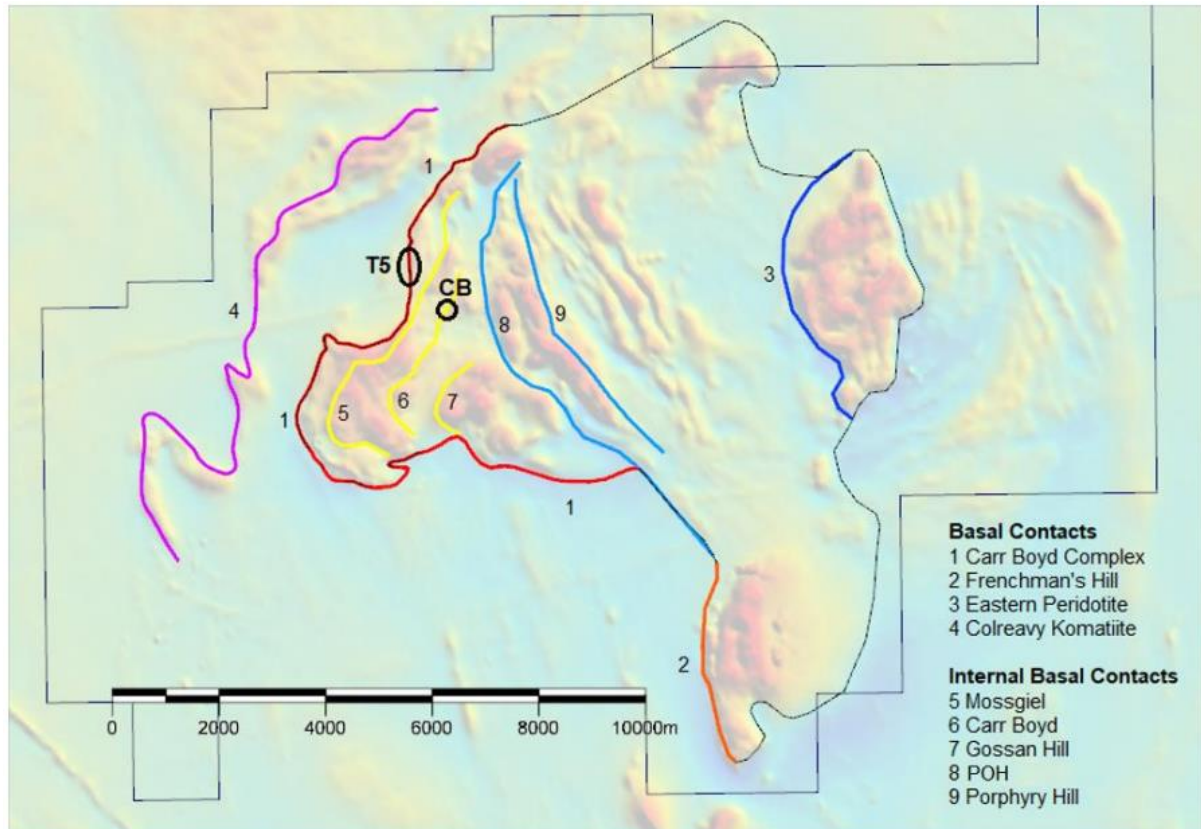


Figure 1: Nine external and internal contacts identified at Carr Boyd

The R&D personnel at Expert Geophysics were the developers behind the highly successful and award-winning VTEM, ZTEM and Air-MT systems. The TargetEM system contains many structural, electrical, and software improvements over previous helicopter-borne EM systems that have greatly improved the sensitivity and depth of investigation.

In addition to airborne time-domain low-noise electromagnetic data, the Company has acquired VLF, magnetics and high-frequency AFMAG data. AFMAG acquired on a time-domain system, has never been released commercially. The system and software have been in development and testing for several years; however, Expert Geophysics now wishes to exploit it more widely and is now making it available in Australia.

AFMAG technology utilises naturally occurring electromagnetic fields in the audio-frequency range, which are associated with global lightning discharges. Thunderstorms release energy converted to electromagnetic fields that propagate through the ionosphere-Earth interspace. The electromagnetic fields and currents induced by these fields in the subsurface are used in the combined system to understand differentiation in the electrical resistivity of the subsurface.

The advantages of the AFMAG data with respect to Estrella's Carr Boyd exploration program include:

¹ See ASX Announcements dated: 9 & 21 August 2023

1. The AFMAG complementary data will allow the system to measure across a broader range of resistivities than any other time-domain system on the market, revealing a more significant distinction of geology and structure at depth. The system can also resolve highly resistive targets. With the seismic data already collected, this will enable true 3-dimensional geological interpretation, which can be used to constrain internal exploration windows and model prospective horizons within the Carr Boyd igneous complex before drilling.
2. In the case of nickel-copper-PGE type targets, the system can detect "superconducting type massive sulphides", which are problematic for other time-domain systems, along with significant alteration zones followed by disseminated sulphides.
3. The new system's capability will also enable recognition of superparamagnetic (SPM) anomalies and compensate for induced polarization (IP) effects which is an issue for other airborne time-domain systems (especially prominent in Australia). These effects create pseudo anomalies and mask the useful inductive EM response. The most intensive IP effects exist in areas of volcanic-sedimentary rocks and surficial clay deposits covering parent rocks. This is common across the Goldfields and applies to the Carr Boyd basal contact and the Colreavy Komatiite.
4. AFMAG data measured at the lowest possible frequencies will allow the system to see deeper than any airborne time-domain system. This will be especially useful at Carr Boyd where the basal contacts dip steeply.

The analysis of collected geophysical data has been conducted by geophysical professionals from Expert Geophysics, as well as the Company's own Western Australian-based geophysical contractors (Southern Geoscience Consultants and GeoPotential Consulting).

Post period-end Estrella received preliminary results from the survey with multiple first and second order bedrock-conductor anomalies identified, including a >5km strike length anomaly coincident with the Colreavy Komatiite and a new 3km linear zone under cover to the south of the Carr Boyd Intrusion (Figure 2)².

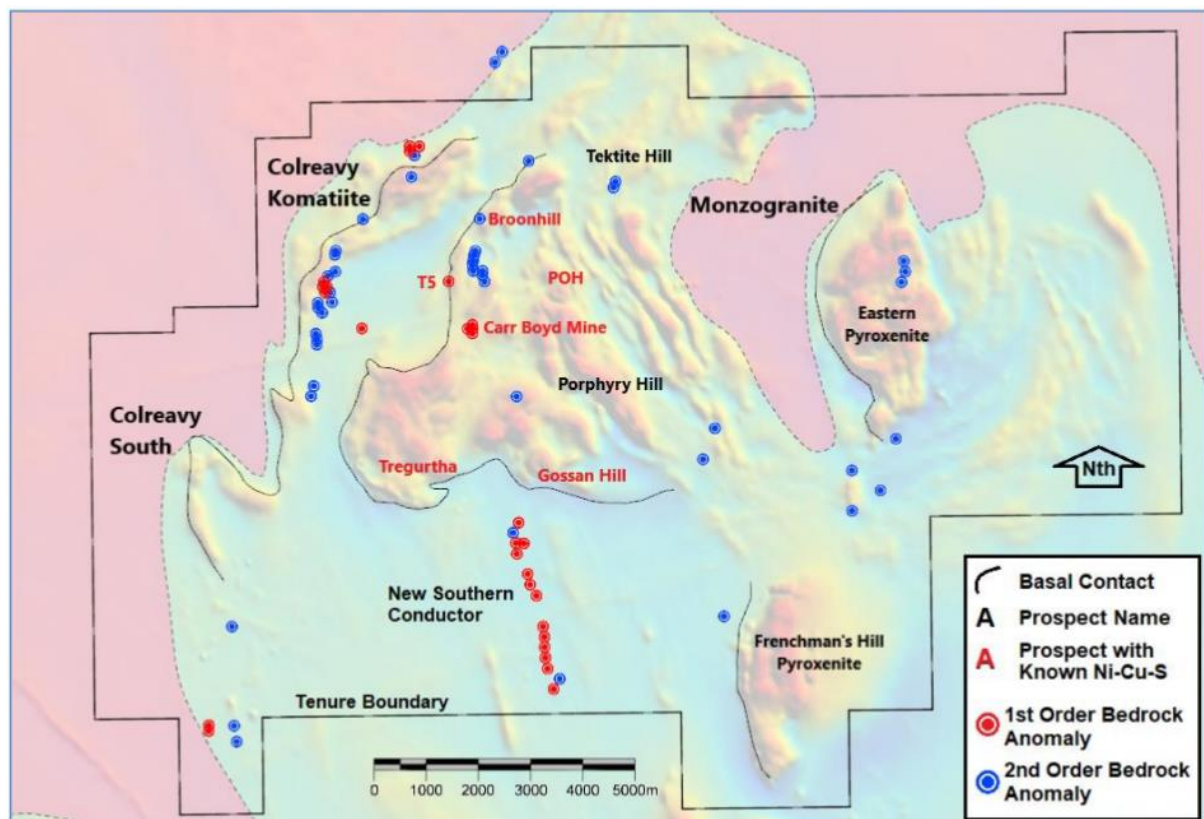


Figure 2: First and second order bedrock anomalism identified by the recent TargetEM survey at Carr Boyd

² See ASX Announcement dated: 5 October 2023

The resulting bedrock anomalism identified by the system correctly located known nickel-copper-sulphide mineralisation at T5, Carr Boyd and Broomhill. There is no real difference between first and second order anomalies save for second order anomalies have surface effects which partially mask the anomaly.

Pleasingly, many of the anomalies relate to areas of interest identified by the recent exploration review, which combined multiple data-sets with research conducted by the CSIRO in 2022. The resulting internal and external basal contact positions (Figure 1) show some correlation to the identified anomalism and further refinement of the exploration model and targeting can now take place.

Colreavy Komatiite

The anomalism at Colreavy extends over a 5km strike length and appears directly related to the Komatiite magnetics. The area is under clay cover and so the geology is not visible at surface. There has been no modern exploration over the 16km strike at Colreavy and historical drilling of the komatiite has been largely limited to the north and south ends of the structure. Only one hole has tested the area within the prospective 5km long zone of anomalism identified by TargetEM. This drillhole (DD97CB029) intersected a complexly layered zone of komatiite interfingered with felsic-pyritic sediments. The geology shows Colreavy has the right paleo-environment required to form a Kambalda-style nickel deposit.

Estrella has previously identified this area as one of the highest exploration priorities. A Program of Works to drill Colreavy has now been granted and flora surveys have recently been conducted ahead of gaining clearing permits to set up for drilling.

New Southern Conductor

The recent survey has identified a 3.3km long bedrock conductor striking west-northwest to the south of the Carr Boyd layered intrusion.

Ground-mapping has revealed a mixed sequence of mafic sediments, intrusive pyroxene-cumulate sills and basalts. The trend contains a co-incident gold anomaly related to the Whitehead's gold trend that extends from Gindalbie some 25km to the south.

Due to the cover, the exact source of the bedrock anomaly remains obscured and requires drilling. A PoW has been submitted to gain exploration drill access to the area.

T5 and Carr Boyd

The TargetEM survey correctly identified the T5 mineralisation discovered by Estrella's discovery RC hole CBP042 and also saw distinct responses from the remnant Carr Boyd mineralisation. These two resources have been extensively drilled to depth however confirmation that the TargetEM system could detect, particularly the T5 mineralisation which has remained undiscovered for over 50 years, gives the Company confidence in the system and in the additional bedrock signatures identified elsewhere across the project.

Northern Carr Boyd Intrusion

Several bedrock anomalies to the northern end of the intrusion have been identified which correlate to the main basal contact, one at Broomhill and another some 1.5km to the north east at the Dunn Prospect. Estrella's diamond drilling identified Ni-Cu-S at Broomhill but has not tested the basal contact to the north east at Dunn.

In addition, two conductors related to internal basal contacts were identified. The first and largest lies immediately north of Carr Boyd and east of T5 and relates to the Mossgiel internal contact depicted as #5 target horizon in Figure 1. Gossanous float has been mapped by Estrella along this contact however to date the focus on exploration has been the main basal contact and thus far this internal horizon remains untested by drilling.

An additional internal anomaly lies some way east of the Porphyry Hill horizon at a prospect historically named Tektite Hill. The Tektite Hill contact lies within the layered gabbroic sequences mid-way through the complex and surface geology is obscured.

The stringer mineralisation located by historical drilling at POH and at Frost did not show significant anomalousness in the initial anomaly identification process and work will continue on these zones so other areas containing similar mineralisation can be accurately assessed.

Other Areas

Additional anomalies were identified along the Gossan Hill internal contact (#7 in Figure 1), the southern end of the POH internal contact (#8 in Figure 1) and within and below the Eastern Pyroxenite basal contact (#3 in Figure 1) and the Frenchman's Hill basal contact (#2 in Figure 1). These anomalies all lie below shallow cover and require drilling to provide geological context which cannot be gained by surface inspection.

Carr Boyd Lithium Potential

In September, Estrella announced the Company has commenced an evaluation of the pegmatite hosted lithium potential of the Carr Boyd Project³ after unsolicited expressions of interest by third-parties. All available geological and geophysical datasets will be evaluated to determine the presence and potentially extent of pegmatites present within the Carr Boyd Project tenure. To date it appears that no specific work programs have been undertaken to target pegmatite hosted lithium potential within the Project.

SPARGOVILLE NICKEL PROJECT

DFS Update

Estrella Resources continues to progress its Definitive Feasibility Study for the Spargoville nickel project, which is assessing the potential for the Company to transition the historic 5A deposit back into operation.

As part of the DFS, the Company has opted to progress with an underground mining method. The first-pass conceptual design, shown in Figure 3, was used for the evaluation.

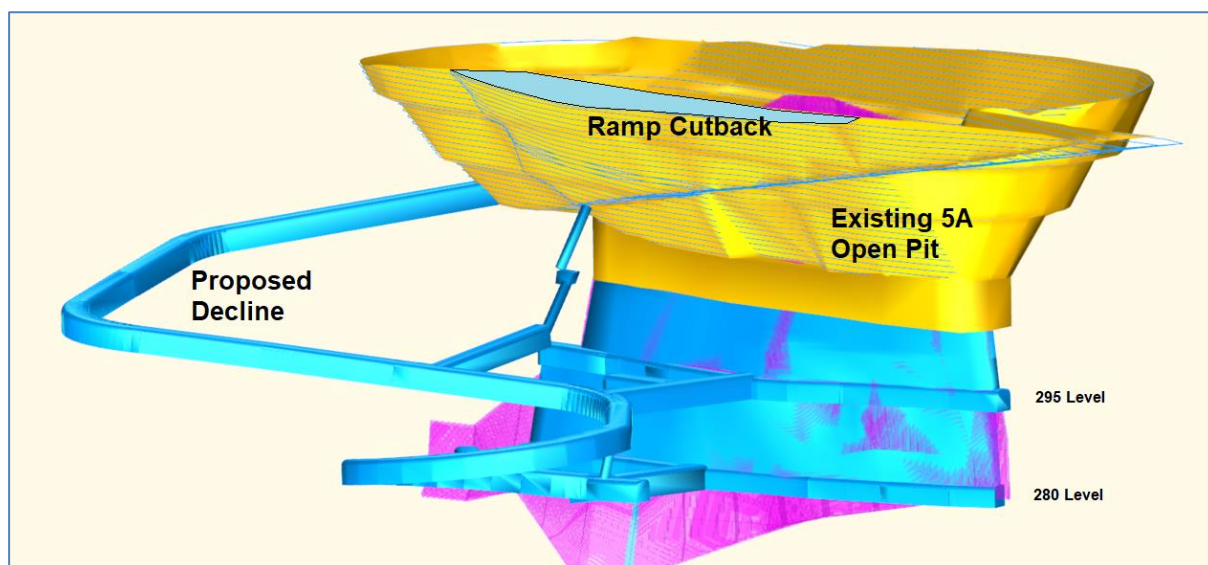


Figure 3: Base Case 5A Decline Design with two levels and ramp cut-back shown

There are clear advantages to underground mining which assist project economics and grade of ore produced when compared to the open pit mining.

One example is that it enables the Company much more control over mining dilution, which in turn influences downstream crushing and blending of the ore to achieve a significantly higher-value product. The Company will be targeting the massive sulphide grading 7.8% nickel and a portion of the matrix and breccia sulphides will also be mined.

³ See ASX Announcement dated: 27 September 2023

During the mining of the trial bulk sample, it was determined that excessive dilution of the high-grade ore could easily occur during open-pit blasting. The mining dilution comes from a competency difference between the weathered massive sulphides and relatively un-weathered ultramafic hanging wall and fresh basalt footwall. Dilution arising from these competency differences is more easily controlled with a targeted underground mining technique as opposed to open pit style blasting.

Other significant savings come from the reduced timeframe of the project as compared to the cut-back coupled with significantly lower environmental footprint. This is a preferred outcome for the Company, given the access road and a portion of the existing waste dump infrastructure would have to be moved if the pit cut-back was to be made. Through underground operations, the Company can limit surface works to areas that have already been disturbed by historical mining. The Company sees an underground mining technique as the best mining method to meet the outcomes intended for the project for it to be successful and has the smallest impact on the environment.

The Company will be establishing exploration drill positions from which the 5A komatiite channel can be explored at depth (see Figure 4). Underground drilling is expected to be much simpler and more cost effective than surface drilling, enabling faster production rates and a lower exploration cost. Estrella can also target the 5D Andrews Nickel Deposit which is approximately 500 metres to the west, along with the Central komatiite horizon that exists between Andrews and 5A. The Central Komatiite has received very little exploration in this area of the tenement despite being host to the 5B Deposit 1,200 metres to the South.

In the future the proposed drill drive could be repurposed to access the historic Andrews Mine without the need for further surface works.

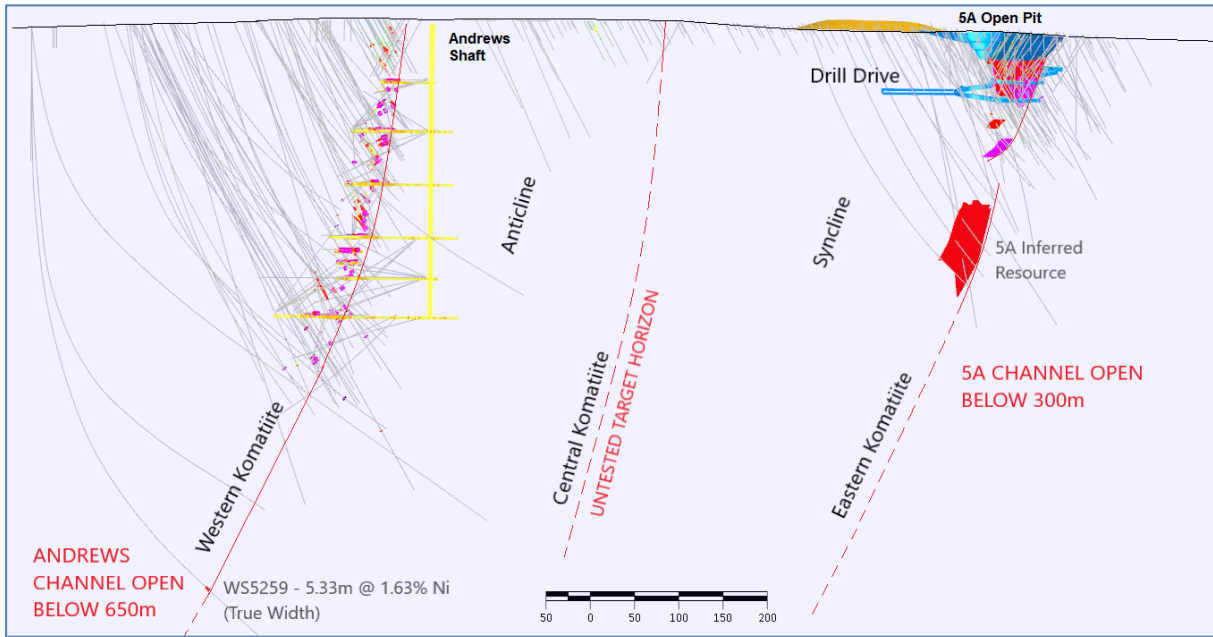


Figure 4: Section between Andrews Shaft and 5A Open Pit showing the drill drive position and the untested Central Komatiite

CORPORATE

CAPITAL

The Company's cash balance as at 30 September 2023 was \$108k and was strengthened subsequent to the quarters end with the successful placement of A\$1.65M leaving the Company fully funded for planned exploration activities.

The total amount paid to related parties of Estrella and their associates, as per item 6.1 of the Appendix 5B, was 66k for Directors fees, salaries and superannuation and the total amount paid to related parties of Estrella and their associates, as per item 6.2 of the Appendix 5B, was \$38k for Director's salaries.

Table 1: Estrella Capital structure as at 30 September 2023

Fully Paid Ordinary Shares	1,483,571,869
Unlisted options exercisable	\$0.04 on or before 30 October 2023 – 63,391,928
	\$0.20 on or before 17 November 2023 - 16,600,000
	\$0.06 on or before 21 January 2025 – 25,750,000
	\$0.06 on or before 13 April 2025 – 20,000,000
	\$0.03 on or before 1 December 2025 – 25,000,000

EXPLORATION

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$722k.

ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

ASX Listing Rule 5.3.3: Refer to Appendix 1 for Estrella Tenement Information.

ENDS

The Board of Directors of Estrella Resources Limited authorised this announcement to be given to ASX.

FURTHER INFORMATION CONTACT

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Compliance Statement

With reference to previously reported Exploration Results and Mineral Resources, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statements

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Appendix 1 – Tenement Information as Required by Listing Rule 5.3.3

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Australia	WA	Carr Boyd Nickel Project	E29/1012	-	100
Australia	WA	Carr Boyd Nickel Project	E29/0982	-	100
Australia	WA	Carr Boyd Nickel Project	L24/0186	-	100
Australia	WA	Carr Boyd Nickel Project	E31/0726	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1124	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0012	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0109	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0159	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1215	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1162	-	100
Australia	WA	Spargoville Nickel Project	M15/395	-	100*
Australia	WA	Spargoville Nickel Project	M15/703	-	100*
Australia	WA	Spargoville Nickel Project	M15/1828	-	100*
Australia	WA	Spargoville Nickel Project	L15/128	-	100*
Australia	WA	Spargoville Nickel Project	L15/255	-	100*

*Nickel rights only

Appendix 5B

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

Name of entity

Estrella Resources Limited

ABN

39 151 155 207

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(92)	(92)
(e) administration and corporate costs	(128)	(128)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(218)	(218)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(722)	(722)
(e) investments	-	-
(f) other non-current assets	-	-

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 (3 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	(722)	(722)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,048	1,048
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(218)	(218)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(722)	(722)

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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	108	108

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	108	1,048
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	108	1,048

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	66
6.2	Aggregate amount of payments to related parties and their associates included in item 2	38
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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) R&D financing facility	1,044	1,044
7.4 Total financing facilities	1,044	1,044
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.		
R&D financing facility provided by Radium Capital of \$1.044M. The facility is secured by funds to be received from the Company's R&D return for the year ended 30 June 2023. Interest rate is 16% p/a and is due to be repaid by 31 December 2023.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(218)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(722)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(940)
8.4 Cash and cash equivalents at quarter end (item 4.6)	108
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	108
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.11
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes - as announced on 20 October 2023 the Company has raised \$1,650,000 (before costs) through a Placement to professional and sophisticated investors. The Company is also continuously in discussions with potential strategic funding partners and expects to be successful based on its previous ability to raise funds.	

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

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

Answer: Yes – for the reason noted in 8.8.2 above.

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

Compliance statement

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

Date: 30 October 2023

Authorised by: **By 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 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.