

QUARTERLY REPORT

PERIOD ENDING 31st MARCH 2020

CORPORATE

In-line with wide-spread global uncertainty effecting all Australian Companies regarding returning to “business as usual” conditions and stable capital markets, Santana Minerals initiated a disciplined cash preservation strategy during this time of instability. Since temporary suspension in early-April of drilling operations in Laos due to government enacted COVID-19 containment restrictions, the Company actively implemented expenditure reduction measures until such time that normal activities can recommence. Notwithstanding unknown or abnormal incurred costs, the company estimates that current cash-on-hand will allow the company to operate for the next two quarters.

OPERATIONAL UPDATE

Sayabouly Project

On 21 January 2020 the Company commenced its maiden drilling program at the Phu Lon Nickel Prospect, part of the Sayabouly Project in Laos, which was formally acquired from Mekong Minerals Limited (“Mekong”) in November 2019.

A maiden 13-hole/2,000 metre diamond drill campaign was planned to test previously recorded high-grade nickel results from trench sampling, with coincident induced polarisation (IP) high chargeability-low resistivity anomalies.

A total of 8 holes were completed for 1,124 diamond drilled metres (Figure 2 and Table 1) before the campaign was temporarily suspended, due to COVID-19 related containment restrictions imposed by the Laos Government.

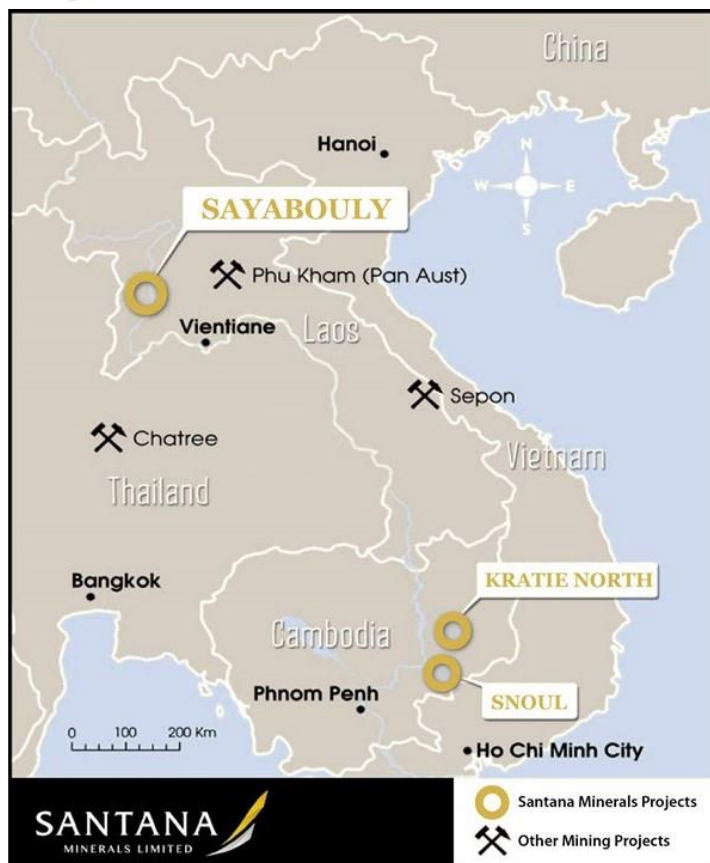


Figure 1: Location of the Sayabouly Project in Laos

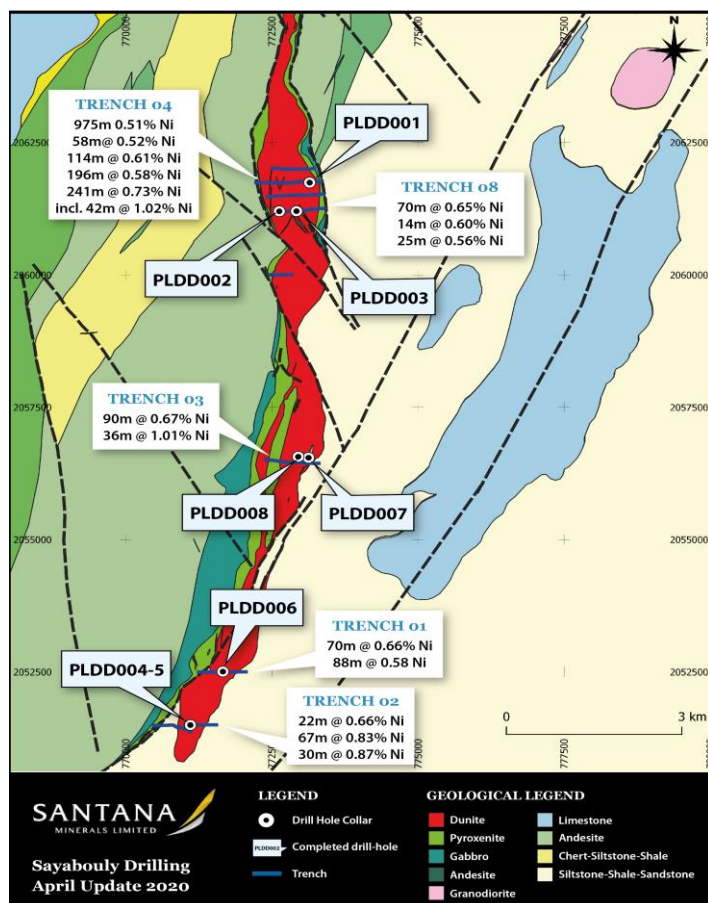


Figure 2: Sayabouly drilling completed prior to program suspension

| Hole_ID | Easting WGS84 Z47N | Northing WGS84 Z47N | RL | Dip | Azimuth | Depth |
|---------|-----------------------|------------------------|-----|-----|---------|--------|
| PLDD001 | 773,147 | 2,061,745 | 715 | -60 | 270 | 164.30 |
| PLDD002 | 772,628 | 2,061,203 | 705 | -60 | 90 | 239.60 |
| PLDD003 | 772,922 | 2,061,205 | 784 | -60 | 270 | 202.10 |
| PLDD004 | 771,105 | 2,051,498 | 398 | -60 | 270 | 47.60 |
| PLDD005 | 771,106 | 2,051,497 | 398 | -60 | 270 | 25.10 |
| PLDD006 | 771,663 | 2,052,506 | 416 | -60 | 90 | 267.00 |
| PLDD007 | 773,129 | 2,056,547 | 375 | -60 | 90 | 26.50 |
| PLDD008 | 772,951 | 2,056,566 | 393 | -60 | 270 | 152.00 |

Table 1: Sayabouly Drill hole attributes

Drilling commenced in the northern region of the Phu Lon Prospect before moving to the southern and central targets. All targets were defined by significant trench results and coincident IP anomalies. Two styles of sulphide mineralisation were intersected: (1) structurally confined and (2) layered massive sulphide.

The latter style of mineralisation was found in the southern and central locations of the 14km x 1km ultramafic mineralised intrusion, within holes PLDD006 and PLDD008 shown in Figure 3 and 4 respectively. The layers of massive sulphide ranged from 1cm to 1m thick, with intersections including 11m from a depth of 92m for hole PLDD006, and 32m from 106m for PLDD008. PLDD008 ended in massive sulphide mineralisation, but unfortunately drilling was suspended due to Laos Government COVID-19 control measures.



Figure 3: Massive sulphide mineralisation intersected in PLDD006 at approximately 90m depth



Figure 4: Massive sulphide mineralisation intersected in PLDD008. Orange tape on core trays in bottom left image denotes zones of layered sulphides.

Both styles of mineralisation (massive layered sulphides in the central and south and structurally confined mineralisation in the north) correlated well with the interpreted IP anomalies, validating this exploration technique for future drill targeting.

The sulphide mineralogy will be confirmed by assay results, which unfortunately were delayed due to several factors associated with COVID-19 travel and quarantining restrictions. Delays and work restrictions encountered included:

- Early sampling initiatives were delayed due the initial COVID-19 outbreak in China and subsequent quarantining of sampling equipment, including core cutting machinery and consumables;
- Fibrous minerals, common to ultramafic rocks, were noted during the geological logging process and the Company opted to take precautionary steps to limit exposure to potentially hazardous dust particles. As a result, the entire sample of holes PLDD001-003 were shipped to ALS's specialist fibrous minerals preparation facility in Perth for testing. Ordinarily, preparation would have been completed at the ALS Vientiane Laboratory before the pulverised material was sent to ALS Perth for final analysis;
- COVID-19 prevention measures enacted by the Laos Government restricted the interaction of 10 or more people on each project, and restricted movement of all people and items across country and provincial borders. These measures were implemented on the 1st April and ultimately led to the temporary suspension of the drill campaign at the Sayabouly Project; and
- Developing COVID-19 transport restrictions by different countries led to delays in sample transport to Perth. Batches of core sample were held up for several weeks in Singapore and Laos, including core from the highly encouraging holes PLDD006 and PLDD008.

Subsequent to quarter end

Subsequent to quarter end, assays from the first three holes of the program in the northern section of the Phu Lon Nickel Prospect were received with only PLDD001 (Figure 5) returning one intercept of significance:

- 4.2m (3.95 estimated true width) @ 0.65% Ni, 0.25g/t Pt, 456ppm Co and 0.6% Cr from 1.8m.

This intersection was recorded below the lateritic profile within oxidised ultramafic rock (peridotite). PLDD001 was designed to test the extensive Trench 4 intercept of 975m @ 0.51%Ni, which included 42m @ 1.01% Ni (Santana ASX Announcement 17th July 2019) recorded directly above the hole. An induced polarisation (IP) survey had not previously been completed at this location. While in this instance PLDD001 intersected oxide mineralisation, further exploration of this area is warranted. Further geophysics is recommended, to delineate potential nickel sulphide mineralisation at depth and the possible source of the broader nickel results of Trench 4.

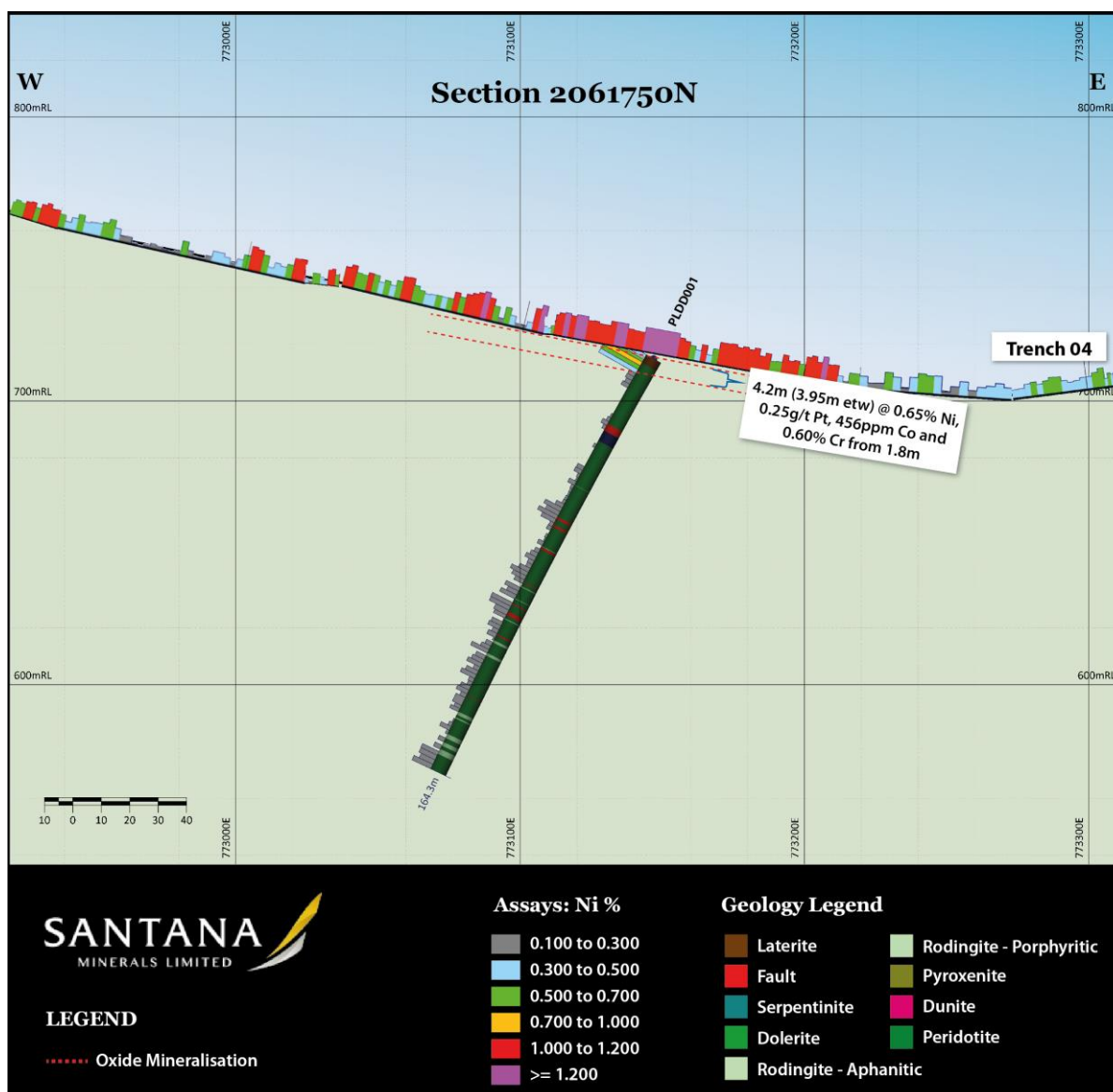


Figure 5: Cross section on 2061750N showing hole PLDD001 and trench results 2,061,750N. Trench results have been previously reported (Santana ASX Announcement 17th July 2019).

Holes PLDD002 and PLDD003 also in the northern portion of prospect intersected structurally controlled sulphide mineralisation, shown in Figure 6. Neither of these two holes received results of significance, with the majority of results recording ~0.1% Ni. The sulphide intersected was interpreted as pyrrhotite.

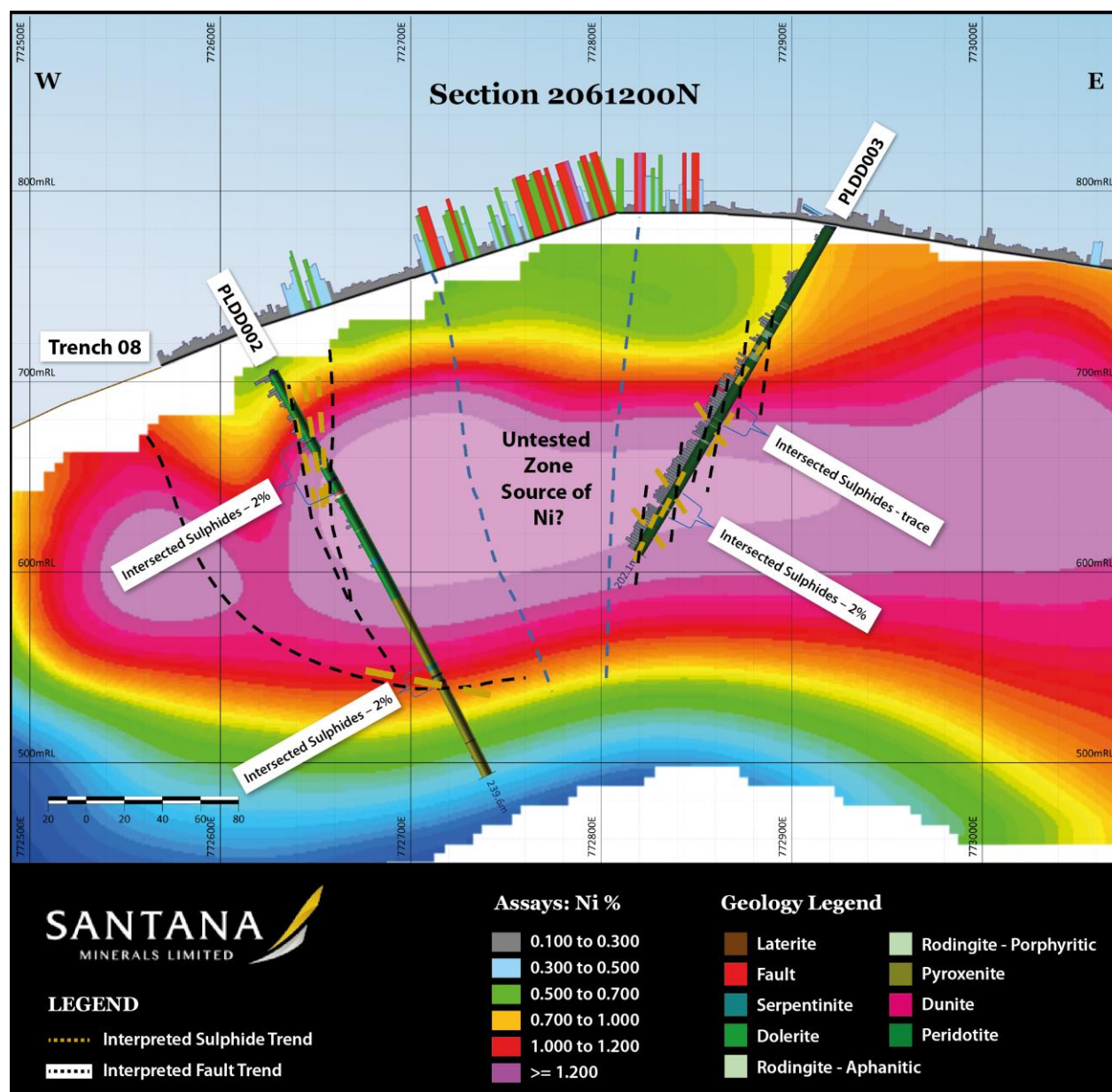


Figure 6: Cross section on 2,061,200N showing holes PLDD002 and PLDD003 with trench results. Trench results have previously been reported (Santana ASX Announcement 15th January 2020).

Layered massive sulphide mineralisation samples taken from PLDD006 and PLDD008 (Figure 3 and 4) are now in transit from Laos to the ALS Laboratories in Perth, after being delayed due to Laos Government COVID-19 containment measures. These intercepts were from the central and southern sections of the Phu Lon Nickel Prospect. They included 32m of layered massive sulphide mineralisation from 106m (PLDD008 – central section, Figure 7), ending in massive sulphide mineralisation while PLDD006 (south section, Figure 8) intersected 11 metres of layered massive sulphide mineralisation from 92m.

The intersection of massive sulphide mineralisation at these locations gives confidence in the magmatic sulphide mineralisation model and confirms the Phu Lon Nickel Target as highly prospective. Induced polarisation (IP) chargeability data potentially mapped disseminated sulphides above (Figure 7) and above-below (Figure 8) the layered massive sulphides units, validating this geophysical exploration method.

Other geophysical techniques such as electromagnetic induction (EM) surveys will be investigated to complement the IP data, which can give better resolution for massive sulphide bodies. The Company will prioritise future exploration activities in the central and southern sectors.

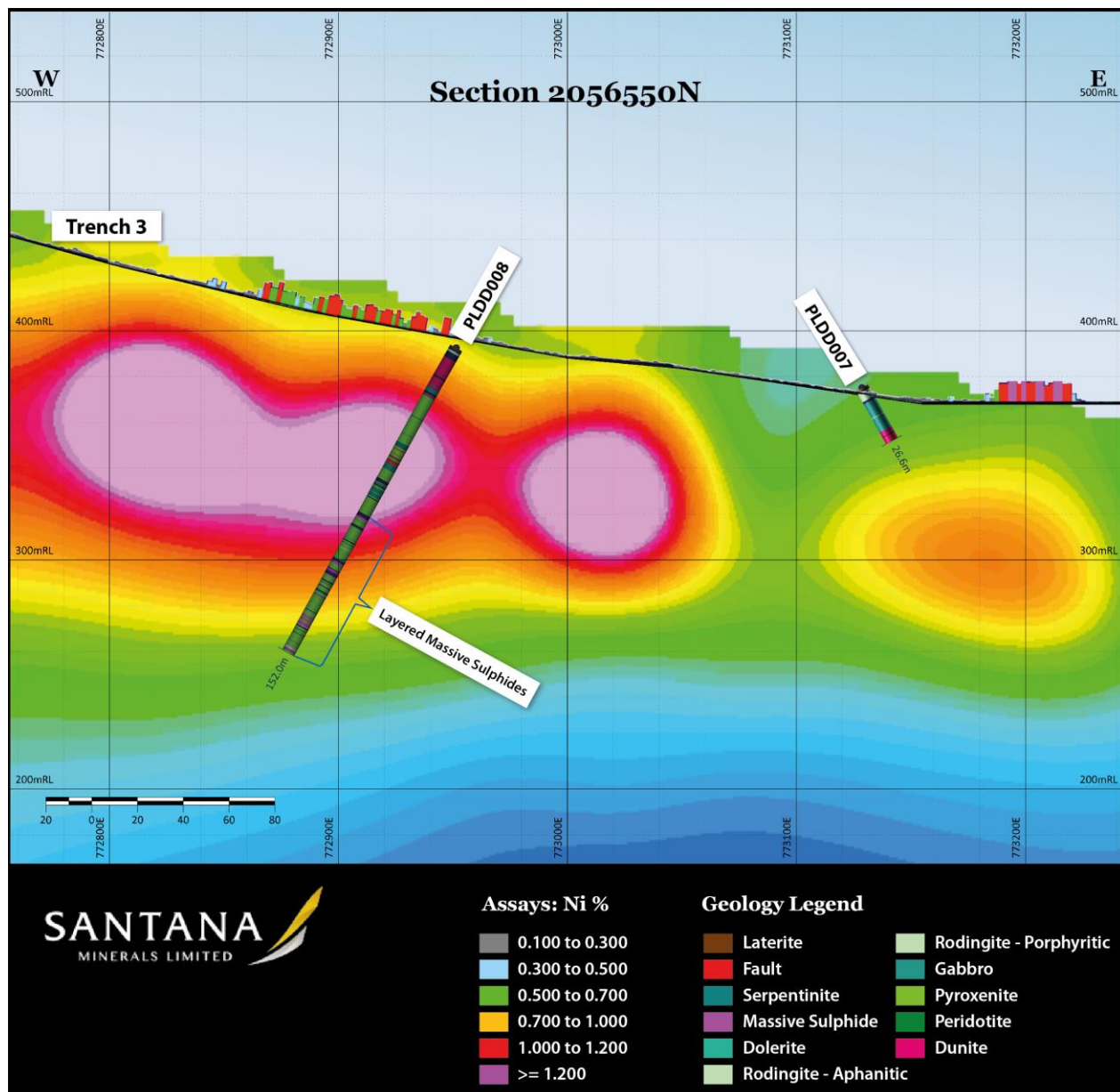


Figure 7: Massive sulphide intersections cross-section of 2,056,550N showing PLDD008, overlaid over an induced polarisation (IP) chargeability image. Potentially IP is mapping disseminated sulphides above the layered massive sulphide zone. Electromagnetic geophysical methods may be employed to better delineate the latter style of sulphides.

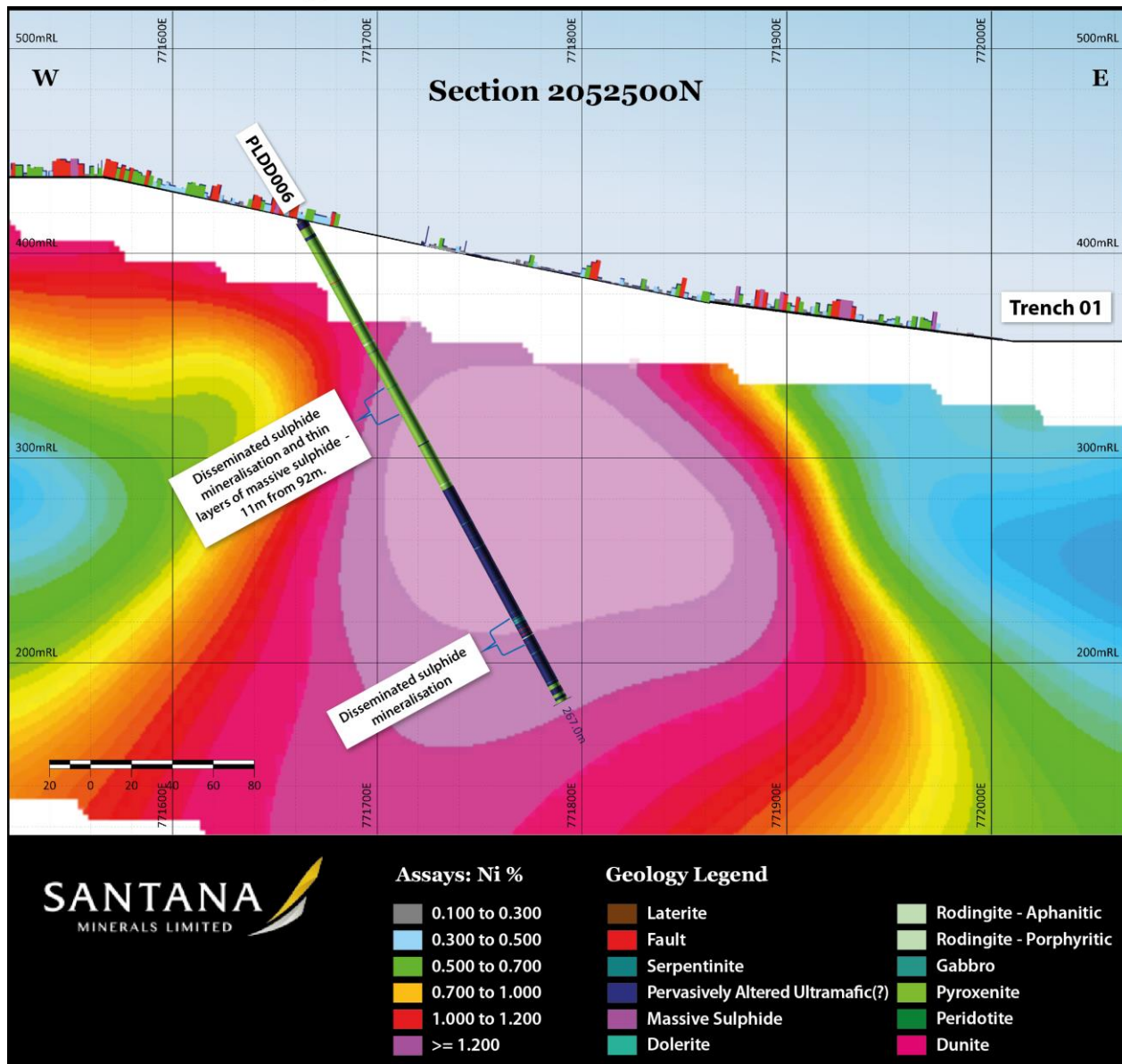


Figure 8: Cross-section at 2,052,500N showing PLDD006 overlaid on induced polarisation chargeability data.

Forward Program

The massive sulphides intersected in PLDD006 in the south and PLDD008 in the central section are highly encouraging, particularly the latter hole. Follow-up of these holes will be a high priority if significant results are returned from these intersections, with further petrological and structural analysis to be completed to revise and update the geological model. However, the timing of recommencement of the suspended campaign is reliant on the repeal of COVID-19 measures, which may delay the completion of the works program until after the upcoming wet season, which typically runs from mid-May through to September.

On recommencement of drilling activities, it is also the Company's intention to commence a maiden drill program at the Nakhon Prospect; a gold mineralised target approximately 6km east of the Phu Lon Nickel Prospect and shown in Figure 9. Previously reported trench results from this prospect included 4m @ 16.95g/t Au (Trench 6-2) and RAB drilling results of 9m @ 5.29g/t from 8m (Santana ASX Announcement 17th July 2019). Prior to the suspension of the current program a second drill rig was in the process of being mobilised to begin this work.

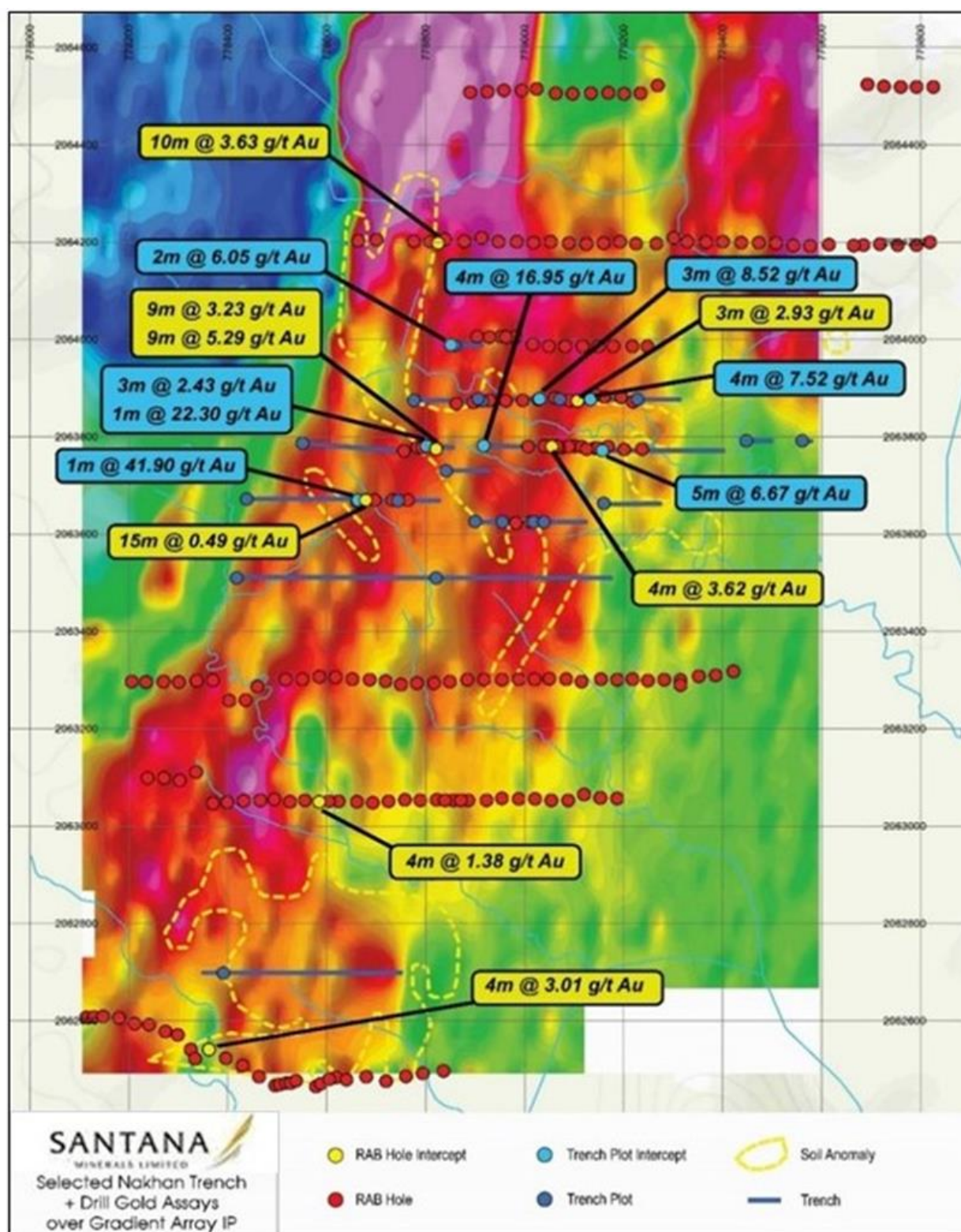


Figure 9: Previously recorded results at the Nakhan Prospect (Santana ASX Announcement 17th July 2019)

Commenting on the unfortunate suspension of the Company's maiden drill program across the Phu Lon Nickel Prospect, Santana CEO Shane Pike commented:

"The last two months have without question been frustrating for everyone involved with this drill program. A maiden program such as this one usually comes with its own challenges, many of which can be anticipated and planned for. What was not expected was the increasingly challenging operational and logistical restrictions stemming from the global outbreak of COVID-19. The ability to freely move contractor personnel, equipment and core samples became increasingly difficult and unfortunately led to numerous delays and ultimately the suspension of the program.

Importantly though, visual sulphides were evident from the outset of the program and have validated and now enhanced our understanding of the structural geology provided by previous trenching and IP activities. Further interpretation and geological modelling will continue as and when assays are received during this forced hiatus in drilling. Pleasingly, the program did end on a high note with strongly visible massive sulphide mineralisation encountered over material widths in PLDD008, leaving us excited about the pending assay results and strongly encouraged to return to complete the program upon COVID-19 restrictions being lifted.

We look forward to providing the results of outstanding assays and ongoing geological interpretive analysis in the weeks ahead."

Becker Gold Project, Chile (Santana right to earn 85% interest)

An independent geological review of the Becker Gold Project was completed during the March quarter. The review concluded the project is highly prospective for epithermal and possibly porphyry styles of mineralisation. It was recommended that regional geochemistry programs including stream sediment and soil sampling be undertaken, to define the size of the mineralisation systems already identified and generate further targets for exploration at the Becker Gold Project.

Cuitaboca Project, Mexico (Santana 80%)

No exploration activities were carried out at the Cuitaboca Project during the March quarter.

This announcement has been authorised for release to the ASX by the CEO.

For further information, please contact:

Shane Pike
Chief Executive Officer
+61 417 671 301

shane.pike@santanaminerals.com

Cameron Peacock
Investor Relations & Business Development
+61 439 908 732

cpeacock@santanaminerals.com

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Shane Pike, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Pike is the Chief Executive Officer of Santana Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Pike consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Previous Disclosure - 2012 JORC Code

Information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company’s projects in this report has extracted from the following ASX Announcements:

- ASX announcement titled “Acquisition of Highly Prospective Sayabouly Project” dated 17th July 2019”;
- ASX announcement titled “Significant Trench Results from The Sayabouly Project” dated 15th January 2020;
- ASX announcement titled “Maiden drill program commences at the Phu Lon Nickel Project” dated 21st January 2020; and
- ASX announcement titled “Phu Lon Nickel Update –Layered Massive Sulphide Intersected, Assays Pending” dated 8th April 2020.

A copy of such announcements is available to view on the Santana Minerals Limited website www.santanaminerals.com. The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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 announcements.

Additional ASX Listing Rule Information

Santana Minerals Limited ('Santana') provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location

| Name | Status | Interest Held |
|-----------------|---------|------------------|
| Laos | | |
| Sayabouly | Granted | 75%* |
| Cambodia | | |
| Phnom Khtung | Granted | 85% [#] |
| Snoul | Granted | 85% [#] |

* The consolidated entity currently holds a 75% interest in the project, with joint venture parties of the other 25% free carried to completion of a feasibility study.

[#] The consolidated entity currently holds an 85% interest in the project (diluting to not less than 12.75% assuming the consolidated entity does not exercise contribution rights) and is free carried to completion of feasibility study. A summary of the JV and Farm-out agreements are noted below.

Mining tenements acquired during the quarter and their location

Not applicable.

Mining tenements disposed of during the quarter and their location

Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Cuitaboca Project

The consolidated entity has completed a transaction which allows it to earn an initial 80% interest in the Cuitaboca Project. The consolidated entity is earning, but has yet to earn, its initial interest. Further details are by reference to the announcement of 29 July 2014.

Becker Project

The consolidated entity has completed a transaction which allows it to earn an initial interest of 85% of the central Becker tenements (2,000ha), and 80% of the surrounding licences (6,000ha). The consolidated entity is earning, but has yet to earn, its initial interest. Further details are by reference to the announcement of 17 May 2018.

Cambodian Project

The consolidated entity's subsidiary (Subsidiary) is party to an unincorporated joint venture agreement with Southern Gold Limited (SGL) in respect of the Cambodian Exploration Licences, pursuant to which SGL has a 15% unincorporated joint venture interest in the Cambodian Exploration Licences, which is free carried until completion of a feasibility study.

The consolidated entity's subsidiary has also entered into a farm-out and incorporated joint venture agreement with Renaissance Cambodia Pty Ltd (Renaissance) (Farm-Out Agreement), pursuant to which Renaissance will sole fund US\$0.5 million of exploration expenditure on each of the Cambodian Exploration Licences to earn a 30% shareholding in the Subsidiary. Renaissance can elect to sole fund a further US\$1.0 million of exploration expenditure on each of the two Cambodian Exploration Licences over the following two years, to increase its shareholding in the Subsidiary to 60%. Upon Renaissance earning a 60% shareholding in the Subsidiary, the consolidated entity may elect to either contribute to maintain its shareholding in the Subsidiary of 40% or not to contribute, in which case Renaissance may earn a further 25% shareholding in the Subsidiary, by managing the Subsidiary and providing funding to complete a definitive feasibility study, during which period the consolidated entity will be free carried.

Renaissance is earning, but has yet to earn, an interest in the Subsidiary.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

Appendix 5B

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

Name of entity

SANTANA MINERALS LIMITED

ABN

37 161 946 989

Quarter ended ("current quarter")

31 MARCH 2020

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation (if expensed) | (144) | (144) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (75) | (112) |
| | (e) administration and corporate costs | (179) | (402) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (Tax Refunds, IVA Mexico) | 40 | 40 |
| 1.9 | Net cash from / (used in) operating activities | (358) | (618) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | (210) |
| | (c) property, plant and equipment | - | - |
| | (d) exploration & evaluation (if capitalised) | (838) | (1,117) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |
| 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 (Concession Renewal Fees) | - | (296) |
| 2.5 | Other (Transaction Costs) | (98) | (190) |
| 2.6 | Net cash from / (used in) investing activities | (936) | (1,813) |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 4,001 |
| 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 | - | (255) |
| 3.5 | Proceeds from borrowings | - | 245 |
| 3.6 | Repayment of borrowings | - | (245) |
| 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 | - | 3,746 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | (1,294) | 1,315 |
| 4.1 | Cash and cash equivalents at beginning of period | 2,817 | 208 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (358) | (618) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (936) | (1,813) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 3,746 |
| 4.5 | Effect of movement in exchange rates on cash held | (3) | (3) |
| 4.6 | Cash and cash equivalents at end of period | 1,520 | 1,520 |

| | | | |
|------------|---|------------------------------------|-------------------------------------|
| 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 | 107 | 44 |
| 5.2 | Call deposits | 1,413 | 2,773 |
| 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) | 1,520 | 2,817 |

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

**Current quarter
\$A'000**

84

-

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

6.1 Non-Executive Director Fees

| | | |
|---|---|--|
| 7. Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A’000 | Amount drawn at quarter end \$A’000 |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (358) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | (838) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (1,196) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 1,520 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 1,520 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 1.27 |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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:

The Company does not expect to continue at the same level of operating cash outflows as reported in this quarterly report. As announced on 8 April 2020, the Company's drill campaign was temporarily suspended due to COVID-19 containment measures imposed by the Laos Government. Future expenditure on exploration activities will be dependent on available cash and ongoing budgetary considerations. Notwithstanding unknown or abnormal incurred costs, the company estimates that current cash-on-hand will allow the company to operate for the next two quarters.

- 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:

The Company has not taken any formal steps to raise further cash to fund its operations. The Company does however continue to assess its budgetary and ongoing funding requirements and intends to seek additional equity funding at an appropriate time and/or reduce its expenditure. The Company is confident of its ability to raise additional equity funding, however, it acknowledges that the success of such an approach will be dependent on exploration and market considerations.

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

Answer:

The Company expects that it will be able to continue its operations and to meet its business objectives based on the Company's intention to seek additional equity funding and or reduce its expenditure as outlined in items 1 and 2 above.

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 April 2020

Authorised by: By the Board of Directors
(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.