

28 April 2023

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDING 31 MARCH 2023**

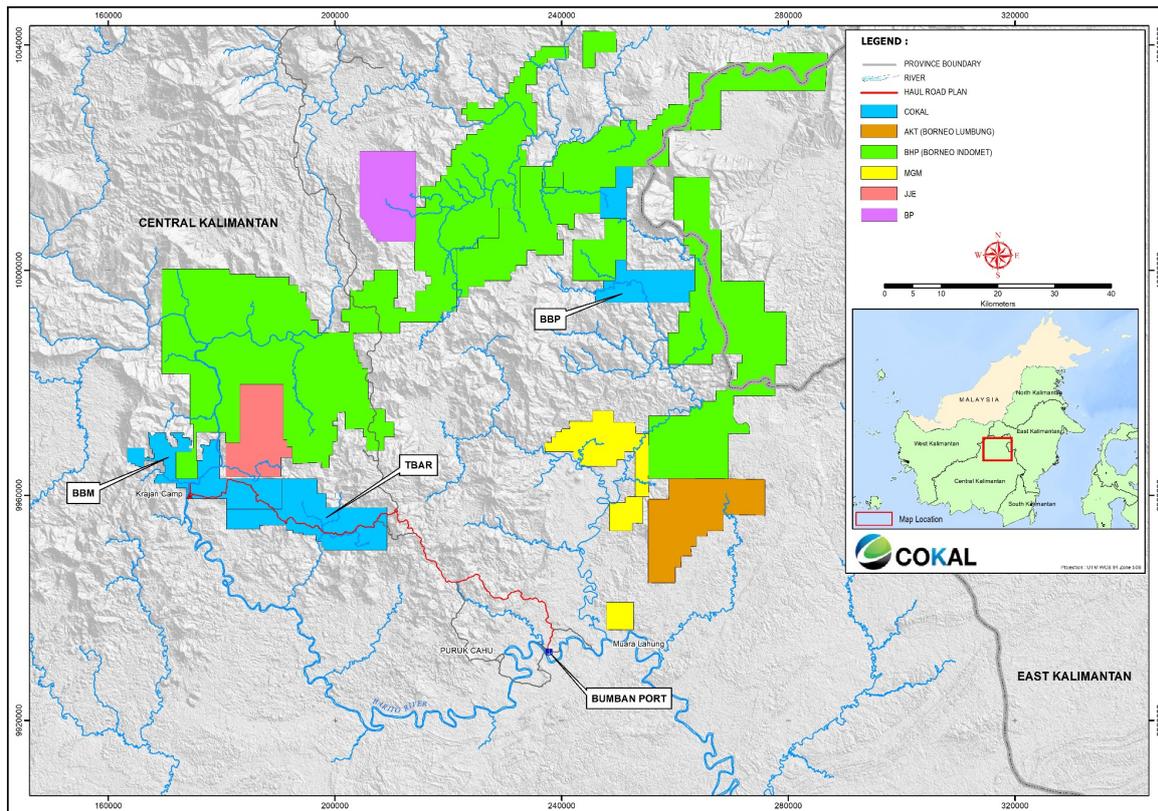
HIGHLIGHTS

- **Overburden removal and coal mining activities continued in Pit 3.**
- **First coal from the BBM Mine was loaded from Krajan Jetty into Cokal's barges and transported to Batu Tuhup Jetty.**
- **Construction of the Haulage Road from BBM Pit 3 to the Batu Tuhup Jetty was completed and trial hauling has been successful. The Haulage Road is ready for transport of product coal.**
- **Final preparations are being completed for Batu Tuhup Jetty construction which commenced in April 2023.**
- **Infill drilling in-progress at BBM, which will form the basis of additional resource and reserve definition and potential expansion.**

INDONESIAN COAL ASSETS

Cokal holds shares in the following Indonesian coal assets in Central Kalimantan:

- 60% of the Bumi Barito Mineral (BBM) project located in Central Province, Kalimantan, Indonesia. The BBM project area is 14,980ha;
- 75% of PT Tambang Benua Alam Raya (TBAR) which owns an exploration tenement covering an area of approximately 18,850ha in Central Province, Kalimantan, Indonesia. This tenement is located adjacent to and southeast of the BBM project;
- 60% of the Borneo Bara Prima (BBP) project located in Central Province, Kalimantan, Indonesia. The BBP project area is approximately 13,050ha;
- 75% of the Anugerah Alam Katingan (AAK) project. This project is located in Central Province, Kalimantan with an area of approximately 5,000ha. AAK is currently on 'on-hold' status by the Provincial Police Department. The Police have investigated a dispute over the ownership of AAK pre-dating Cokal's interest in the Project. Cokal is an aggrieved party and will await the outcome of the Police investigation.



Cokal's Coking Coal Tenements

There was no change in these shareholdings during the quarter.

BBM, TBAR, BBP and AAK are located adjacent to Indomet's extensive coking coal tenements. The Company is focused on ramping-up production from BBM, along with continued development of BBM's transport infrastructure. In addition, Cokal will commence drilling at the contiguous TBAR project, targeting a maiden resource in 2023.

Bumi Barito Mineral (BBM) Tenement

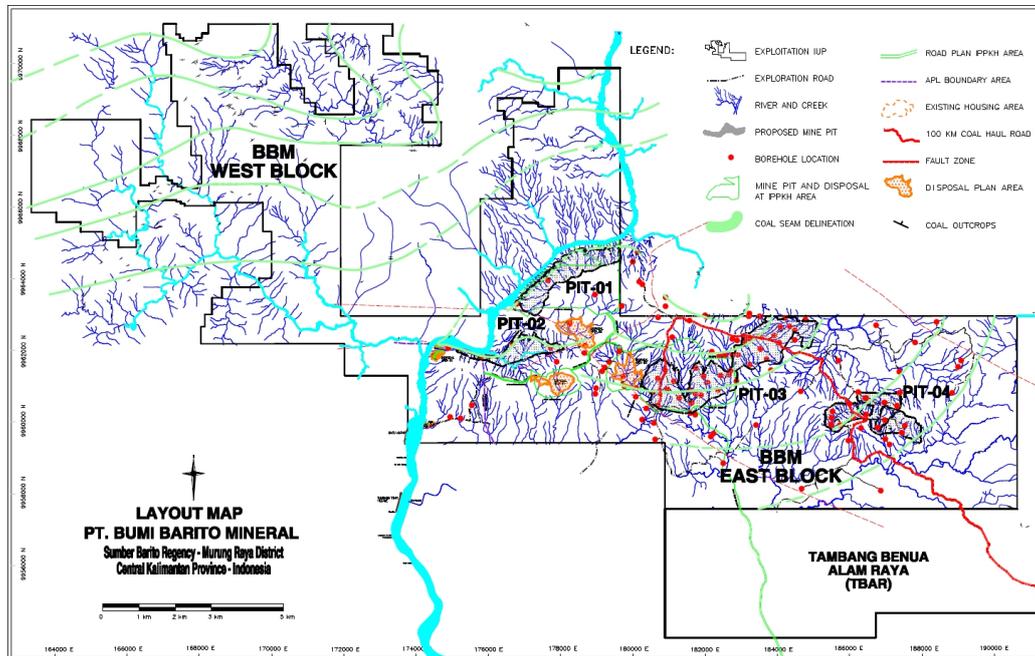
BBM's permit covers an area of 14,980ha with multiple seams of high-quality metallurgical coal. It is bisected by the Barito River, which cuts through the tenement in a north-south trend. Almost the entire IUP contains coal-bearing sediments with open cut mineable areas controlled by three major fault systems.

Coal analyses from more than 130 outcrops on the west side of the Barito River indicate that it contains premium quality anthracite and PCI coals. This coal does not currently form part of the stated BBM coal resources and therefore provides significant potential for a major future expansion of BBM resources.

BBM has regulatory approvals in place including:

- Mining Licence for 20 years with two further extensions of 10 years each;
- Environmental approval for a mining rate of up to 6Mt per annum;
- Port construction approval;
- Forestry Permit to commence mining activity;
- RKAB approval of its annual plan.

BBM commenced commercial production of metallurgical coal in November 2022 and is continuing with development of road and port infrastructure for coal transport.



BBM Tenement Areas

Tambang Benua Alam Raya (TBAR) Tenement

TBAR's exploration authority covers an area of 18,850ha immediately adjacent to and south east of Cokal's BBM tenement. Outcrop mapping of four seams over 17km strike length indicates a substantial resource of high grade coking coal in this deposit. It is believed these seams correlate to the B, C, D and J seams in BBM.

Tenders have been called for delineation drilling in the TBAR deposit. This will outline the coal occurrence in the tenement and enable an estimate to be made of the TBAR Resources and Reserves under the JORC code. It is expected that all coal in the TBAR deposit is high grade coking coal similar to that in BBM. Exploration of the TBAR deposit will use the road to the BBM deposit and is on hold until this access is established.

The haul road from BBM to the jetty at Batu Tuhup passes through the TBAR tenement and provides a notional 75km access road to the jetty when the mine is developed.

No further exploration activity or mining production was conducted at TBAR during the quarter. A drilling budget, alongside regulatory approvals including land compensation, are being finalised with drilling operations scheduled for Q2 2023.

Borneo Bara Prima (BBP) Tenement

Cokal's BBP project covers 13,050ha in Murung Raya Regency, Central Kalimantan. BBP has been granted an Exploration Forestry Permit (IPPKH) and has been confirmed on the Central Government's Clean and Clear list. The IUP was transferred to the Central Government where it now awaits approval to be upgraded to a Production and Operation IUP.

No exploration activity or mining production was conducted in BBP during the quarter.

Anugerah Alam Katingan (AAK) Tenement

Cokal's AAK project covers 5,000ha in Central Kalimantan. Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed. Cokal continues to monitor the progress of the regulatory upgrade approvals for AAK.

No exploration activity or mining production was conducted on AAK during the quarter.

BBM PROJECT ACTIVITIES

Mining Operations

- Overburden removal and coal getting activities continued in Pit 3.
- Product coal is being transported to market via the Haulage Road to the Batu Tuhup Jetty as well as coal stockpile at the Krajan Jetty for barging.
- Coal loaded on to Cokal's barges for transport to BBM Permanent Jetty at Batu Tuhup, where it is stocked and initially destined for delivery to the domestic market as per the offtake arrangement with PT Sumber Global Energy.
- The Mohing Access Road and the Batu Tuhup Jetty are the preferred long-term coal transportation routes, mitigating any issues with water levels at the Krajan Jetty.

Barging

- In January the first coal from the BBM Mine was loaded from Krajan Jetty into Cokal's barges and transported to Batu Tuhup Jetty and has since continued as an ongoing process. Cargo is stockpiled at Batu Tuhup Jetty for domestic sales delivery and for further transportation to ISP for export shipments.
- Batu Tuhup Jetty construction commenced in late April 2023, with Cokal's final preparations being completed.
- Cokal is set to acquire additional barges by Q3 2023 to increase its transportation capability from Krajan Jetty to Batu Tuhup Jetty.

Batu Tuhup Jetty Construction

The Batu Tuhup Jetty is a critical piece of infrastructure that will facilitate BBM production ramping-up to an increased saleable production capacity.

- Engineering & Fabrication Design works being finalised and on-site construction activities for permanent Batu Tuhup Jetty commenced in late April 2023.
- The Batu Tuhup Jetty construction will initially comprise a 1,000 tonne per hour Coal Handling and Loading facility.
- This infrastructure will load coal from the stockpile on to barges with a capacity of 3500 -4,000 DWT, which will then be sent via the Barito River to domestic clients and to the ISP in Buntok for export shipments.
- The design and construction of the Coal Handling System includes a Take Up Tower, Relocatable Hopper, Discharging Conveyor, Loading Conveyor and Barge Loading Conveyor with an estimated completion time of 9 months.
- Cokal is working with PT Rexline Engineering Indonesia ("Rexline"), an Australian company and one of the leading EPCM contractors in Indonesia.

- Rexline possesses complete in-house design, mechanical, electrical, and civil engineering capabilities with a heavy fabrication facility in Lamongan.

Haulage Road

- The Mohing Access Road (“Haulage Road”) connects BBM Pit 3 to the Batu Tuhup Jetty, which is the preferred long-term coal evacuation route, and which will mitigate future issues with river water levels.
- The Haulage Road will handle greater than 70% of saleable production volumes and will support the ramp up of saleable metallurgical coal production from BBM to initial design capacity of 2.0Mtpa.
- In April 2023 the road was commissioned, and successful trial hauling was completed. Fully fledged haulage will continue with additional new trucks arriving by the end of April 2023. Additional trucks will be deployed by an external hauling contractor in Q2 2023 to increase the transport volumes.

The commissioning of the road alongside the barging operations means BBM can consistently deliver coal to the Batu Tuhup jetty on a continuous basis. This is an important part of the logistics supply chain for both domestic and international customers as well as an important step in delivering the required volumes of coal to market.



Transporting on newly commissioned road

Infill drilling at BBM

- Cokal is undertaking infill drilling at its flagship BBM Metallurgical Coal Mine, which will form the basis of further resource and reserve definition and expansion.
- The infill drilling is targeting conversion of BBM's significant 260.2Mt resource base (18.8Mt measured, 22.9Mt indicated and 218.5Mt inferred) into reserves, translating to potential mine-life extensions and/or increased production capacity.

Drill Programme

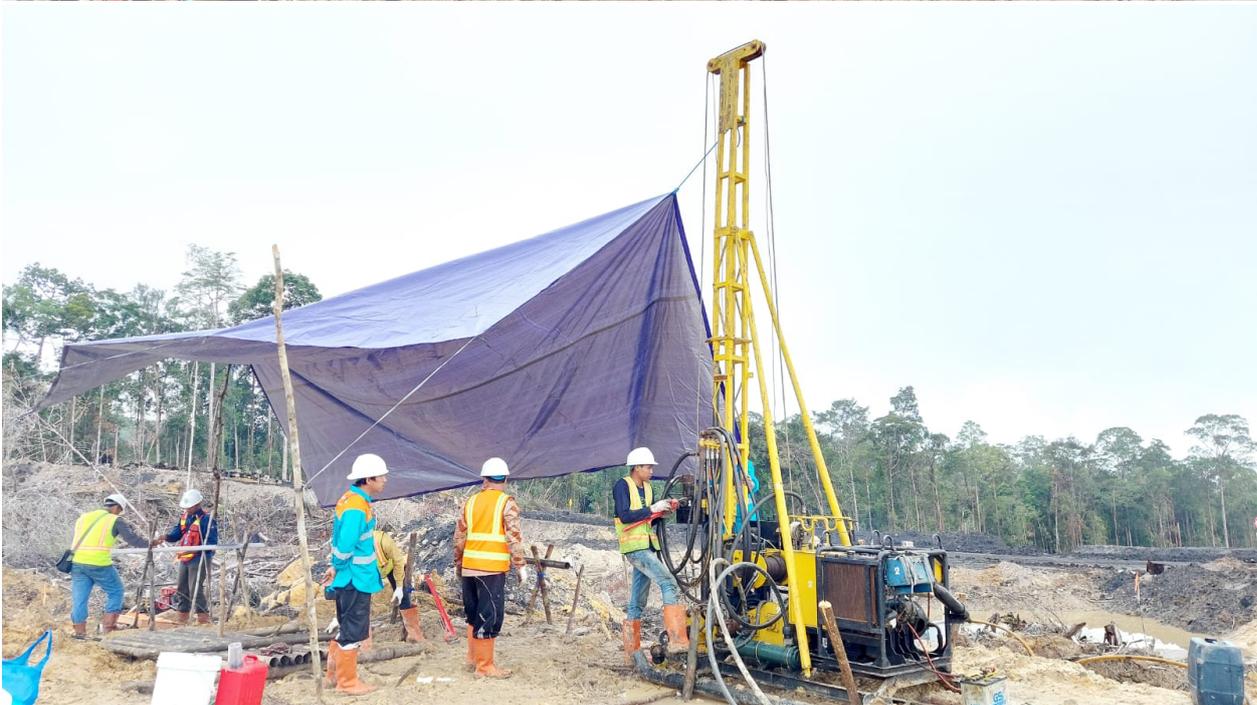
- Infill drilling underway, targeting Seams J & I adjacent to the Pit 3 mining area, and the extended pit expansion area.
- The drilling program consists of 42 new drill holes of the most prospective targets closest to the Pit 3 crop line area.
- Drill spacing will predominately be 100m, but will also include additional areas spacings of 150m to 200m.
- Drilling Methods: Partial core (+/- 2 meter before the prediction of coal depth through 2-3 meter after seam I (for geophysical logging pockets).

Drill Planning

<i>Description</i>	<i>Total</i>	<i>Unit</i>	<i>Remark</i>
Total of Drill plan	42	Holes	
Total Drilling Meters	1630	m	
Open Hole Drilling	1140	m	70% of total holes
Coring	490	m	30% of total holes

Program Time frame

Drilling work has commenced and is estimated to take 120 days to be completed by June 2023, which will include sampling results.



Drilling Works at BBM

TBAR PROJECT ACTIVITIES

Cokal is preparing to commence a full-scale exploration drilling program in Q1 2023 beginning with issuance of tender for drilling services. Additional Relevant preparation including licensing, permits and contracting works are being organised. Cokal is targeting a maiden JORC resource in 2023 with initial production in 2024.

CORPORATE ACTIVITY

Corporate

During the quarter the Company completed a A\$16m placement to accelerate metallurgical (Coking/PCI) coal production at the Bumi Barito Mineral (BBM) project. The Placement was strongly supported by respected coal industry professional, Matthew Latimore of M Resources (\$A5m), as well as prominent domestic and international institutional investors. The Placement comprised the issue of 100.0 million new fully paid ordinary shares at an issue price of A\$0.16 per share.

In February 2023 37,500,000 options were exercised. A further 37,500,000 options expired pursuant to an agreement with the previous Platinum entities not to exercise them, as set out in the Company's ASX release of 29 November 2018.

General

The Company had US\$6.485m in cash at the end of the quarter.

During the quarter the aggregate amount of payments made to related parties and their associates for Directors fees, consulting fees, company secretarial fees and Sydney office rental fees totalled US\$121k.

The Company spent US\$1.419m on exploration and development activities during the quarter. The details of these activities carried out during the quarter are set out in this report.

Tenement Schedule

At the end of the quarter, the Company held the following tenements:

LOCATION	LICENCE NAME	TENEMENT NUMBER	HOLDER	OWNERSHIP		STATUS
				This Quarter	Last Quarter	
Central Province, Kalimantan, Indonesia	Bumi Barito Mineral (BBM)	188.45/149/2013	PT Bumi Barito Mineral	60%	60%	Granted
	Tambang Benua Alam Raya (TBAR)	570/25/DESDM-IUPEKS/II/DPMTSP-2020	PT Tambang Benua Alam Raya	75%	75%	Granted
	Borneo Bara Prima (BBP)	188.45/570/2014	PT Borneo Bara Prima	60%	60%	Granted
	Anugerah Alam Katingan (AAK)	41/DPE/III/VI/2011	PT Anugerah Alam Katingan	75%	75%	Granted

ENDS

Further enquiries:

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Non-Executive Chairman
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This ASX announcement was authorised for release by the Board of Cokal Limited.

About Cokal Limited

Cokal Limited (ASX:CKA) is an Australian listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal has interests in four projects in Central Kalimantan, Indonesia, which are considered prospective for metallurgical coal.

Compliance Statements

This announcement contains information relating to Mineral Resources Estimates in respect of the BBM Project extracted from ASX market announcement dated 2 September 2022 - Annual Mineral Resources and Ore Reserves Statement and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). CKA confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned ASX market announcement.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Appendix 5B

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

Name of entity

Cokal Limited

ABN

55 082 541 437

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(176)	(842)
(c) production	(813)	(1,292)
(d) staff costs	(393)	(1,070)
(e) administration and corporate costs	(564)	(1,004)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Capital Participation Fee)	(1,200)	(1,200)
1.9 Net cash from / (used in) operating activities	(3,146)	(5,410)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(57)	(1,013)
(d) exploration & evaluation and mine development	(1,243)	(3,273)
(e) Investment	-	-
(f) other non-current assets	-	(204)

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

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'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	(1,300)	(4,490)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,943	10,943
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	410	495
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(722)	(722)
3.5	Proceeds from borrowings	734	5,936
3.6	Repayment of borrowings	(281)	(281)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(157)	(177)
3.10	Net cash from / (used in) financing activities	10,927	16,194
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	145	356
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,146)	(5,410)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,300)	(4,490)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,927	16,194

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

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	(141)	(165)
4.6	Cash and cash equivalents at end of period	6,485	6,485

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 US\$'000	Previous quarter US\$'000
5.1	Bank balances	6,480	356
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Cash in Hand)	5	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,485	356

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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 <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 US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	21,550	18,000
7.2 Credit standby arrangements		
7.3 Other (Prepayment)	2,000	2,000
7.4 Total financing facilities	23,550	20,000
7.5 Unused financing facilities available at quarter end		3,550
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.		
<ol style="list-style-type: none"> 1. US\$800,000 loan facility provided by Aahana Minerals Resources SDN BHD (Lender) was executed in September 2020. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender. Cokal Limited has provided a corporate guarantee for payment the Loan. The group can utilize full amount of the facility when required. 2. US\$500,000 loan facility provided by Alpine Invest Holding Ltd was executed on 20 April 2021. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. The group can utilize full amount of the facility when required. 3. US\$250,000 loan facility provided by Alpine Invest Holding Ltd was executed on 9 June 2021. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. The group can utilize full amount of the facility when required. 4. On 29 December 2020 Cokal Limited entered into an agreement to monetise near-term coal production from BBM production. PT Sumber Global Energy ("SGE") will advance BBM a total of US\$2.0m as consideration for Cokal appointing SGE as Exclusive Sales Agent for domestic Indonesia coal sales, whereby SGE will undertake the marketing and sales of BBM coal sold into the Indonesian domestic market, for a period of 2 years from the date of first delivery of coal to SGE. BBM will repay the US\$2.0m to SGE through a reduction in the coal sales price over the term of the Agreement. To date US\$2m has been drawn under this facility. 5. On 14 July 2021 Cokal executed a US\$20m debt financing facility with International Commodity Trade (ICT) for development of the Bumi Barito Mineral (BBM) Coking Cokal Project. US\$ 500,000 was drawn during the quarter ended 31 March 2023. The fee for the debt finance is linked to BBM mining operations and is calculated as follows: <ul style="list-style-type: none"> - Total Fee for debt finance of US\$0.20 per BCM of overburden removal at BBM; - Total Fee for debt finance is capped at a maximum amount of 200,000,000 BCM of overburden work which equates to a maximum amount of US\$40m (this fee includes interest payable); - The fee is payable on a monthly basis, based on actual overburden removal with a minimum of 2,000, 000 BCM of overburden a month (US\$400,000); - The fee payable must be paid within 8 years and 4 months from the first drawdown date. The Fee for ICT shall be paid on a monthly basis by BBM and shall be based on the actual overburden being stripped during the month as follows: <ul style="list-style-type: none"> - At the beginning of each month, BBM shall submit a survey report to ICT on the actual volume of overburden work done in the previous month; and - ICT shall then submit an invoice to BBM based on the survey report (Invoice); and - Upon receipt of the Invoice, BBM shall make payment to ICT within thirty (30) day from the cut-off period of each production month. 		

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,071)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,243)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,314)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,485
8.5 Unused finance facilities available at quarter end (item 7.5)	3,550
8.6 Total available funding (item 8.4 + item 8.5)	10,035
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.3 quarters
<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:	
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:	
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:	
<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: **28 April 2023**

Authorised 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

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

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.