

26 April 2024

GTI ACTIVITIES REPORT, MARCH QUARTER 2024

- **Lo Herma drilling permit** amendment review in progress to optimise follow-up drilling, increase total number of drill holes, and construct monitoring wells for groundwater data collection. **Drilling is scheduled for Q3 2024**
- Lo Herma **Mineral Resource Estimate & Exploration Target to be updated in Q4 2024**
- Green Mountain maiden drilling planned for 2024 with permit application targeted for late April
- Utah uranium/vanadium projects **under evaluation to determine potential paths** for renewed exploration, resource development or other value creating activities
- **Matt Hartmann appointed President US Operations with over 20** years of global mineral exploration, project development & commercial experience with significant track record in ISR uranium through the entire project life-cycle

GTI Energy Ltd (**GTI** or **Company**) is pleased to report on its activities during the March quarter 2024.

LO HERMA ISR PROJECT

During the quarter the Company advised that planning for the 2024 field season in Wyoming has progressed well and permitting is on track to facilitate drilling during Q3.

The Lo Herma ISR Uranium Project (**Lo Herma**) is located in Converse County, Powder River Basin (**PRB**), Wyoming (**WY**). The Project lies approximately 15 miles north of the town of Glenrock and within ~60 miles of five (5) permitted ISR uranium production facilities. Facilities include UEC's Willow Creek (Irigaray & Christensen Ranch) & Reno Creek ISR plants, Cameco's Smith Ranch-Highland ISR facilities & Energy Fuels Nichols Ranch ISR plant. The PRB has extensive ISR production history with numerous ISR uranium resources, central processing plants (**CPP**) & satellite deposits (**Figure 1**).

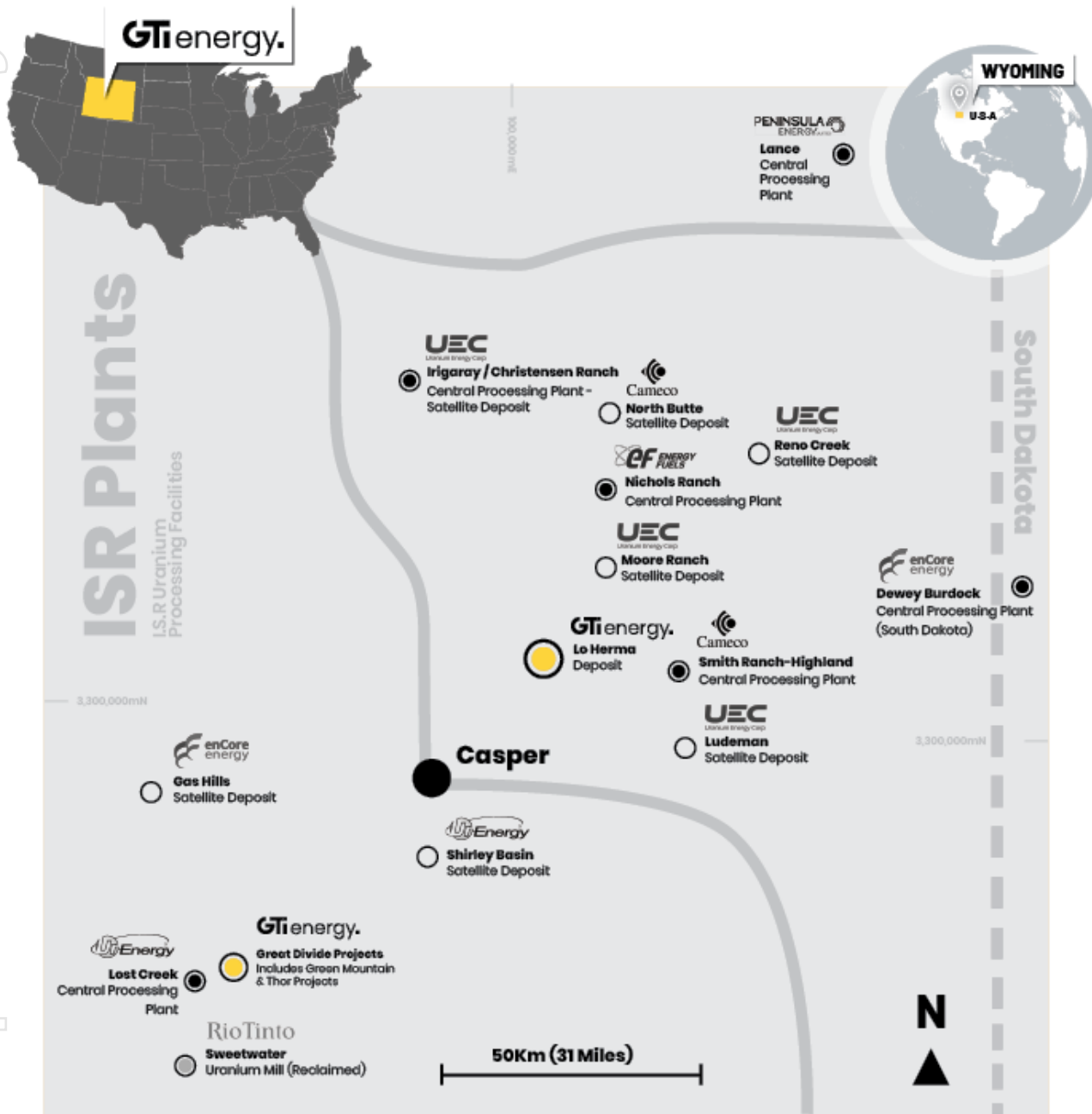
42 drill holes remain permitted and undrilled at Lo Herma, however a review of the drilling conducted during December 2023 has helped the Company to refine and expand the planned 2024 drilling program to include 76 drill hole locations and construction of up to 5 groundwater monitoring wells. The total estimated drill footage for this updated program is 57,000 ft (17,000 m).

This next phase of exploration at Lo Herma will be focused on expanding the resource areas and upgrading the current mineral resource classification. Collection of important data including, hydrogeologic parameters of the mineralised aquifers and collection of rock core samples for metallurgical testing will be also prioritised.

GTI intends to mobilise drilling rigs to Lo Herma as soon as the activity is fully permitted, and seasonal restrictions on exploration operations, due to wildlife activity, are lifted at the end of June. At this time, GTI anticipates that drilling will commence at Lo Herma during July 2024. Following completion of the 2024 drill program at Lo Herma, GTI intends to publish an updated mineral resource estimate and exploration target range for the project. The Company expects that the

updated mineral resource estimate will support near-term development of a Scoping Study to demonstrate the economic potential of the project. The most recent drill results from Lo Herma and a summary of the project geology can be found in the Company's 20 December 2023 news release.

FIGURE 1. WYOMING IS URANIUM PROCESSING PLANTS & GTI PROJECT LOCATIONS¹



- GTI Energy Deposit
- Central Processing Plant I.S.R. Facility
- Satellite Deposit
- Conventional Mill Processing Facility

ISR PLANT/S	MILES FROM GTI DEPOSIT	ISR PLANTS COMBINED PERMITTED CAPACITY	ISR PLANT/S	MILES FROM GTI DEPOSIT	ISR PLANTS COMBINED PERMITTED CAPACITY
Cameco	< 10	5,500,000	enCore energy	< 100	1,000,000
UEC Lionsair Energy Corp	< 60	6,300,000	PENINSULA ENERGY	< 110	3,000,000
UEnergy	< 15-60	3,200,000	CF ENERGY FUELS	< 45	2,000,000

¹ Data sources are detailed in ASX release dated 20 December 2023

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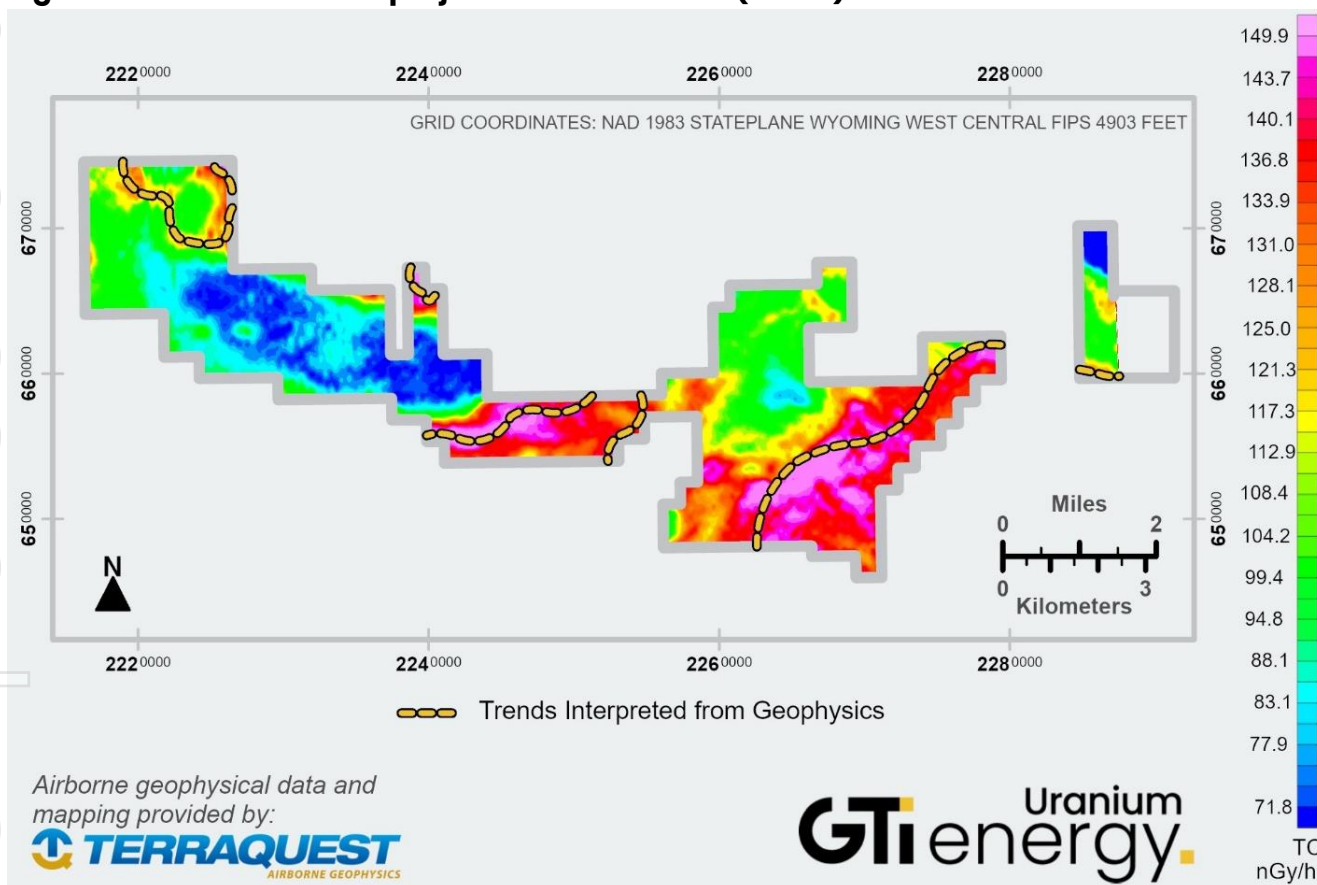
GREEN MOUNTAIN PROJECT: DRILLING PERMIT

As previously advised on 21 November 2023, the Company completed an airborne geophysical survey at its Green Mountain Project to help refine a previously planned (but not permitted) drilling program. The now updated drilling plan includes 16 potential drill holes targeting 12 Miles of anomalous radiometric signature (**Figure 2**) which has been correlated with historical Kerr McGee drill holes maps.

A conceptual universe of 50 drill holes was initially developed with specific drill hole locations and access routes selected in consideration of site-specific topography and environmental considerations – the GTI technical team has now finalised this drill plan, selecting 16 drill holes that will be permitted for the 2024 drilling season should funding and weather conditions allow. The planned drill program will test the validity of the historical Kerr McGee drill hole maps, as well as the interpreted mineralised regions as determined from the airborne geophysical survey.

A “Class I Cultural Resource Report” and site Environmental Review have been completed with both of these studies incorporated into the planning of the drill program. Final on-site review of individual drill pad access will be completed as weather allows after which the Company will file the Drilling Notification. This is expected to be completed by late April. GTI will make a final decision to proceed once reclamation bonding is approved by Wyoming’s DEQ & the Federal BLM.

Figure 2: Green Mountain project shows 12 miles (19 km) anomalous uranium trends



GREEN MOUNTAIN PROJECT: GEOLOGIC SETTING AND MINERALISATION

The Green Mountain Project is located along the northeastern flank of the Great Divide Basin (**GDB**). The GDB consists of up to 25,000 feet of Mesozoic to Quaternary sediments and along with the Washaki Basin to the southwest, comprise the greater Green River Basin which occupies much of southwestern Wyoming. The Great Divide basin is structurally bounded by uplifted and fault displaced Precambrian rocks, creating an internally drained and isolated hydrogeologic basin.

Uranium mineral resources within and in the vicinity of the project areas are found within the Tertiary Battle Springs Formation. The Battle Springs formation consists primarily of higher energy alluvial-fluvial deposited coarse arkosic sandstone, interbedded with lower energy claystones. The sedimentary source of the Battle Springs is assumed to primarily be erosion of the Granite Mountains,

approximately 30 miles to the north. The permeable sandstones of the Battle Springs Formation are a favourable host for sandstone-type uranium deposits. The low permeability claystones and shales of the Battle Springs Formation create boundaries and confining layers.

Uranium mineralisation in the Battle Springs occurs as roll front type uranium deposits hosted within sandstone horizons. The formation of roll front deposits is a geochemical groundwater process where oxidising ground water leaches uranium from a source rock, transports the uranium in low concentrations through the host formations, and then deposits the uranium along an oxidation/reduction (Redox) interface. Continued geochemical conditions of transport and deposition can lead to a significant concentration of uranium at the redox interfaces. Mineralised roll-front zones along a redox interface vary considerably in size, shape, and amount of mineralisation. Individual roll front trends may extend sinuously for several miles. Frequently, trends will consist of several vertically stacked roll fronts within a single sand unit. Trends within distinct sand units may converge at a single location to create a section of multiple mineralised sand horizons.

This geologic setting is favourable for ISR mining in areas where the host sandstones are fully saturated. Ur-Energy's Lost Creek ISR facility operates in the same geologic setting in the GBD approx. 12 air miles south of the Green Mountain Project. Ur-Energy reports total resources of 18 million pounds made up of M&I mineral resource of 11.9 million pounds eU_3O_8 in the Measured & Indicated categories, & 6.6 million pounds eU_3O_8 in the Inferred category². To the north the Project also adjoins RIO Tinto's Big Eagle, Jackpot, Phase II, Desert View, & Willow Creek uranium deposits. This area collectively referred to as the Green Mountain uranium district is known to contain over 70 million pounds U_3O_8 ³.

UTAH URANIUM/VANADIUM PROJECTS: REVIEW

GTI's uranium/vanadium projects in Utah are considered suitable for conventional mining and are located on the east flank of the Henry Mountains, covering 3,860 acres. The projects host historical production, open underground workings and have an active exploration permit in place. The projects saw significant work from 2019 to 2021 including two drill programs totalling 52 drill holes and geophysical logging of an additional 76 historical drill holes. GTI subsequently elected to prioritise work at its newly acquired Wyoming ISR projects until such time as activity and investment in the region improved. The Company's projects lie within ~100 miles of Energy Fuels (NYSE American: UUUU) (TSX: EFR) White Mesa Mill & within a few miles of Anfield Energy's (TSX.V: AEC) Shootaring (Ticaboo) mill site. The owners of both of these mills are actively pursuing mill re-starts⁴.

In addition, Western Uranium & Vanadium Corp. (**Western**) (CSE:WUC) (OTCQX:WSTRF) have announced the purchase of a mill site in Green River Utah and work to design & permit the facility for processing uranium & vanadium. The plant, which will be located ~80 miles from GTI's projects, is intended to process feed from Western's recently restarted Sunday Mine Complex (**Sunday**) over 160 miles away. Western advised of a mine operations restart at the Sunday mine in February 2024⁵. Western stated their new "mineral processing plant" will recover uranium, vanadium & cobalt from ore from Western's mines and that produced by other miners. Western said, on February 13th 2024, it expects the plant to be licensed and constructed for annual production of 1 million pounds U_3O_8 and 6 million pounds of V_2O_5 , with initial production in 2025.

Based on the renewed interest in exploration, mining, and processing of uranium ore in this region, GTI is currently evaluating potential paths for further exploration, resource development, or other value creating activities with its Utah projects

² <https://www.ur-energy.com/projects/lost-creek>

³ (International Atomic Energy Agency, Vienna (Austria); 529 p; Mar 1989; p. 173-190; Technical committee meeting on uranium resources and geology of North America; Saskatoon, Saskatchewan (Canada); 1-3 Sep 1987).

³<https://www.energyfuels.com/2023-12-21-In-Response-to-Surging-Prices,-Supportive-Government-Policies,-and-a-Domestic-Focus-on-Security-of-Supply,-Energy-Fuels-Has-Commenced-Production-at-Three-of-its-U-S-Uranium-Mines>

⁴ <https://anfieldenergy.com/anfield-energy-provides-2023-corporate-review-and-outlines-plans-for-2024/>

⁵ <https://www.western-uranium.com/news/nr-20240213.pdf>

APPOINTMENT OF PRESIDENT OF US OPERATIONS

During the quarter GTI appointed Denver based ISR uranium technical and executive leader, Mr Matt Hartmann in the role of President US Operations, to oversee the Company's technical and commercial activities in the US. Matt has:

- 20+ years of global mineral exploration, project development & commercial experience, including a significant track record in ISR uranium through the entire project life cycle,
- Uranium experience includes senior technical roles with Uranium Resources Inc. and Strathmore Minerals Corp, and industry consultant as a Principal with SRK Consulting. Most recently he was V.P. Technical Services for Sweetwater Royalties LLC, the largest private landowner in Wyoming, and
- Previously provided technical & managerial expertise to several ISR uranium projects including, Cameco's Smith Ranch-Highland, Encore's Rosita central processing plant & wellfield, Laramide's Churchrock and Encore's Dewey-Burdock

Matt adds increased commercial & technical leadership of GTI's interests in the US which will allow the company to more aggressively pursue its project development and commercialisation plans including strategic partnership opportunities.

CORPORATE

Additional ASX Information

GTI provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 5.3.1: Exploration & Evaluation Expenditure during the quarter was \$599,000. Full details of exploration activity during the March quarter are set out in this report.
2. ASX Listing Rule 5.3.2: There was no substantive mining production and development activities during the quarter.
3. ASX Listing Rule 5.3.5: Payment to related parties of the Company and their associates during the quarter: \$125,000 cash. GTI advises that this relates to remuneration of Directors only. Please see the Remuneration Report in the Annual Report for further details on Directors' Remuneration.

This ASX release was authorised by the Directors of GTI Energy Ltd. Bruce Lane, (Director), GTI Energy Ltd

- Ends-

Competent Persons Statement

Information in this announcement relating to Exploration Results, Exploration Targets, and Mineral Resources is based on information compiled and fairly represents the exploration status of the project. Doug Beahm has reviewed the information and has approved the scientific and technical matters of this disclosure. Mr. Beahm is a Principal Engineer with BRS Engineering Inc. with over 45 years of experience in mineral exploration and project evaluation. Mr. Beahm is a Registered Member of the Society of Mining, Metallurgy and Exploration, and is a Professional Engineer (Wyoming, Utah, and Oregon) and a Professional Geologist (Wyoming). Mr Beahm has worked in uranium exploration, mining, and mine land reclamation in the Western US since 1975 and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and has reviewed the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of exploration results, Mineral Resources & Ore Reserves. Mr Beahm provides his consent to the information provided.

The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and, in the case of mineral resource estimates, that all material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

Caution Regarding Forward Looking Statements

This announcement may contain forward looking statements which involve a number of risks and uncertainties. Forward-looking statements are expressed in good faith and are believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. The forward-looking statements are made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward looking statements, whether as the result of new information, future events or results or otherwise.

Appendix I – Tenements held on 31 March 2024 – United States of America

	Name	Lode Claims & Leases	Acres	State & County	Holder*	% Held @ Start of Quarter	% Held @ End of Quarter
WYOMING GDB	THOR	139	2,871	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	LOKI	102	2,107	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	ODIN	102	2,107	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	ODIN II (LOKI WEST)	154	3,182	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	WICKET I	60	1,240	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	LOGRAY I	69	1,426	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	TEEBO	42	868	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	LOGRAY II	52	1,074	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	WICKET II	103	2,128	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	WICKET III	37	764	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
	THOR II	36	744	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%
THOR LEASES 0-43595 & 0-43596	2 x State Leases	1,280	Wyoming, Sweetwater	Branka Minerals LLC	100%	100%	
WYOMING GREEN MOUNTAIN	GREEN MOUNTAIN (GMW/GME)	672	13,884	Wyoming, Fremont	Logray Minerals LLC	100%	100%
WYOMING POWDER RIVER BASIN	LO HERMA	595	11,074	Wyoming, Converse	Lo Herma LLC	100%	100%
	LO HERMA LEASES, 0-43641 thru 0-43644	2 x State Leases	2,240	Wyoming, Converse	Lo Herma LLC	100%	100%
UTAH	WOODRUFF	18	372	Utah, Garfield County	Voyager Energy LLC	100%	100%
	MOKI	24	496	Utah, Garfield County	Voyager Energy LLC	100%	100%
	JEFFREY	28	578	Utah, Garfield County	Voyager Energy LLC	100%	100%
	POINT	20	413	Utah, Garfield County	Voyager Energy LLC	100%	100%
	SECTIONS 36 & 2**	2 x State Leases	1,280	Utah, Garfield County	Voyager Energy LLC	100%	**
	RAT NEST	14	289	Utah, Garfield County	Voyager Energy LLC	100%	100%
	PINTO	25	517	Utah, Garfield County	Voyager Energy LLC	100%	100%

*100% owned subsidiary of GTI Energy Ltd

** Pending state approval

Appendix 5B

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

Name of entity

GTI ENERGY LTD

ABN

33 124 792 132

Quarter ended ("current quarter")

31 MARCH 2024

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	(80)	(80)
(e) administration and corporate costs	(274)	(274)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	16
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	(338)	(338)
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	(599)	(599)
(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	Cash acquired on acquisition	-	-
2.6	Net cash from / (used in) investing activities	(599)	(599)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	158	158
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	(15)	(15)
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	(143)	(143)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,072	2,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(338)	(338)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(599)	(599)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	143	143

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
4.5	Effect of movement in exchange rates on cash held	10	10
4.6	Cash and cash equivalents at end of period	1,288	1,288

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	268	752
5.2	Call deposits	1,020	1,320
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)	1,288	2,072

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	58
6.2	Aggregate amount of payments to related parties and their associates included in item 2	67

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.

Payments of Directors fees and salaries

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)	2,000	-
7.4 Total financing facilities	2,000	-
7.5 Unused financing facilities available at quarter end		1,842
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.		
<p>On 12 September 2023, the Company advised finalisation and entry into an At-the-Market (ATM) Financing Deed with 8 Equity Pty Ltd. The ATM facility provides the Company with up to \$2,000,000 of standby equity capital over the coming 3-year term. Under the agreement, the Company issued 97 million shares in September 2023 as collateral against the facility. These shares were issued at no cost.</p> <p>To date, the Company has utilised the ATM to raise \$157,630. The remaining standby equity capital available under the ATM is \$1.84 million.</p> <p>There is no guarantee that the Company will be able to execute a utilisation under the Agreement, which is subject to, for example, market conditions and the prevailing share price. The Company retains full control of all aspects of the placement process. There are no requirements on the Company to utilise the facility and it may terminate the Agreement at any time, without cost or penalty.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(338)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(599)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(937)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,288
8.5 Unused finance facilities available at quarter end (item 7.5)	1,842
8.6 Total available funding (item 8.4 + item 8.5)	3,130
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.3
<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:	

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

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:

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: 26 April 2024

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 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.