

29 April 2025

## MARCH 2025 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

- Ground gravity and drone magnetic surveys refine Nardoo Cu-Au targets at Isa North
- Soil geochemistry and Induced Polarisation survey define drill targets at South Cobar
- Retention Licence granted at the Ambergate Heavy Mineral Sands Project
- Bulimba Intrusion Related Gold System (IRGS) project granted in NW Queensland



Figure 1: SER Project locations

## ISA NORTH COPPER-GOLD PROJECT

QUEENSLAND (SER 100%)

- Ground gravity and drone magnetic surveys refine Nardoo Cu-Au drill targets
- Machine Learning model confirms the geophysical expression at Nardoo likely caused by hydrothermal magnetite; a key component of Iron Oxide Copper-Gold (IOCG) alteration systems
- Research collaboration established with the Centre for Ore Deposits & Earth Sciences (CODES) to apply cutting-edge Mineral Geochemistry Vectoring at Isa North

The Isa North Project in NW Queensland captures the projected northern extension of the mineralised Mt Gordon – Gunpowder Fault Zone, host to multiple large mineral deposits which lie on or adjacent this fault system including the Mt. Isa, Mt. Oxide and Gunpowder copper deposits. The Project is currently surrounded by major mining companies including Fortescue, Anglo American and Rio Tinto (Fig. 2).

During the quarter, the results from a detailed ground gravity survey and drone magnetics survey over a cluster of anomalies at the Nardoo Prospect were announced<sup>1</sup>. The newly acquired drone data was merged into the existing magnetic data, and inversion modelling was completed which identified multiple discrete highly magnetic bodies, at drill testable depths, east of the main NE striking magnetic shear zone (Fig. 3).

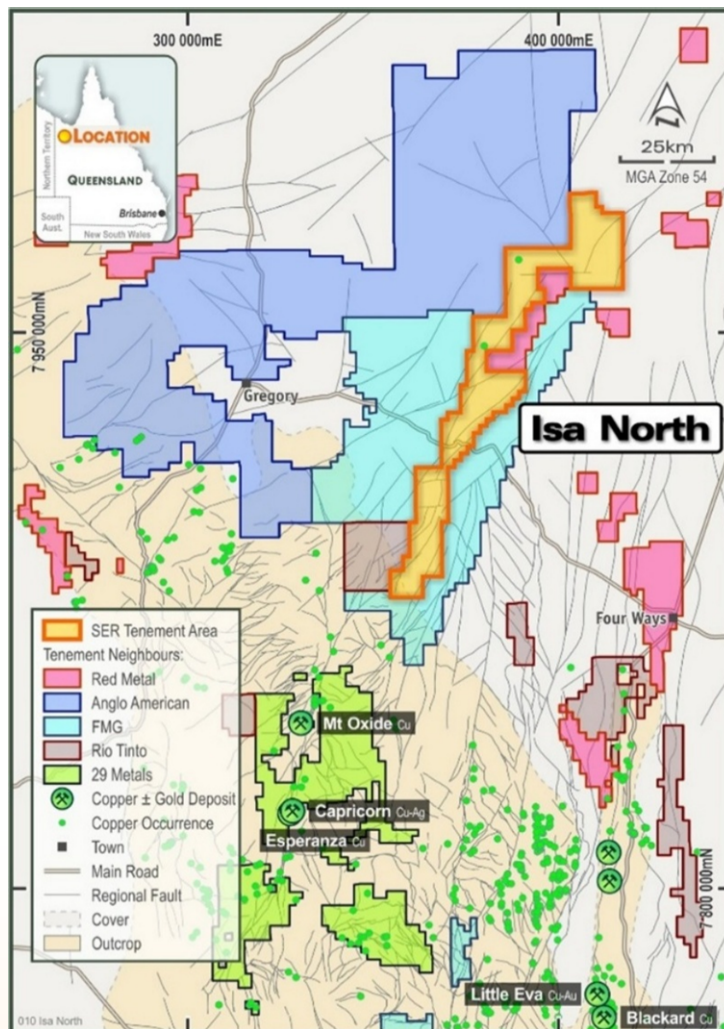


Figure 2: Isa North Project area and surrounding explorers.

<sup>1</sup> See SER Announcement 16<sup>th</sup> January 2025

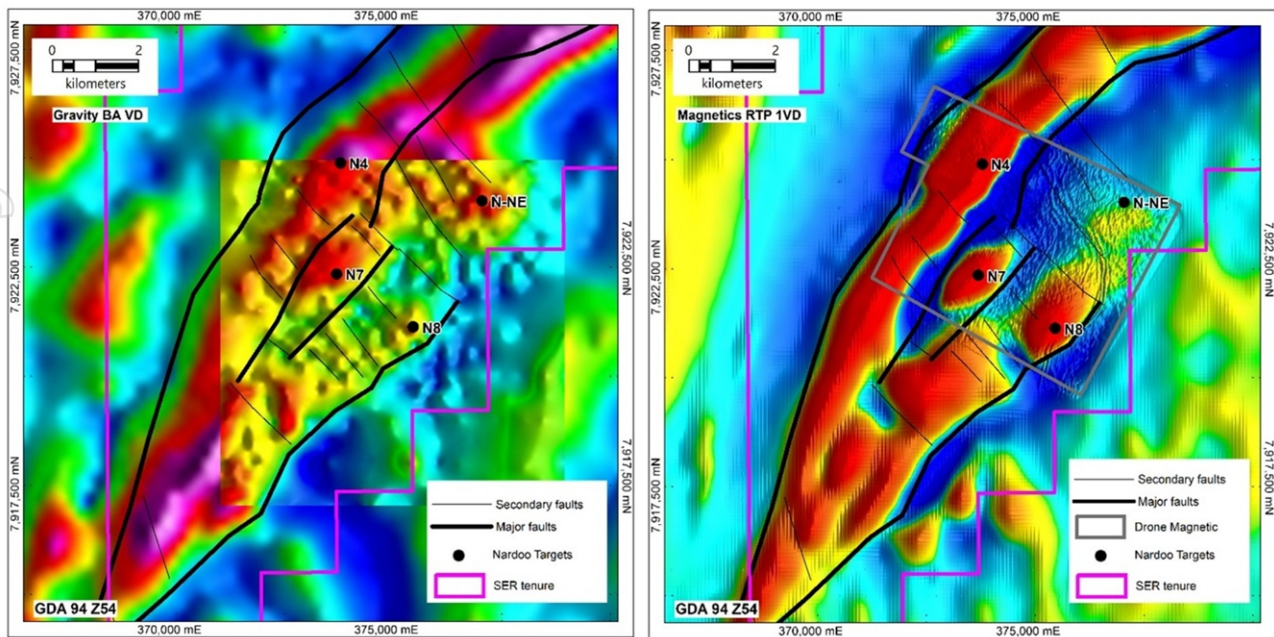


Figure 1: Left: Gravity BA VD image and Right: Magnetic RTP 1VD image covering the Nardoo Prospect region

Four high priority geophysical targets from the Nardoo Cluster (Table 1) were identified which are located along and adjacent to the northern extension of the Gunpowder fault. The N4 target being the strongest magnetic response coincident with the fault, N7 and N8 are coincident magnetic and gravity bullseye targets located within the structural kink of the fault and possibly offset by secondary NW striking structures whilst N-NE target is a structural offset density target.

Table 1: Significant drill targets at the Nardoo Prospect

Target	Gravity (mGal)	Gravity size (m)	Gravity Depth (m)	Gravity Comment	Magnetics (nT)	Magnetic size (m)	K x10E	Magnetic Depth (m)	Magnetics Comment	ML Ranking Hydrothermal Magnetite (>40)	Discussion
N8	0.6	1000 x 400	325	Bullseye 3.5km east of NE trend	1380	450 x 350m	>10,000	475	Bullseye 3.5km east of NE trend	61	Discrete coincident magnetic and gravity body. Gravity appears to show numerous NW oriented breaks.
N4	1	2500 x 700	375	Strong high on NW trend	3300	2600 x 500	>10,000	425	Strong high on NW trend		Spatially large gravity response within even larger magnetic body.
N7	0.7	1300 x 700	375	Bullseye adjacent to NE trend	1715	800 x 350	>10,000	475	Bullseye adjacent to NE trend	41	Gravity target slightly offset to magnetic peak by ~200 m. Possible magnetic remanence.
N-NE	1.1	1300 x 800	325	Gravity only	30	1400 x 900	500	475	Magnetic low N of NW crossing structure		Weak magnetic body evident in derivative products. Gravity response of interest.

Further to the gravity and magnetic surveys completed during the period, a revision of the Machine Learning (ML) model developed by Caldera Analytics (Caldera) in 2022 and funded by a Geological Survey of Queensland (GSQ) Collaborative Exploration Initiative (CEI) grant<sup>2</sup> was completed. The model which classifies basement lithology based solely on ground gravity and aero-magnetic surveys, removes interpretational bias, and quantifies the uncertainty of an interpretation and ultimately assists in identifying new IOCG drill targets<sup>3</sup>. The revised model identified numerous high priority hydrothermal magnetite targets within the Isa North Project area, with the N8 target scoring a probability of 61% hydrothermal magnetite. As a comparative benchmark, during independent validation testing Ernest Henry and E1 scored a probability of 67% and 45% respectively (Table 1).

<sup>2</sup> Queensland Government - CEI recipients and reports, Round 5, 2021

<sup>3</sup> See SER Announcement: 31<sup>st</sup> May 2022



During the quarter, SER commenced a research collaboration with the Centre for Ore Deposit and Earth Sciences (CODES) to characterise the IOCG alteration present at the Isa North Project for comparison with the known deposits within the Mt. Isa Inlier. This joint SER-CODES study will utilise existing drill core, together with newer drilling, to characterise the trace element signature of key hydrothermal minerals in the Isa North project area which will provide valuable information about the fertility of the region, as well as provide potential proximity indicators to targets which have been demonstrated in previous studies within the Mt Isa Inlier.

## SOUTH COBAR POLYMETALLIC PROJECT

NEW SOUTH WALES (SER 100%)

- Soil geochemistry survey at Mt Tooronga identified two major Cobar-style polymetallic anomalies
- Induced Polarisation (IP) survey conducted over the Heilia, Miti and Achilles Prospects

The South Cobar Project covers 273km<sup>2</sup> within the Rast Trough of the southern Cobar Basin. The northern and central Cobar Basin host multiple producing mines while the southern region remains dormant. Recent exploration has demonstrated this region hosts Cobar-style polymetallic mineralisation. Notably, the Achilles 3 polymetallic (Au-Ag-Pb-Zn-Cu) discovery by Australian Gold & Copper (ASX:AGC) which lies just 7km north of SER's large land holding<sup>4</sup> (Fig. 4).

During the quarter, a 220-sample reconnaissance soil geochemistry program was conducted over a 3km x 6km area at Mt. Tooronga which identified two significant prospects for follow-up exploration. The Heilia Prospect is defined from anomalous Cu, Au, Pb, Zn & Ag measuring 2.2km x 1.5km, with multiple Pb and Zn values greater than 20x background levels, with a maximum Pb value of 605ppb and Zn 699ppb (Fig. 5)<sup>5</sup>. The

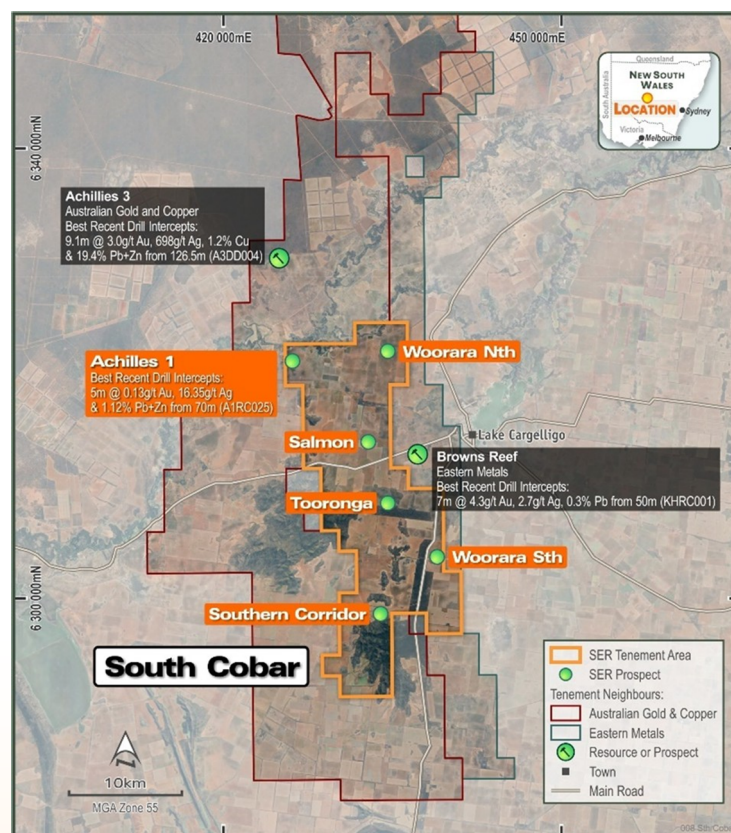


Figure 4: Location of the South Cobar Project with exploration targets and neighbouring explorers.

<sup>4</sup> See AGC Announcement 15<sup>th</sup> May 2024

<sup>5</sup> See SER Announcement 19<sup>th</sup> February 2025



Cu anomaly is offset from the Pb and Zn anomaly showing metal zonation commonly associated with hydrothermal mineral systems. The anomalism is interpreted to be located at the intersection of NNW and NE striking faults.

The Miti Prospect is anomalous for Cu, Au, Ag, Zn, As over a 1.5km x 1.2km area with multiple Au values exceeding 20x background (23.1ppb), noting the peak Au value at Achilles 1 was 17.4ppb<sup>5</sup> (Fig. 5). Metal zonation comprised a central Cu, Au, Ag, Zn, As zoned anomaly with anomalous Sn, Bi and W on the periphery. The Miti Prospect is located directly above a dilatational jog, with the structural corridor interpreted to be an extension of the Achilles shear zone.

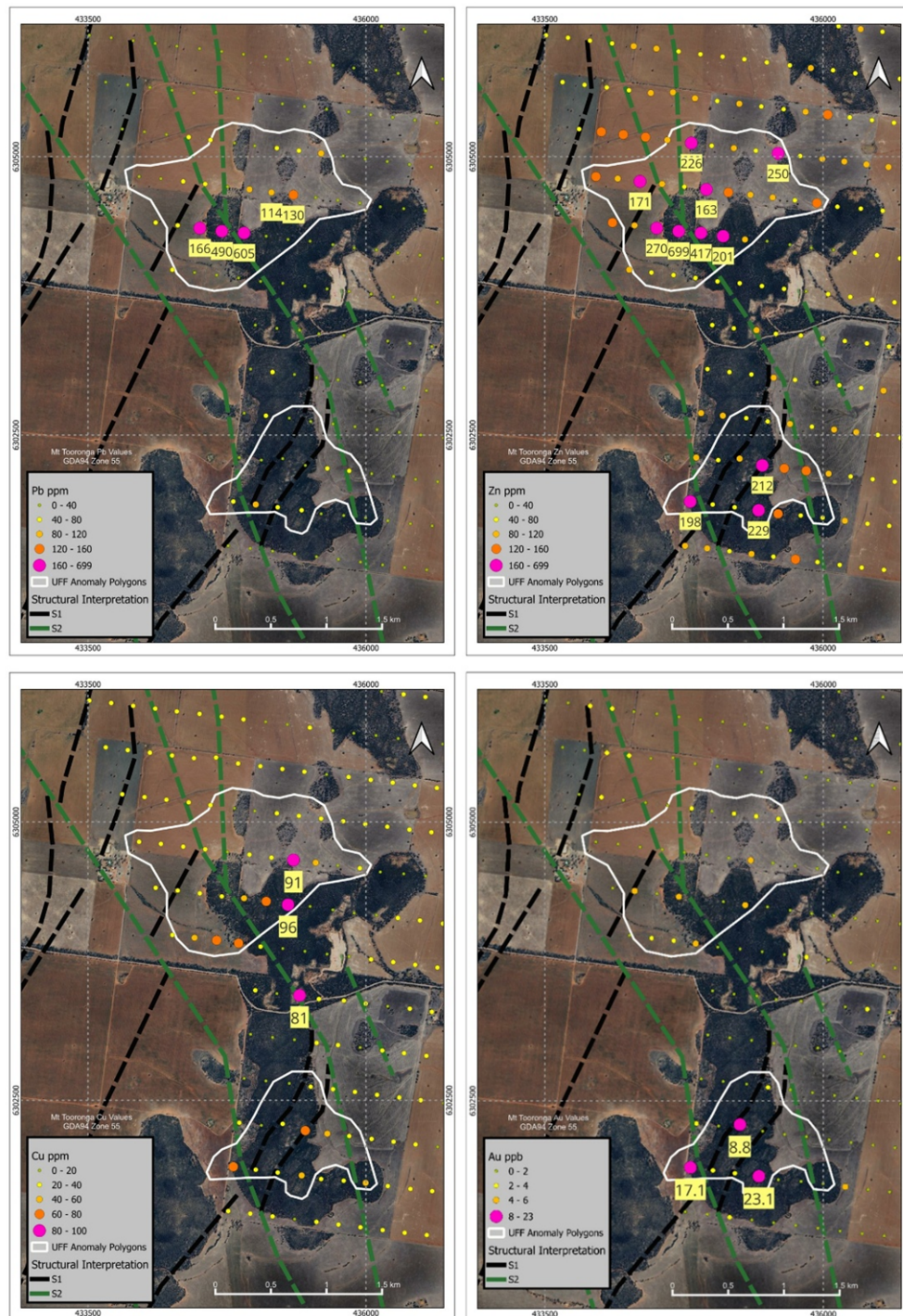


Figure 5: Location of anomalous soil samples at the Heilia (top) and Miti (bottom) Prospects at Mt Tooronga Prospect.

The results from the reconnaissance soil program were deemed highly encouraging and a subsequent infill soil program and rock-chip program were undertaken during the period focusing on the identified anomalies. An Induced Polarisation (IP) survey was also completed during the period at the Heilia and Miti Prospects at Mt. Tooronga and the Achilles Prospect where a drill program last year intersected mineralisation in a probable NNW striking trend (approximately 15m wide zone over 600m) which included Cu and Ag bearing zones in addition to Pb + Zn<sup>6</sup>. At the Achilles Prospect, the IP survey was designed to target the area north of the mineralised trend in search of higher-grade gold, silver and copper mineralisation associated with sulphides. The IP survey also targeted areas proximal to the secondary trends of mineralisation that were identified east of the outcropping hill with the results reported post the end of the quarter.

## AMBERGATE HEAVY MINERAL SANDS PROJECT

WESTERN AUSTRALIA (SER 100%)

- Retention Licence granted covering entire Heavy Mineral Sands (HMS) Project
- JORC 2012 Inferred Resource of 11.2Mt grading 5.1% Heavy Minerals
- Actively investigating options to realise project value

The Ambergate HMS Project is located 240km southwest of Perth in the established mineral sands production area around Busselton, Western Australia surrounded by several global mineral sands producers including Doral (Cristal), Tronox and Iluka (ASX: ILU). A JORC 2012 Inferred Mineral Resource of **11.2Mt grading 5.1% Heavy Minerals for a total Heavy Mineral content of 569,000t<sup>7</sup>** has previously been defined at the Ambergate Project. The resource is calculated with a low-grade Heavy Mineral cut-off of 3% and Slimes cut off <22%. The heavy mineral assemblage includes: 73% ilmenite (average TiO<sub>2</sub> content of 58.7%), 12% leucoxene, 12% zircon, 0.6% monazite and 2% other minerals.

During the quarter a Retention Licence was granted for the Project (R70/4793 & R70/5012), allowing SER to hold the valuable mineral deposit for minimal ongoing cost while the company focuses on maximising shareholder value by advancing the divestment process of the Ambergate HMS asset.

## BULIMBA GOLD PROJECT

QUEENSLAND (SER 100%)

- Major new Intrusion Related Gold System (IRGS) Project granted in northeast Queensland analogous to nearby Red Dome and Mungana deposits
- Predictive lithospheric targeting identified the Bulimba Project as ideal to host IRGS deposits
- Historical surface geochemistry identified immediate areas for initial exploration

The Bulimba Gold Project is located approximately 50km northwest of Chillagoe and 200km west of Cairns in NE Queensland. The project captures the undercover extension of the Palmerville / Gamboola Fault Zone, hosting multiple significant Au-Cu (Ag-Pb-Zn) deposits including the nearby Mungana and Red Dome deposits<sup>8</sup>. The project area has very little previous exploration due to the presence of younger sedimentary cover, with the entire belt considered to be highly prospective for IRGS.

<sup>6</sup> See SER Announcement 24<sup>th</sup> May 2024 & 25<sup>th</sup> November 2024

<sup>7</sup> See SER Announcement 17<sup>th</sup> April 2018

<sup>8</sup> See SER Announcement 19<sup>th</sup> March 2025



Previous exploration at Bulimba has included airborne magnetic, radiometric and gravity surveys, stream sediment and soil sampling which identified numerous interpreted intrusives with associated geochemical anomalies which were never followed up and are the immediate focus of future exploration.

Prior to grant, Dr Nicholas Hayward from Predict Ore Pty Ltd conducted a Regional Lithospheric Structure Targeting Project targeting the Kennedy Igneous Association (KIA) in NE Queensland. The Project identified the major lithospheric structural features and domains within NE Queensland that may host undiscovered multi-million-ounce polymetallic Au-Cu-Zn-Pb deposits. The project delineated the highest priority target corridors (+/-5km) to lithospheric domain boundaries defined from integrated geophysical and geological data, with the accepted knowledge that the largest IRGS deposits occur close (<3km) to mapped lithospheric domain boundaries. A ranking system was then developed to identify prospective areas within the KIA where the major lithospheric structures intersected one or more craton-scale faults. The ranking system ranged from 0-12 with the highest ranked regions shown in red in Figure 6 below. This methodology independently identified the major intrusion related deposits (Kidston, Red Dome, etc) which coincide with the intersection of lithospheric structures and multiple craton-scale faults and ranked the Bulimba Project alongside the known deposits in the region given its location within a regionally significant structural setting as a further example of intrusion-related gold mineralisation.

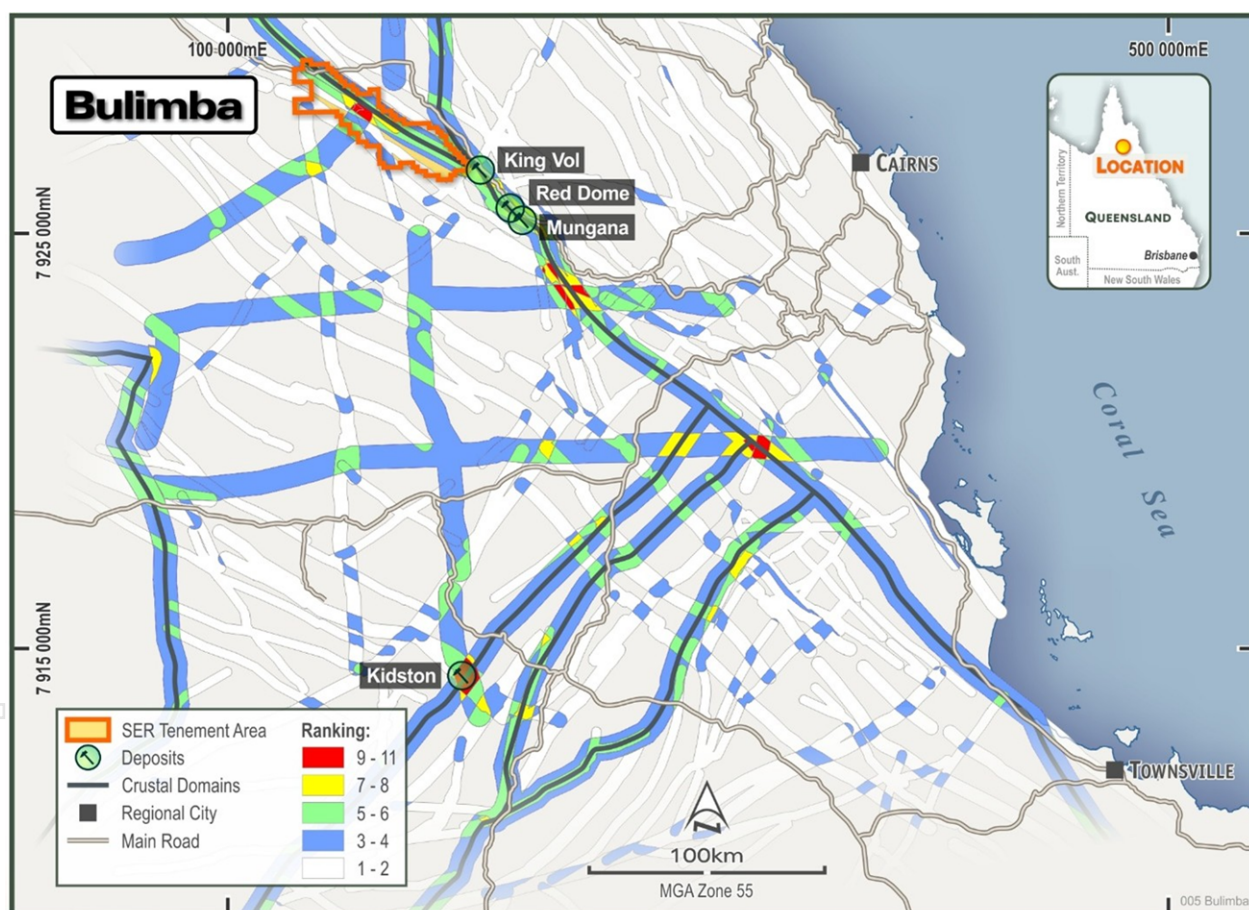


Figure 6: Lithospheric architecture map of the KIA by Predict-Ore. The ranking reflects the sum of coincident craton-scale faults that intersect the crustal domain boundary with a value of 9-11 representing areas of greatest prospectivity.

Land access agreements are currently being negotiated, which will allow for reconnaissance mapping and geochemical sampling of the exposed geology to be completed later this year.



## CORPORATE AND INVESTMENTS

The Company currently holds 87,155,625 shares in Ionic Industries Limited (an unlisted graphene technology company).

**Payments to related parties of the entity and their associates** during the quarter were \$157k comprising Director and consulting fees as outlined in the Appendix 5B.

The Company's major cashflow movements for the quarter included:

- Exploration & Evaluation expenditure - \$460k;
- Employee, administration and corporate costs - \$170k;

*This announcement is authorised by the Strategic Energy Resources Limited Board.*

For further information please contact:

**Dr David DeTata**  
Managing Director

**T** +61 3 9692 7222

**E** [info@strategicenergy.com.au](mailto:info@strategicenergy.com.au)

**W** [www.strategicenergy.com.au](http://www.strategicenergy.com.au)

– END –

### About Strategic Energy Resources

Strategic Energy Resources is a specialised undercover mineral explorer and project generator focused on the discovery of world class Copper deposits in the Greenfield frontiers of Australia. SER is actively exploring the undercover extensions of the world-class Mt Isa Province in northwest Queensland as part of a Joint Venture with Fortescue at Canobie, and at our Isa North Project. In New South Wales exploration is underway at our South Cobar Project, Mundi and West Koonenberry projects which are located north of Broken Hill.

## INTERESTS IN MINING TENEMENTS

Mining Tenement	Location	Beneficial Percentage held	License Description / Notes	Interest acquired/farm-in or disposed/farm-out during the quarter
EPM26439	Queensland	100%	Isa North 1	-
EPM26440	Queensland	100%	Isa North 2	-
EPM26442	Queensland	100%	Isa North 3	-
EPM28855	Queensland	100%	Isa North 4	Application
EL9012	New South Wales	100%	South Cobar	-
EL9368	New South Wales	100%	Option Agreement for sale with EVN	-
EL9367	New South Wales	100%	Garema	-
EL9362	New South Wales	100%	Mundi 1	-
EL9388	New South Wales	100%	Mundi 2	-
EL9629	New South Wales	100%	Mundi 3	-
EL9621	New South Wales	100%	Koonenberry West	-
EL6626	South Australia	80%	Mabel Creek	-
R70/4793	Western Australia	100%	Ambergate	Retention Licence Granted
R70/5012	Western Australia	100%	Ambergate West	Retention Licence Granted
EL6140	South Australia	100%	Farm-In Agreement with Fortescue	-
EL5898	South Australia	100%	Farm-In Agreement with Fortescue	-
EPM15398	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27378	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27586	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27587	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27588	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27638	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM27676	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM28180	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM28864	Queensland	100%	Farm-In Agreement with Fortescue	Granted
EPM28865	Queensland	100%	Farm-In Agreement with Fortescue	Granted
EPM28877	Queensland	100%	Bulimba 1	Granted
EPM28878	Queensland	100%	Bulimba 2	Granted
EPM28879	Queensland	100%	Bulimba 3	Granted
EPM28880	Queensland	100%	Bulimba 4	Granted
EL34805	Northern Territory	100%	Box Hole	Application

*The Company confirms that it is not aware of any new information or data that materially affects the information included within this announcement.*

## Appendix 5B

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

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(23)	(85)
(b) development	-	-
(c) production	-	-
(d) staff costs	(53)	(159)
(e) administration and corporate costs	(117)	(374)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	144	144
1.8 Other - consideration for the extension of the option exercise period of South Cowal Project (EL9368)	-	100
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(45)</b>	<b>(342)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1)	(2)
(d) exploration & evaluation	(437)	(1,867)



## 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 (9 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets– security deposits	-	(40)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	200
	(e) other non-current assets – security deposits	-	20
2.3	Cash flows from loans to other entities	-	-
2.4	Capital grants and other receipts	-	-
2.5	Exploration expenses under Farm-In arrangements*	(82)	(461)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(520)</b>	<b>(2,150)</b>

\*Amounts represent the exploration expenses incurred under the Farm-In and Joint Venture Agreement with FMG Resources Pty Ltd to explore the Canobie Project in northwest Queensland.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	781
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	(46)
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	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>735</b>

## 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 (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (9 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	1,316	2,508
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(45)	(342)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(520)	(2,150)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	735
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	751	751

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	751	1,316
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)	751	1,316

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate number of payments to related parties and their associates included in item 1	53
6.2	Aggregate number of payments to related parties and their associates included in item 2	104
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

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

<b>7. Financing facilities</b> <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>	<b>Total facility amounts at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		
N/A		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(45)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(437)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(482)
8.4 Cash and cash equivalents at quarter end (item 4.6)	751
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	751
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.56
<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, however the Company's cash position will substantially dictate the exploration programmes to be undertaken in future periods, noting the Company has the ability to defer work programs where required to manage working capital.	
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: The Company will continue to assess the merits of various fundraising initiatives to ensure it has the financial capacity to progress its exploration program at an appropriate rate and will also examine alternative means of progressing exploration programs. The Company will also consider further sale/ farming out / joint venture arrangements of its exploration tenements if necessary.	



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: The Company's cash position substantially dictates the level of its exploration and evaluation expenditure and the Company has the capacity to control / defer expenditure based on its financial position.

The Company's Board and Management continue to be focussed on meeting its stated objectives and are cognisant of the funding requirements necessary to meet those objectives. The Company has a track record of successfully raising capital to continue to pursue its exploration programmes.

*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: 29 April 2025

Authorised by: The Board

## 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.