ASX Announcement

Strategic Energy Resources

September 2025 Quarterly Activities Report

Highlights

- **Isa North Copper Project: Diamond drill program underway; supported by a $275k government grant**
- **Canobie Copper Project FJV: Fortescue commit to $3M to drill test multiple targets this financial year**
- **Advanced Diamantina Copper-Gold Project: Acquisition from Anglo American**
- **Capital raise secures $2M in funding**

ISA NORTH COPPER-GOLD PROJECT

QUEENSLAND (SER 100%)

- Two-hole (1,500m) diamond drill program underway targeting combined gravity and magnetic targets
- Program supported by a $275,000 Queensland Government funding

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 to, this fault system including the Mt. Isa, Mt. Oxide and Gunpowder copper deposits. The fertility of the fault was recently demonstrated by True North Copper (ASX:TNC) through drilling at the nearby Aquila Prospect[1].

During the quarter a two-hole diamond drill program began at the Nardoo Prospect which is located within an inflection point of the interpreted undercover extensions of the Mt Gordon – Gunpowder fault[2]. The prospect is structurally complex, with a number of anomalies bounded by splays in the regional fault, with the structural setting at Nardoo considered to have similarities to the geological setting at the Ernest Henry deposit[3] (Fig. 1, Table 1).

The Nardoo East target (N8) is a discrete bullseye magnetic and gravity target located approximately 3.75km east of the main NE trend. The magnetic body (1380nT) models to within 475m from surface while the gravity shell models to a shallower 325m depth (0.6mGal). The Nardoo West (N7) target is approximately 1km NW of Nardoo East and is a combined gravity and magnetic target modelled with the depth to the gravity shell of 375m (0.7mGal) and the magnetic body at 475m depth (1715nT). **The drill program began in the quarter and was completed mid-October with assays anticipated late November.**

[1] SEE TNC Announcement 7th July 2025
[2] See SER Announcement 29th September 2025
[3] Austi, JR, Washe, JL, Gazley, MF, Ibrahimi T, Patterson, BO, leGras, M, 2016. The Ernest Henry Cu-Au deposit: Integrated Petrophysical and Geochemical analysis. CSIRO, Australia, pp.56.

Strategic Energy Resources Limited
Suite 2, Level 11, 365 Bourke Street, Melbourne Victoria 3000 | +61 3 9692 7222
ASX:SER | strategicenergy.com.au

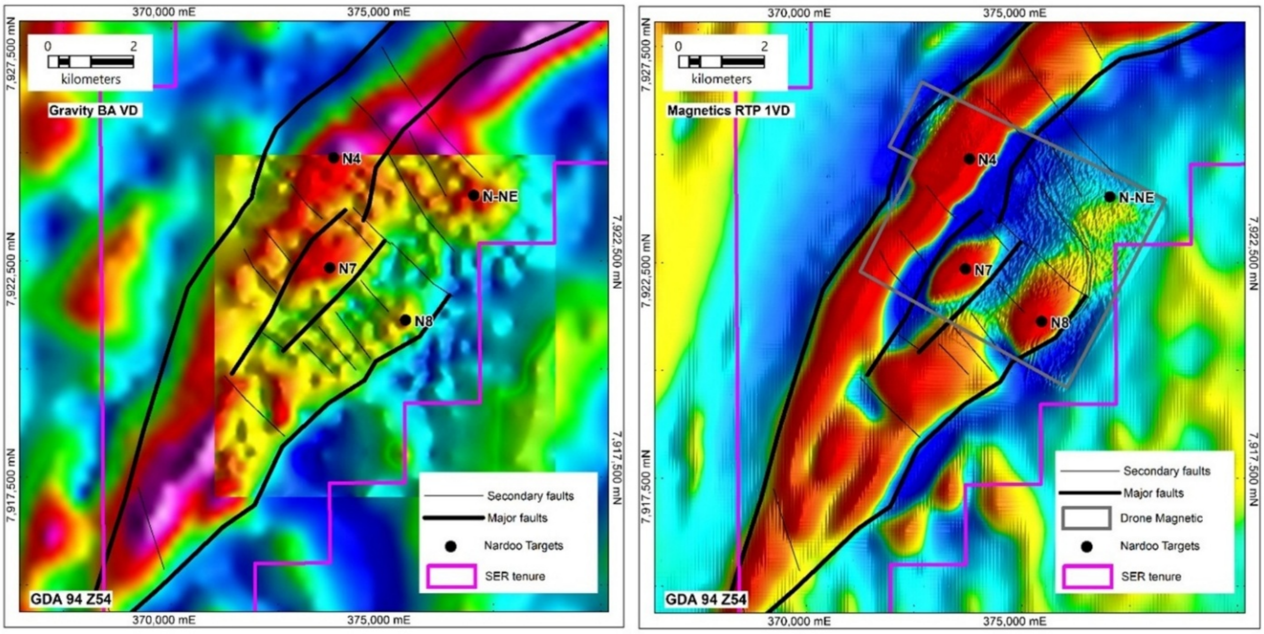

Figure 1: Left: Gravity BA VD image and Right: Magnetic RTP 1VD image covering the Nardoo Prospect region along with the location of the Nardoo East (N7) and Nardoo West (N8) drill targets.

Table 1: The Nardoo drill targets at the Nardoo Prospect

Target	Gravity (mGal)	Gravity size (m)	Gravity Depth (m)	Gravity Comment	Magnetics (nT)	Magnetic size (m)	Magnetic Depth (m)	Magnetics Comment	ML Ranking Hydrothermal Magnetite (>40)
Nardoo East (N8)	0.6	1000 x 400	325	Bullseye 3.5km east of NE trend	1380	450 x 350m	475	Bullseye 3.5km east of NE trend	61
Nardoo West (N7)	0.7	1300 x 700	375	Bullseye adjacent to NE trend	1715	800 x 350	475	Bullseye adjacent to NE trend	41

CANOBIE COPPER-GOLD PROJECT

QUEENSLAND (FORTESCUE EARNING-IN)

- Data from 1,494 new ground gravity stations collected on newly granted tenement
- Magnetotelluric (MT) survey complete over multiple new targets, modelling underway
- $3M diamond drill program (>2,500m) approved by FJV Fortescue to test multiple targets this year

The Canobie Project in northwest Queensland is being explored under a Farm-in and Joint Venture with FMG Resources Pty Ltd (“Fortescue”), a wholly owned subsidiary of Fortescue Ltd. SER and Fortescue are targeting Iron Oxide Copper Gold (IOCG) mineralisation west of the Gidyea Suture Zone, a crustal-scale fault system associated with several significant copper-gold deposits to the south including the Ernest Henry mine and the Mount Margaret (E1), Eloise and Roseby deposits.

During the quarter a gravity survey was completed over recently granted exploration licence EPM28864 which captured several magnetic anomalies west of the original project area[4]. The 1,494-gravity station survey reduced the resolution of the existing 2km spaced data on EPM28864 to 500m with multiple areas infilled to 250m. This has been merged with existing datasets with four prospects identified for additional geophysics, as part of a detailed full tensor, broadband MT survey to characterise the electrical response of the basement in search of conductive responses

[4] See SER Announcement 10th September 2025

which may indicate an IOCG mineral system. The survey comprised an initial line over the previously drilled Apollo Bore Prospect[5] which intersected a modelled magnetic body at 898m, with the magnetic response sourced from a magnetite-and-pyrite-rich alteration, with additional MT lines completed over new prospects. Modelling of the MT results is expected in the upcoming quarter.

In August Fortescue approved a $3M exploration budget and Work Program for FY25-26 which includes a diamond drill program to test three priority targets this financial year (>2,500m), with an additional program budgeted for the first half of 2026. The funding extends to additional petrology and geochronology studies along with salaries for SER staff as Operator for the Canobie FJVA[6].

The commencement of the drill program was announced post the end of the quarter which included the nature of the combined magnetic and gravity anomalies that are scheduled to be drill tested[7].

DIAMANTINA COPPER-GOLD PROJECT

QUEENSLAND

- Advanced Copper-Gold exploration project acquired from Anglo American; Cu-Au mineralisation intersected in multiple drillholes under cover
- Elizabeth Springs East Prospect results include 17.37m @ 1.76% Cu and 0.37g/t Au from 465.3m within a broader intercept of 161m @ 0.4% Cu and 0.11g/t Au from 449m
- SER to own 100% of Diamantina; Anglo American to become a SER shareholder in a cash and script deal

The Diamantina Project is located 280km south of Cloncurry in western Queensland and covers the projected undercover southern extension of the Mt Isa Eastern Fold Belt, bounded to the west by the Pilgram Fault (Fig.2). The Project comprises two granted exploration licences (EPM27134 & EPM27135) acquired from Anglo American during the period with a further three adjoining exploration licence applications (EPM29278-29280) secured prior to the execution of a binding definitive sale and purchase agreement (SPA) with Anglo American[8].

The Diamantina Project captures the southern undercover extension of the Mount Isa Inlier Eastern Fold Belt, which hosts Proterozoic sequences associated with IOCG-style mineralisation found at numerous nearby mineral deposits. These include Osborne (IOCG), Ernest Henry (IOCG), Cannington (BHT), Mary Kathleen (IOCG/skarn), Eloise (IOCG), Swan (IOCG), Mount Elliot (IOCG), and Starra-Selwyn (IOCG).

Anglo American held the project from 2018 and completed a detailed review of the historic drill core, before completing multiple geophysical surveys and a diamond and coiled tube drill program focusing on the Elizabeth Springs East, West and South prospects which had been drill tested by a previous explorer[9].

At the Elizabeth Springs East (ESE) Prospect, the first drill hole completed by Anglo American (DTD002), designed to test a high gravity feature 400m south of historical hole ES-08-02, intersected a broad 161m zone of elevated copper and gold associated with a magnetite-rich IOCG alteration assemblage. The 17.37m high grade copper zone intersected from 465.3m comprised intense magnetite alteration with chalcopyrite cross cutting veins and red rock hematite alteration with disseminated chalcopyrite (Fig. 3).

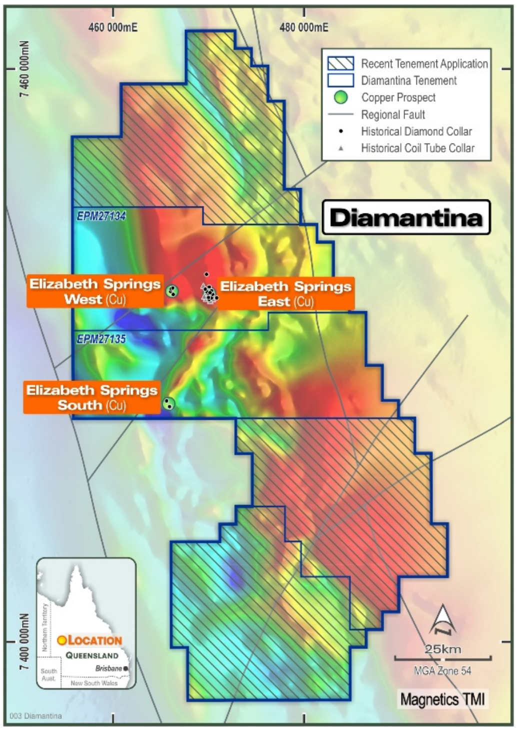

Figure 2: Diamantina Project area over TMI magnetic image.

[5] See SER Announcement 7th February 2024
[6] See SER Announcement 12th August 2025
[7] See SER Announcement 23rd October 2025
[8] See SER Announcement 17th July 2025
[9] https://geoscience.data.qld.gov.au/dataset/cr057273

Selected diamond drilling (DTD) and coiled tube drilling (DCT) intercepts from top of basement at ESE include:

- DTD002: 161m @ 0.4% Cu and 0.11g/t Au from 449m including;
    - ***17.3m @ 1.76% Cu and 0.37g/t Au from 465.3m including***
        - ***0.21m @ 8.3% Cu and 8.27g/t Au from 465.89m***
        - ***0.67m @ 25.6% Cu and 1.29g/t Au from 482m***
- DTD005b: 13.2m @ 0.44% Cu and 0.11g/t Au from 545.8m
- DTD006b: 87.3m @ 0.30% Cu and 0.16g/t Au from 469m
- DCT002: 5.3m @ 0.06% Cu and 0.02g/t Au from 427m
- DCT003: 11m @ 0.13% Cu and 0.05g/t Au from 433m
- DCT010: 6.5m @ 0.52% Cu and 0.16% Ni from 423m

The majority of drilling completed by Anglo American was limited to an 800m by 800m area within a much larger 4km by 2km magnetic gravity anomaly which remains untested and highly prospective (Fig. 4).

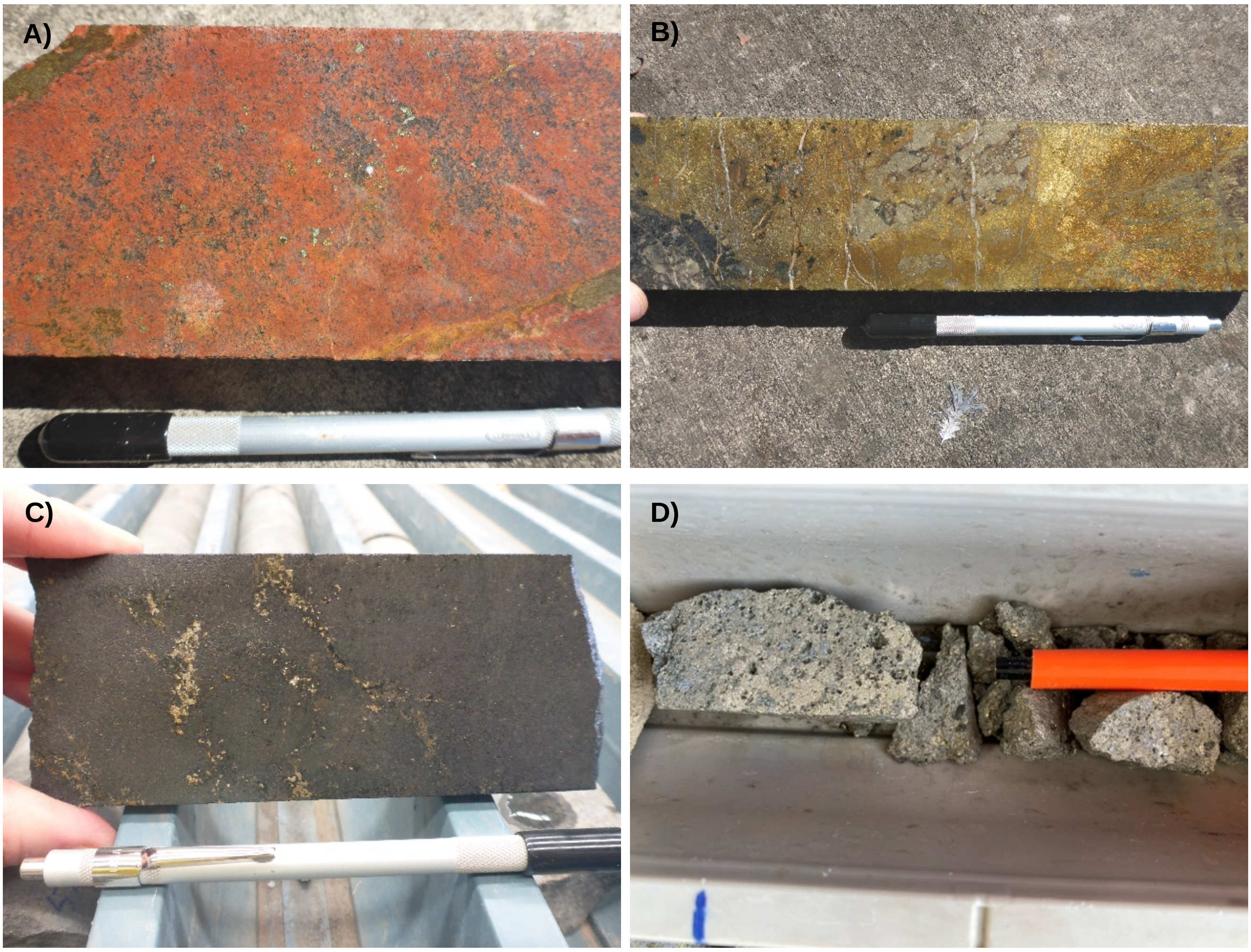

Figure 3: (A) (top left) DTD002: 471m Hematite alteration with disseminated chalcopyrite + pyrite with cross cutting chalcopyrite + pyrite vein (B) (top right) DTD002: 481.2m 60cm interval of massive chalcopyrite + pyrite + minor bornite, in quartz magnetite brecciated vein (C) (bottom left) DTD006b: 520.1m Intense magnetite alteration with disseminated pyrite + chalcopyrite (D) (bottom right) DCT010 429.4m: pyrite matrix sulfide breccia, chalcopyrite veinlets, box work texture[1].

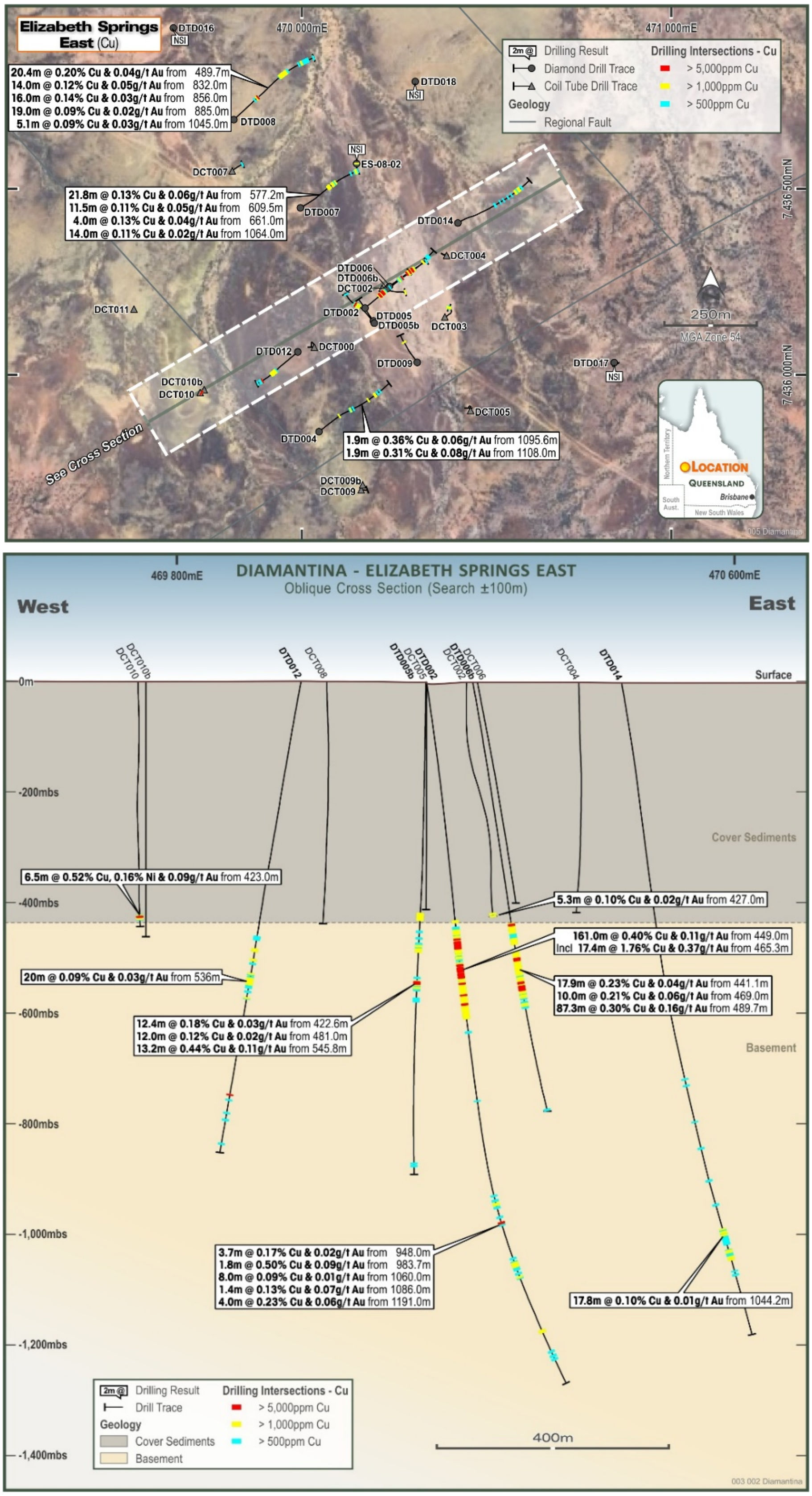

Figure 4: Elizabeth Springs East drilling, with key significant intercepts over satellite imagery (upper) and cross-sectional view, looking NW (lower).

The Elizabeth Springs West (ESW) Prospect is a 1.3km by 1km coincident magnetic and gravity anomaly that resides within a broader 4km by 4km magnetic anomaly. Anglo American completed a two-hole diamond program following up on previous exploration undertaken by Red Metal which intersected low level copper mineralisation (ESRM-04-01, ES-08-03) intersecting multiple zones of low-grade copper mineralisation, with a broader intersection of 100.4m @ 0.12% Cu & 616ppm Ni from 953.6m (DTD001). The hole ended in a zone of trace sulphides and strongly magnetite-biotite altered metasediments. Highest sulphide content was within a hydrothermal breccia above a felsic sub-volcanic unit. A step-out hole (DTD003) intersected strongly altered metasediments, mafic intrusives, and porphyritic felsic sub-volcanics intersecting 48m @ 0.11% Cu and 801ppm Ni from 924m.

All four deep testing holes at ESW intersected low levels of copper mineralisation with associated elevated nickel and gold. These holes have only partly tested the 1.3km by 1km coincident magnetic and gravity anomaly, which represents only part of the broader magnetic anomaly (Fig. 5) which remains highly prospective.

Selected diamond drilling intercepts from ESW include:

- DTD001: 100m @ 0.12% Cu and 0.01g/t Au from 953m
- DTD003: 48m @ 0.11% Cu and 0.8% Ni from 924m

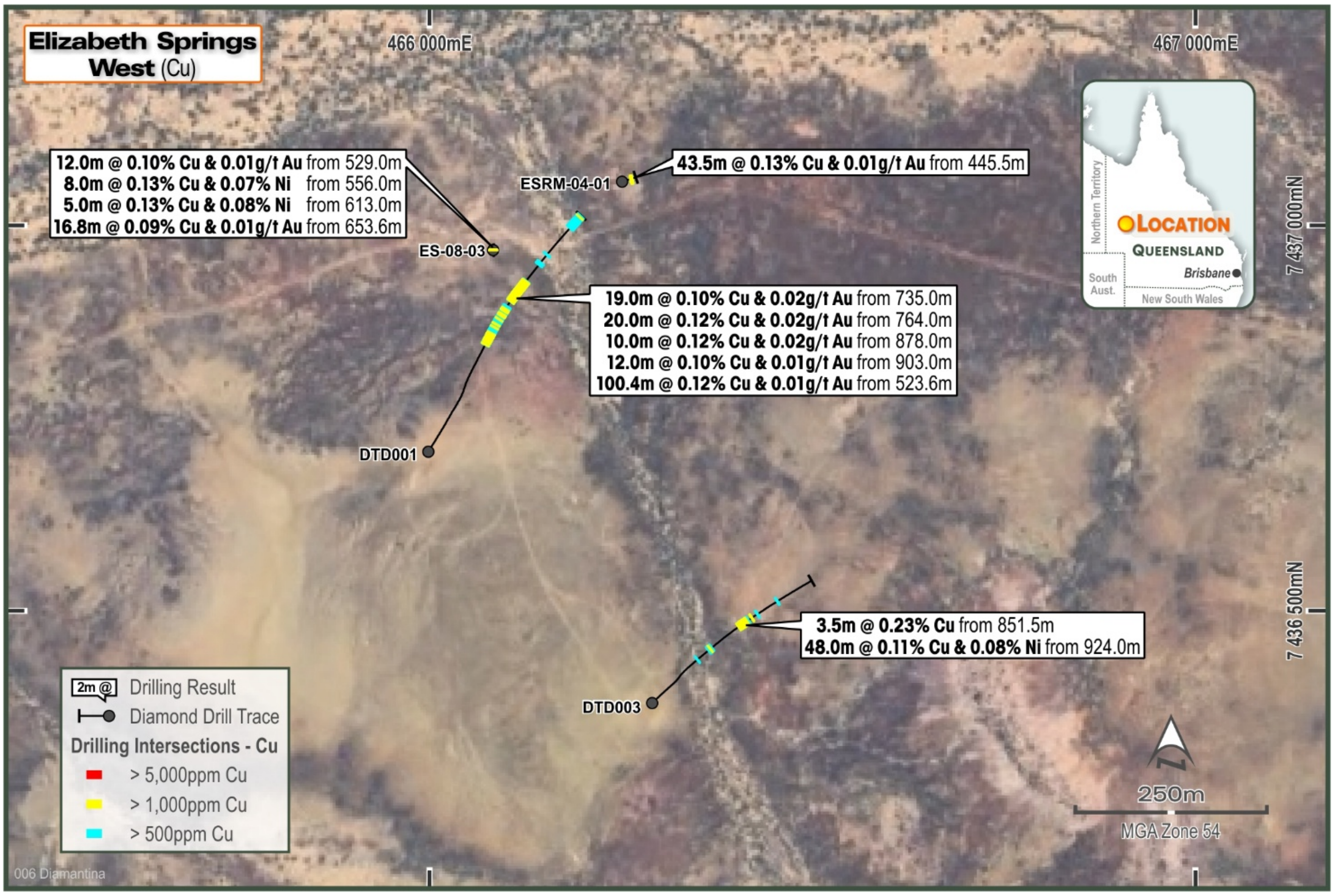

Figure 5: Elizabeth Springs West drilling, with key significant intercepts over satellite imagery.

The considerable expenditure on the Diamantina Project has resulted in a substantial quantity of geophysical and drill core data which is now undergoing review while the tenements are undergoing transfer (expected to complete next quarter). Meanwhile, land access agreements are under negotiation with a field trip scheduled for early 2026, prior to a field season set to involve further geophysical surveys and a drill program scheduled for mid-2026.

The terms of the Share Purchase Agreement for the 100% acquisition of the Diamantina Project (EPM27134 & EPM27135 from Anglo American include[1]:

i. $150,000 cash & $150,000 in SER shares upon completion;
ii. $150,000 cash & $150,000 in SER shares on the first of:
    a) execution of a conduct and compensation agreement with landholders; or
    b) 12 months after completion

Completion is conditional on Ministerial approval of the transfer to the Purchaser of the Exploration Permits.

The number of shares is calculated at 50% premium to the 1-month VWAP, subject to a floor price of $0.01.

Under a Royalty Deed entered into in accordance with the terms of the SPA, Anglo American will be granted a 2% Net Smelter Royalty (NSR) on production from EPM27134 & EPM27135. SER may repurchase 0.5% NSR for $10M or 1% for $30M up until two months after a Bankable Feasibility Study is completed.

CORPORATE AND INVESTMENTS

During the quarter SER completed a capital raise with significant excess demand and received firm commitments from institutional and sophisticated investors to raise gross proceeds of $2.0 million. The Placement resulted in the issue of 400,000,000 fully paid ordinary shares at $0.005 (0.05 cents) per share via two tranches. One (1) free attaching option was issued for every two (2) Shares issued under the Placement. The Placement Options are exercisable at $0.01 (1 cent) with an expiry date of 18 months from the date of issue. Tranche 1 was completed on 7th August 2025 resulting in the issue of 137,758,325 Shares under the Company's existing placement capacity. Tranche 2 resulted in 262,241,675 Shares being approved to be issued at the EGM which was held on the 25th September 2025. The Directors supported the Placement and subscribed for 20,000,000 Shares totaling $100,000 following shareholder approval as part of Tranche 2 EGM.

During the quarter, FMG Resources, a subsidiary of Fortescue Ltd (SX:FMG) issued notice of withdrawal from the Myall Creek Farm-in and Joint Venture Agreement covering the Myall Creek Project (EL5898 & EL6140) that was announced on the 11th June 2019. In the coming quarter, Fortescue will provide all technical and expenditure information relevant to the project which will be reviewed, and a decision made on next steps for the project.

SER 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 $184k compromising Director and consulting fees as outlined in the Appendix 5B.

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

- Exploration & Evaluation expenditure - $300k;
- Employee, administration and corporate costs - $272k;

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
W www.strategicenergy.com.au

– ENDS –

About Strategic Energy Resources

Strategic Energy Resources is a specialised under-cover explorer focused on the discovery of world class Copper deposits in Queensland. SER is actively exploring the undercover extensions of the world-class Mt Isa Inlier at Isa North, Canobie as part of a Joint Venture with Fortescue at Canobie, and the recently acquired Diamantina Project.

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	-
EL9368	New South Wales	100%	South Cowal	-
EL9367	New South Wales	100%	Garema	Relinquished
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	-
R70/5012	Western Australia	100%	Ambergate West	-
EL6140	South Australia	100%	Myall Creek 1	FJV exited
EL5898	South Australia	100%	Myall Creek 2	FJV exited
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	-
EPM28865	Queensland	100%	Farm-In Agreement with Fortescue	-
EPM28877	Queensland	100%	Bulimba 1	-
EPM28878	Queensland	100%	Bulimba 2	-
EPM28879	Queensland	100%	Bulimba 3	-
EPM2880	Queensland	100%	Bulimba 4	-
EPM27134	Queensland	100%	Diamantina 1	Purchased
EPM27135	Queensland	100%	Diamantina 2	Purchased
EPM29278	Queensland	100%	Diamantina 3	Application
EPM29279	Queensland	100%	Diamantina 4	Application
EPM29280	Queensland	100%	Diamantina 5	Application
EPM29305	Queensland	100%	Diamantina 6	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	Quarter ended ("current quarter")
14 051 212 429	30 September 2025

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	(67)	(67)
	(b)	development	-	-
	(c)	production	-	-
	(d)	staff costs	(44)	(44)
	(e)	administration and corporate costs	(228)	(228)
1.3	Dividends received (see note 3)			
1.4	Interest received		3	3
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other		-	-
1.9	**Net cash from / (used in) operating activities**		**(336)**	**(336)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities	-	-
	(b)	tenements	-	-
	(c)	property, plant and equipment	(2)	(2)
	(d)	exploration & evaluation	(233)	(233)
	(e)	investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets– security deposits	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets – security deposits	71	71
2.3	Cash flows from loans to other entities	-	-
2.4	Capital grants and other receipts	-	-
2.5	Exploration expenses under Farm-In arrangements*	(87)	(87)
2.6	**Net cash from / (used in) investing activities**	**(251)**	**(251)**

** Amounts represent the contributions net of exploration expenses received from FMG Resources Pty Ltd under the Farm-In and Joint Venture Agreement to explore the Canobie Project in northwest Queensland.*

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	2,000
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	(121)	(121)
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**	**1,879**	**1,879**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	675	675
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(336)	(336)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(251)	(251)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,879	1,879
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,967**	**1,967**

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	1,967	675
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)**	**1,967**	**675**

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	43
6.2	Aggregate number of payments to related parties and their associates included in item 2	141

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.

7.	**Financing facilities** *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.*	**Total facility amounts 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.		
	N/A		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(336)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(233)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(569)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,967
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,967
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.46

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.

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: N/A

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: N/A

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: N/A

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 October 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.