

Friday, 28th January 2022

Quarterly Activities Report for the Period Ended December 2021

Corporate

- American West Metals Limited (ASX: AW1) officially commenced trading on the Australian Securities Exchange on 13 December 2021 following a successful Initial Public Offer (IPO) that raised \$12 million
- AW1 is focused on the discovery and development of four high-grade copper and zinc projects in Tier 1 jurisdictions in North America
- Experienced management team led by Dave O’Neill (Managing Director), John Prineas (Non-Executive Chairman) and Michael Anderson (Non-Executive Director), backed by an in-country team with significant exploration and development expertise
- Central to the AW1’s strategy is conducting low footprint operations that are sustainable and support the clean energy transition

West Desert Project, Utah

- Financial completion for the 100% acquisition of the West Desert Project, which hosts more than 59Mt of Indicated and Inferred Resources with a higher-grade core of 16.5Mt @ 6.3% Zn, 0.3% Cu, 33g/t In for 1.03Mt Zn, 45Kt Cu and 545t Indium (Ni43-101, historical and foreign)
- Strategic land acquisition completed with a further 148 claims staked, significantly expanding the West Desert Project footprint
- Ground gravity survey completed over deposit and brownfield areas
- Scoping level activities commenced on mining scenarios for West Desert
- Diamond drilling program now underway

Storm and Seal Projects, Nunavut

- Ground Electromagnetic (EM) surveys were completed at the Storm and Seal Projects
- Outstanding growth potential confirmed at Storm Copper Project
- Seven new and untested high-priority shallow EM conductors identified
- In addition, seven large, new and untested deeper EM conductors also identified
- First ever ground EM survey completed over the high-grade Seal zinc-silver Deposit



American West Metals Limited (ASX: AW1) (“American West” or “The Company”) is pleased to report on its quarterly activities for the period ending 31 December 2021. During the quarter, the Company’s focus was ramping up exploration activities at the West Desert and Storm/Seal Projects following a successful IPO.

Dave O’Neill, Managing Director of American West Metals commented:

“We are extremely proud of what American West achieved over the last quarter. In addition to listing on the ASX with a strongly supported IPO, a significant amount of effort has been applied to exploration activities at both our flagship West Desert and also the Storm/Seal Projects. We look forward to sharing further results with our shareholders and what’s next for American West.”

West Desert Project, Utah

100% ACQUISITION OF WEST DESERT

Financial completion for the acquisition of the West Desert Project occurred contemporaneously with the IPO.

Final consideration paid by American West on IPO consisted of: **(a)** CAD1,000,000 in cash; **(b)** USD1,225,000 in cash; and **(c)** 13,385,000 in shares of American West.

American West is now the 100% owner of the West Desert Project. At acquisition, the Project comprised 330 acres of private land, 188 unpatented lode claims and 1 State Metalliferous Mineral Lease covering approximately 20km². Significantly, the existing ore deposit is mostly situated on private land which allows for expedited exploration and development approvals.

The Project hosts more than 59Mt of Indicated and Inferred Resources with a higher-grade core of 16.5Mt @ 6.3% Zn, 0.3% Cu, 33g/t In for 1.03Mt Zn, 45Kt Cu and 545t Indium (Ni43-101, historical and foreign). A number of exploration targets have also been identified within the project area, supporting the potential for a significant increase in the project resources.

STRATEGIC LAND POSITION EXPANSION

The new land package has been staked over unexplored ground to the north and east of the historical project claims and covers areas of additional prospective stratigraphy and intrusive rocks. The 148 new Bureau of Land Management (**BLM**) claims are contiguous to the to the existing 100% owned land holding, adding approximately 12km² to the Project area.

The new ground lies directly along strike of the West Desert deposit, as well as an area outside the resource envelope where high-grade zinc and copper mineralisation has been intersected by exploration drilling. It is also along strike from the historical Utah, Galena and Emma zinc-lead-silver mines (20,303 tonnes mined from 1890 to 1953).

The additional ground has been staked to cover the eastern extent of the Juab Fault, and the northern end of the Fish Springs Range. The Juab Fault is one of the major controls on the emplacement and geometry of the quartz-monzonite porphyry, and associated skarn and carbonate replacement (**CRD**) styles of mineralisation in the area.

The northern end of the Fish Spring Range is interpreted to contain the northern contact of the porphyry intrusive, and therefore is also considered as highly prospective. Sparse historical drilling has intersected zinc skarns along this boundary, and the area is largely unexplored.



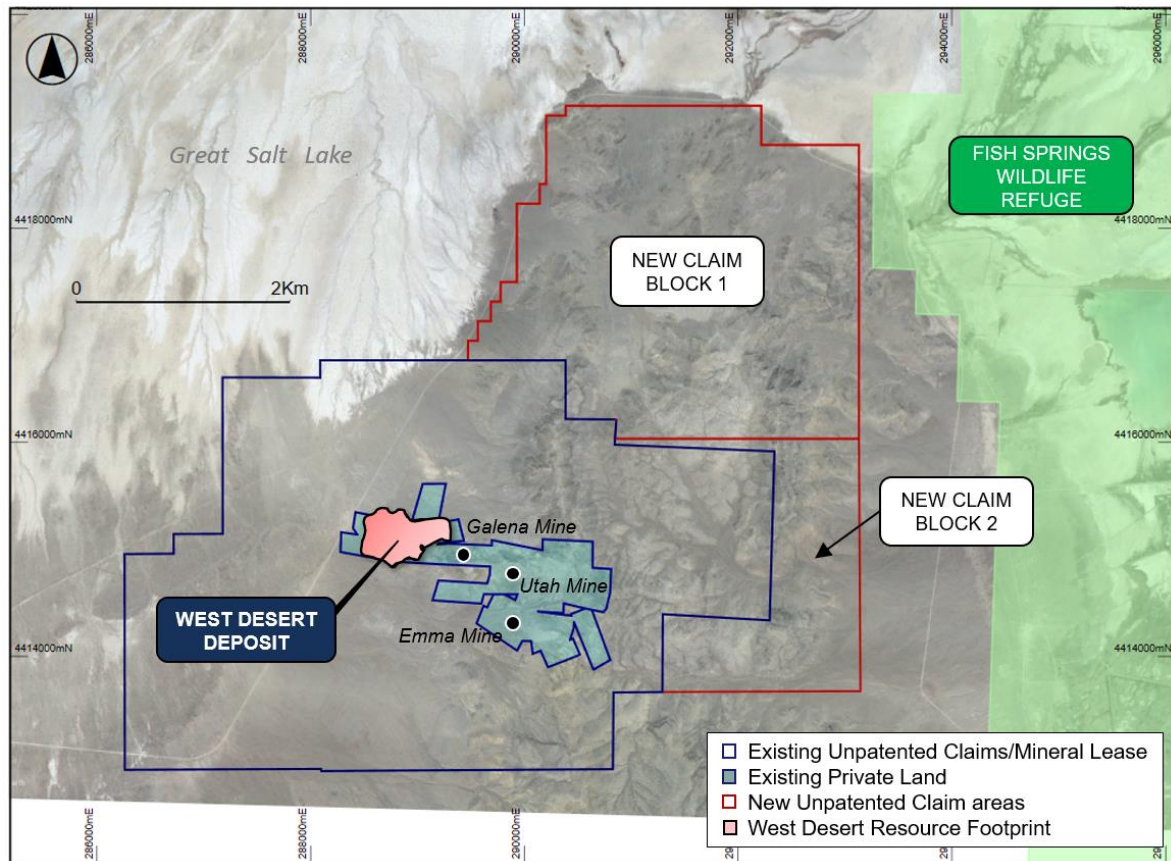


Figure 1: West Desert Project - Land classification plan and surrounds, overlaying aerial photography

EXPLORATION ACCELERATING

On-ground exploration work and infrastructure upgrades continued to gather pace at West Desert in preparation for the expansion of activities during 2022.

Initial work consisted of a high-resolution ground gravity survey, and the reprocessing and interpretation of historical geophysical data sets. The gravity survey was the first of its type at the Project and was completed over the existing claims and other areas of interest, including the newly staked land (Figure 2).

The historical geophysical work has included magnetics, Induced Polarization (IP) and Controlled-source Audio-frequency Magnetotellurics (CSAMT). This data is being reprocessed where possible to maximise the advances in processing capability since the completion of the surveys.

The Company has also commenced key project de-risking and scoping level activities including environmental and hydrological studies. In addition detailed mine design work began focused on a range of development scenarios, that would involve both open-pit and underground mining of the high-grade mineralisation.

American West's inaugural drill program at West Desert is now underway. More than 7,500m of diamond drilling is planned in the first phase of the 2022 drilling program. The drilling will focus on extending a number of key high-grade zinc and copper zones within the current West Desert resource, and acquiring material for metallurgical test work in the oxide and transitional zones.

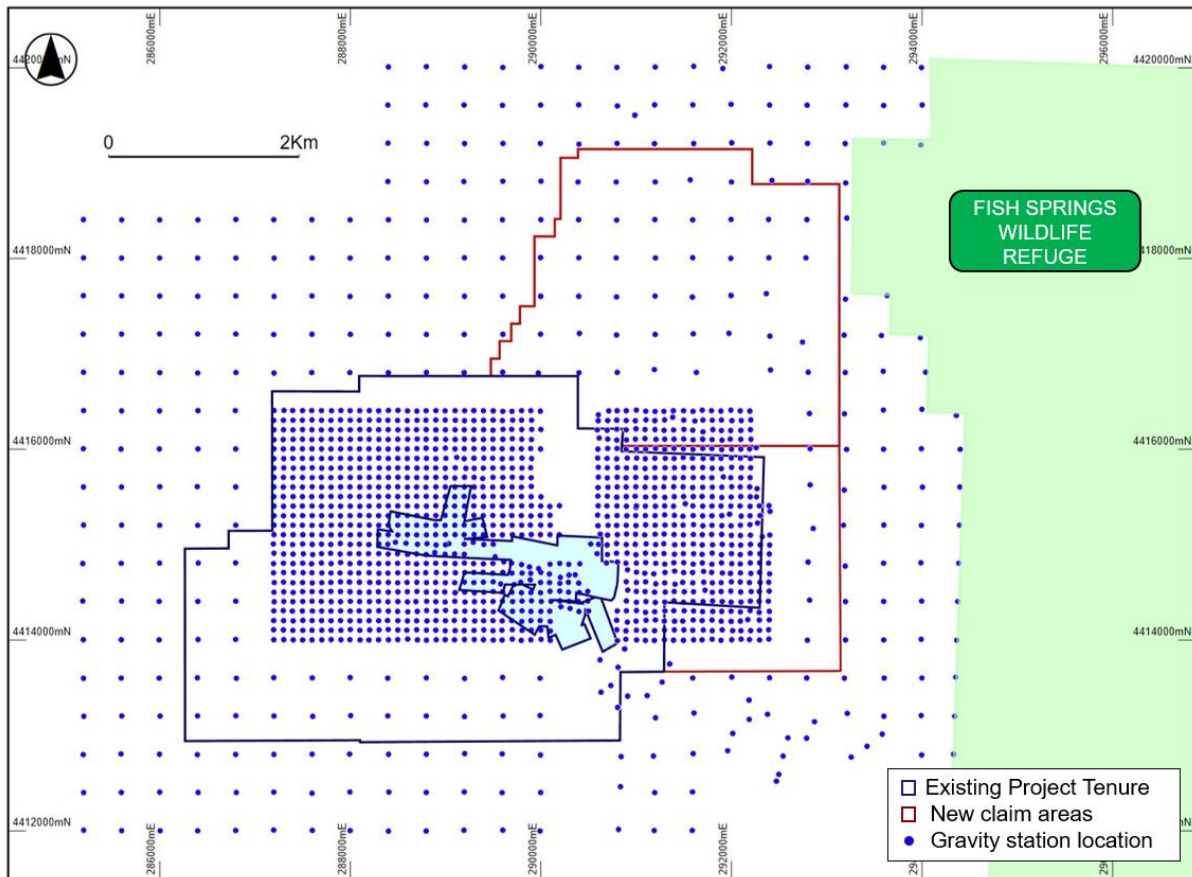


Figure 2: West Desert Project – Ground gravity station locations overlaying project tenure

Storm and Seal Projects, Nunavut

American West Metals completed ground electromagnetic (EM) surveys at the high-grade Storm Copper and Seal Zinc-Silver Projects (**Storm, Seal or the Projects**) on Somerset Island, Nunavut. These geophysical surveys were the first to be completed since American West Metals became project operator under the option agreement with Aston Bay Holdings (TSX-V: BAY).

STORM FIXED LOOP ELECTROMAGNETIC SURVEY

American West Metals completed fixed loop EM (FLEM) surveys that targeted extensions along strike and below known mineralisation, and over previously defined geophysical anomalies. The surveys were designed to provide greater definition of the existing targets, and to identify new targets ahead of the proposed 2022 drilling campaign.

Previous EM surveys have successfully identified several strong conductive anomalies that are associated with known copper mineralisation in the Storm Project area.

One of these is a large (>750m in strike) conductive anomaly associated with the 4100N Zone where previous high-grade intersections include 15m @ 3.88% Cu from 72.4m in hole ST99-47. A strong conductive anomaly was also recognised at the 2750N Zone where previous high-grade intersections include 110m @ 2.45% Cu from surface in hole ST97-08, and 56.3m @ 3.07% Cu from 12.2m in hole ST99-19.

The 2021 EM surveys have confirmed the correlation between the previous anomalies and high-grade copper mineralisation at the main Storm Copper showings. Numerous shallow conductors have been modelled that are coincident with mineralisation confirmed by drilling.

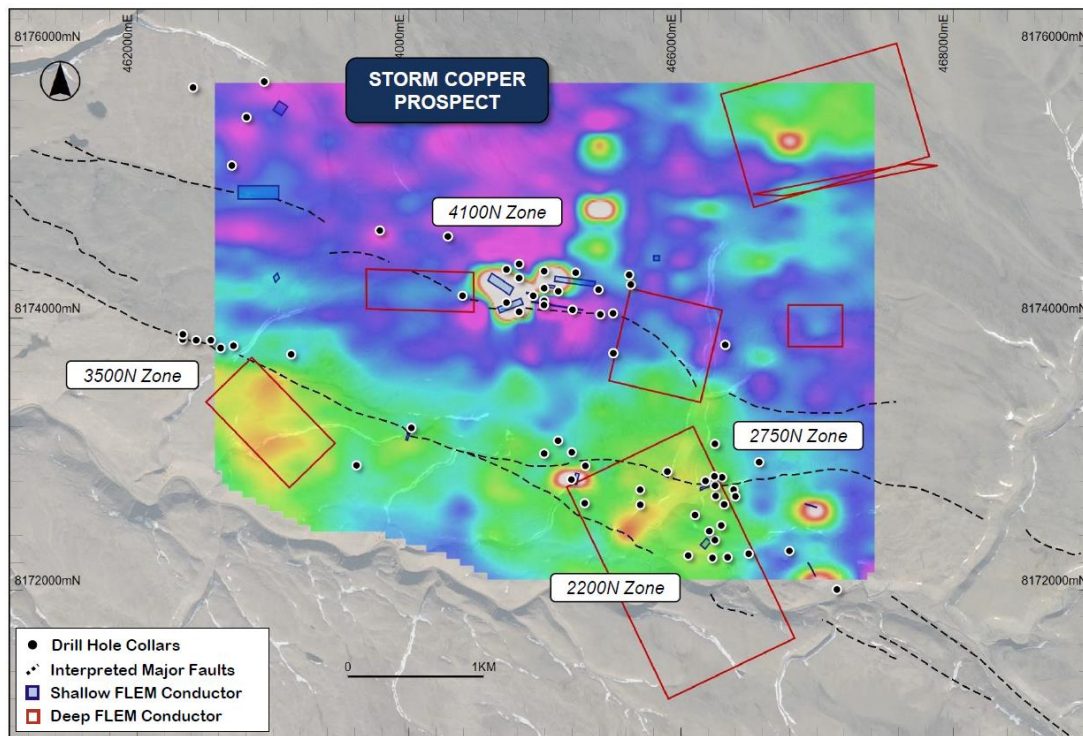


Figure 3: Storm Copper Project – Recent FLEM conductors, drilling and major faults overlaying recent FLEM image (Ch16 – hotter colours indicate higher conductivity) and aerial photography.

The known high-grade copper mineralisation at Storm lies along and adjacent to the margins of a ~1 km wide, fault-bounded valley or graben. Significantly, inversion and plate modelling of the new EM data has also defined multiple high-priority conductors associated with the Storm graben within areas previously untested by drilling.

Seven untested shallow conductors were identified (Figure 1, dark blue rectangles). All seven shallow conductors are located along, or in close proximity to the bounding faults of the Storm graben, and in areas of elevated density, identified by a 2017 airborne gravity gradiometry (AGG) survey (Figure 4). The conductors east of the 2200N and 2750N zones are also associated with significant copper in soil geochemical anomalies and mapped surface gossans, making them compelling targets for the discovery of further copper sulphides.

Seven untested deeper conductors of interest were also identified in the Storm Copper area by the 2021 surveys (Figures 3, dark red rectangles). Six of the seven anomalies are located along or adjacent to the bounding faults of the Storm graben.

The geometry and mostly gentle dips of the modelled deep conductors suggest that they may be related to stratiform type targets, and may be indicative of traditional sedimentary type copper mineralisation at depth. Given the highly resistive nature of the host geology (dolomites), even subtle conductors are considered to be prospective when combined with coincident geochemical or airborne gravity anomalies.

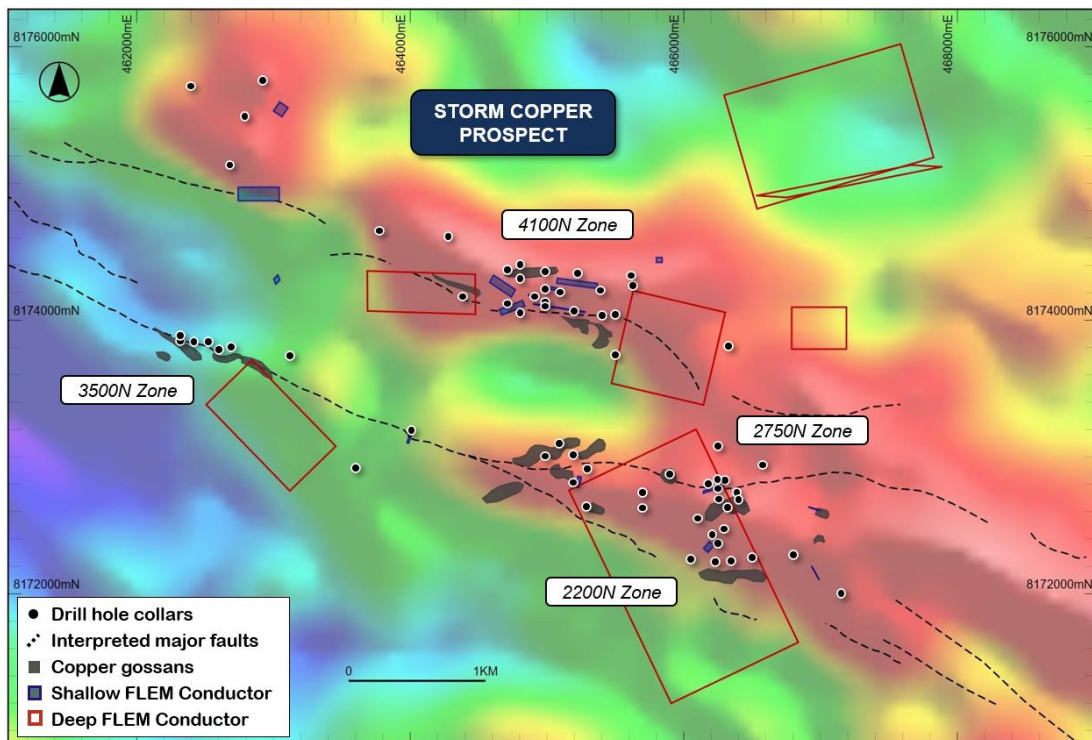


Figure 4: Storm Copper Project – Recent FLEM conductors, drilling, mapped copper gossans, major faults overlaying GDD Fourier image (vertical gravity gradient - hotter colours indicate higher densities).

SEAL TEST EM SURVEY

The opportunity was also taken this season to complete the first ever ground EM survey over the high-grade zinc-silver Seal Deposit. Three survey lines were completed as a test to determine the response of the massive sulphide mineralisation.

The results indicated that the known mineralisation at Seal is not visible to this particular EM system, and therefore no anomalies could be identified in the vicinity of the deposit. Whilst this work does not preclude other EM systems effectively being used to explore around Seal, the nearby Tier 1 Polaris Zinc-Lead deposit was discovered using gravity surveys, and this will continue to be the preferred geophysical tool for testing the extensive Seal stratigraphic horizon.

BACKGROUND ON GEOPHYSICS AT STORM

Electromagnetics were proven to be an effective exploration tool when the Storm area was first surveyed with airborne EM in 1997. This survey determined a clear relationship between known, outcropping copper mineralisation with newly identified EM anomalies. Subsequent higher resolution airborne and surface EM surveys, backed up by drilling, further confirmed this association.

The 2021 FLEM surveys utilised a time domain electromagnetic (TDEM) system, featuring low noise / high power, and were completed using a fixed conventional loop configuration. A total area of approximately 18km² was completed for 945 stations, with a nominal station spacing of 100m at the Storm Copper prospect and 50m at the Seal Zinc deposit. Infills on a number of prospects at Storm were completed at 50m spacings.

Further ground EM surveys will be planned for the 2022 season to screen the Tornado and Blizzard areas. These areas lie east along strike from Storm and have existing copper in soil and gravity (AGG) anomalies.

CORPORATE

INITIAL PUBLIC OFFERING

American West was admitted to the Official List of the Australian Securities Exchange on 13 December 2021 following a successful IPO that raised \$12 million (before costs).

The following new ordinary shares were issued in connection with the IPO:

1. A total of 60,000,000 shares were issued at \$0.20 per share to investors that applied for shares in the IPO;
2. 13,385,000 shares were issued to InZinc Ltd as part of the final consideration paid for the 100% acquisition of the West Desert Project; and
3. 1,300,000 shares were issued to Robert Schafer for advisory services in connection with the acquisition of the West Desert Project.

The broker to the IPO, Canaccord Genuity, was issued with 4,790,550 unlisted options to acquire ordinary shares in the Company. The options have an exercise price of \$0.30 each and expire on 13 December 2024.

CAPITAL STRUCTURE

Following issue of the abovementioned securities, the Company has the following securities on issue:

AW1 Security	Amount Issued
Fully paid ordinary shares listed on ASX *	159,685,000
Unlisted options – exercise at \$0.30, expiry 13 Dec 2024	4,790,550
Performance Rights **	5

* 84,409,999 ordinary shares are escrowed

** Performance Rights each convert to 100,000 ordinary shares on certain milestones being achieved

APPOINTMENT OF STRATEGIC ADVISER

On 28 January 2022, the Company entered into an engagement with Bacchus Capital Advisers for the provision of strategic advisory services to the Company. Consideration for the services includes:

1. 1,500,000 new ordinary shares in the Company; and
2. 1,000,000 options to acquire ordinary shares in the Company; the options have an exercise price of \$0.30 each and expire on the third anniversary of their issue.

These securities may be issued any time after 14 March 2022.

TENEMENT INFORMATION

Details of the Company's tenement holdings are listed below.

WEST DESERT PROJECT, UTAH

American West Metals has ownership of 330.275 acres of private land which includes interests of 100% of 15 patented claims, 87.5% ownership of the Last Chance No.2 patented claim, 83.3% of the Mayflower patented claim, 66.6% of Emma and Read Iron patented claims, and 41.6% of the Ogden patented claim.

American West Metals has 100% ownership of 336 unpatented lode claims (Crypto-Zn 150-151, 154-160, 164-178, 186-201: Crypto 1-211: Pony 9-16, 21-64, 100-127, 200-214).

American West Metals is 100% owner of the leasehold interest of State of Utah Metalliferous Minerals Lease ML48312.

STORM/SEAL PROJECT, NUNAVUT

American West Metals has an option agreement with Aston Bay Holdings over 117 Mineral Claims (AB 44-47, 49-50, 56-60, 63-66, 68, 70-72, 74-79, 84-96, 98-111, 113-124: Ashton 2, 3, 5, 7-10: Aston 1, 4, 6), and 6 Prospecting Permits (P29-31).

American West Metals has 100% interest in 32 claims held under a staking agreement with APEX Geoscience Ltd (S 1-32).

COPPER WARRIOR PROJECT, UTAH

American West Metals has an Exploration and Option Agreement with Bronco Creek Exploration Inc. over 61 unpatented lode claims (Big Indian 2-25: Copper Warrior 1-37).

APPENDIX 5B

An Appendix 5B – Quarterly Cash Flow Report for the quarter ended 31 December 2021, accompanies this Activities Report.

American West Metals provides the following information in relation to payments to related parties and their associates, as required by section 6.1 of the Appendix 5B. During the quarter ended 31 December 2021, a total of \$77,000 was paid to the Directors of the Company as remuneration.



ASX Listing Rule 5.12

The Company has previously addressed the requirements of Listing Rule 5.12 in its Initial Public Offer prospectus dated 29 October 2021 (released to ASX on 9 December 2021) (**Prospectus**) in relation to the West Desert Project. The Company is not in possession of any new information or data relating to the West Desert Project that materially impacts on the reliability of the estimates or the Company's ability to verify the estimates as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms that the supporting information provided in the Prospectus continues to apply and has not materially changed.

This ASX announcement contains information extracted from the following reports which are available on the Company's website at <https://www.americanwestmetals.com/site/content/>:

- 29 October 2021 Prospectus

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in the Prospectus. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

Competent Person Statement

The information in this report that relates to Exploration Targets and Exploration Results for the West Desert and Storm/Seal Projects is based on information compiled by Mr Dave O'Neill, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Neill is employed by American West Metals Limited as Managing Director, and is a substantial shareholder in the Company.

Mr O'Neill has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr O'Neill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This ASX announcement contains information extracted from the following reports which are available on the Company's website at <https://www.americanwestmetals.com/site/content/>:

- 13 December 2021 *American West Metals begins trading on ASX*
- 14 December 2021 *Outstanding growth potential confirmed at Storm Copper Project*
- 16 December 2021 *West Desert land position increased as exploration escalates*

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

This announcement has been approved for release by the Board of American West Metals Limited.

For enquiries:

Dave O'Neill

Managing Director

American West Metals Limited

doneill@aw1group.com

+ 61 457 598 993

Dannika Warburton

Principal

Investability

info@investability.com.au

+61 401 094 261



ABOUT US



ABOUT AMERICAN WEST METALS

AMERICAN WEST METALS LIMITED (ASX: AW1) is an Australian company focused on growth through the discovery and development of major base metal mineral deposits in Tier 1 jurisdictions of North America. We are a progressive mining company focused on developing mines that have a low-footprint and support the global energy transformation.

Our portfolio of copper and zinc projects include significant existing resource inventories and high-grade mineralisation that can generate robust mining proposals. Core to our approach is our commitment to the ethical extraction and processing of minerals and making a meaningful contribution to the communities where our projects are located.

Led by a highly experienced leadership team, our strategic initiatives lay the foundation for a sustainable business which aims to deliver high-multiplier returns on shareholder investment and economic benefits to all stakeholders.



Appendix 5B

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

Name of entity

American West Metals Limited

ABN

75 645 960 550

Quarter ended ("current quarter")

31 December 2021

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	(1,402)	(1,402)
(b) development	-	-
(c) production	-	-
(d) staff costs	(118)	(118)
(e) administration and corporate costs	(225)	(225)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(70)	(70)
1.9 Net cash from / (used in) operating activities	(1,815)	(1,815)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(2,879)	(2,879)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(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	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,879)	(2,879)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,000	12,000
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	(830)	(830)
3.5	Proceeds from borrowings	450	450
3.6	Repayment of borrowings	(450)	(450)
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	11,170	(11,170)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	120	120
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,815)	(1,815)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,879)	(2,879)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,170	11,170

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	-	-
4.6	Cash and cash equivalents at end of period	6,596	6,596

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	6,596	120
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)	6,596	120

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	77
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Not Applicable		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,185)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,185)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,596
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,596
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.5
	<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: Not Applicable	
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: Not Applicable	

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

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: Not Applicable

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: 28 January 2022

Authorised by: Sarah Shipway
Company Secretary
(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.