

ASX: ANX

26 APRIL 2022

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2022

Anax Metals Limited - acquiring and developing advanced mineral projects through innovation and the integration of ore-sorting technology

Quarter Highlights

- Spectacular Massive Sulphides Intersected at Whim Creek ^{1,5}
- Near Mine Exploration Drilling Planned for Q2, 2022 ²
- Drill Permitting Progressing for Gold and PGE Targets ³
- Research & Development Rebate Received from ATO ⁶

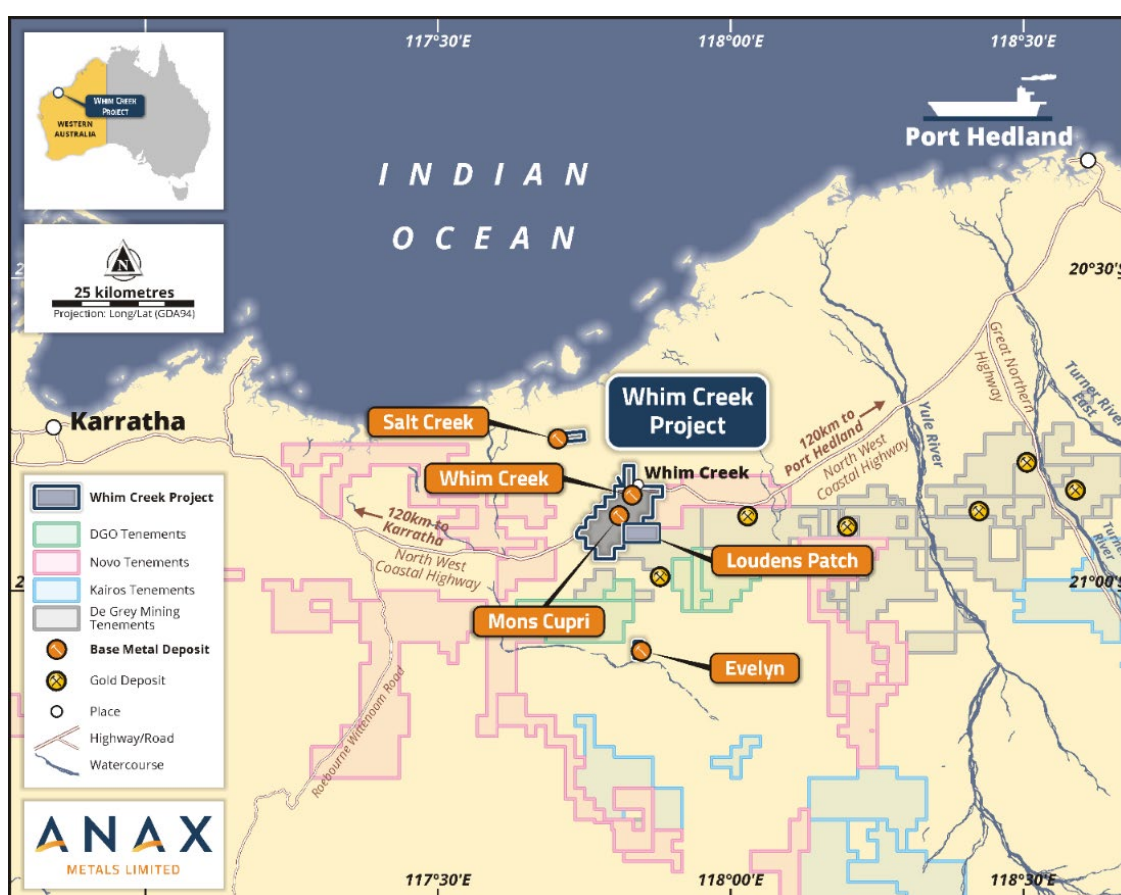


Figure 1: Whim Creek Project Location in the Pilbara Region of Western Australia

Whim Creek Project Joint Venture (ANX 80% - DVP 20%)

Anax Metals Limited (ASX: **ANX**, Anax, or the **Company**) operates the Whim Creek Project through its joint venture with Develop Global (DVP). In 2018, DVP had defined JORC 2012

Resources for the Mons Cupri and Salt Creek deposits ¹⁴ and in 2021, Anax defined JORC 2012 Resources for the Whim Creek and Evelyn deposits ^{8,12}. Feasibility studies are currently underway to bring these resources to development.

Table 1: Whim Creek Combined Global JORC 2012 Resource now exceeds 10M tonnes ⁸

COPPER	'000 Tonnes	CU%	Zn%	Pb%	Ag ppm	AU ppm
Measured	990	1.62	1.42	0.61	38	0.28
Indicated	6,170	1.10	0.85	0.20	14	0.14
Inferred	1,630	0.78	0.93	0.24	12	0.07
TOTAL Copper Resources	8,790	1.10	0.93	0.25	16	0.14
ZINC	'000 Tonnes	CU%	Zn%	Pb%	Ag ppm	AU ppm
Measured	70	0.16	4.56	1.79	53	0.23
Indicated	630	0.12	6.34	1.77	46	0.19
Inferred	575	0.11	7.22	2.23	48	0.18
TOTAL Zinc Resources	1,275	0.12	6.63	1.98	47	0.19

Note: Appropriate rounding applied

Feasibility Studies

During Q1, 2022, Anax continued to progress feasibility studies at the Whim Creek Project, including metallurgical and geotechnical diamond drilling of Resources ¹.



Figure 2: Massive sulphide copper-zinc mineralisation in 22AED003 and 22AED004A

The recently completed diamond drilling program generated samples from each of the four Resources for use in further metallurgical test work as well as geotechnical test work. Spectacular sulphide intervals up to 15m true width in diamond drill core from Evelyn Deposit, as shown in Figure 2, are awaiting assay.

Mineralised core will be used in further ore sorting, flotation and bio-leaching test work, as well as generating flotation tailings for waste characterisation. Geotechnical test work will confirm the proposed pit designs and provide additional waste rock characterisation samples. The various studies are being compiled into the Feasibility document and results will be announced as the studies are completed.

Scoping Study

As reported in the Quarterly of 31 December 2021, the recent scoping study serves as a stepping stone toward full feasibility, demonstrating some of the **environmental and sustainability benefits** for Whim Creek, such as the gas fired power station, which will effectively halve the cost of power generation on site.⁷

New products will be generated from ore sorting, namely engineered aggregates, which would otherwise become waste. The upgraded ore from sorting would require less reagents, less power and less water to generate concentrates, in turn producing less process tailings.

Anax is participating in numerous research and development projects intended to find new ways to minimise waste at Whim Creek with the intention of attaining ESG certification for the operations.

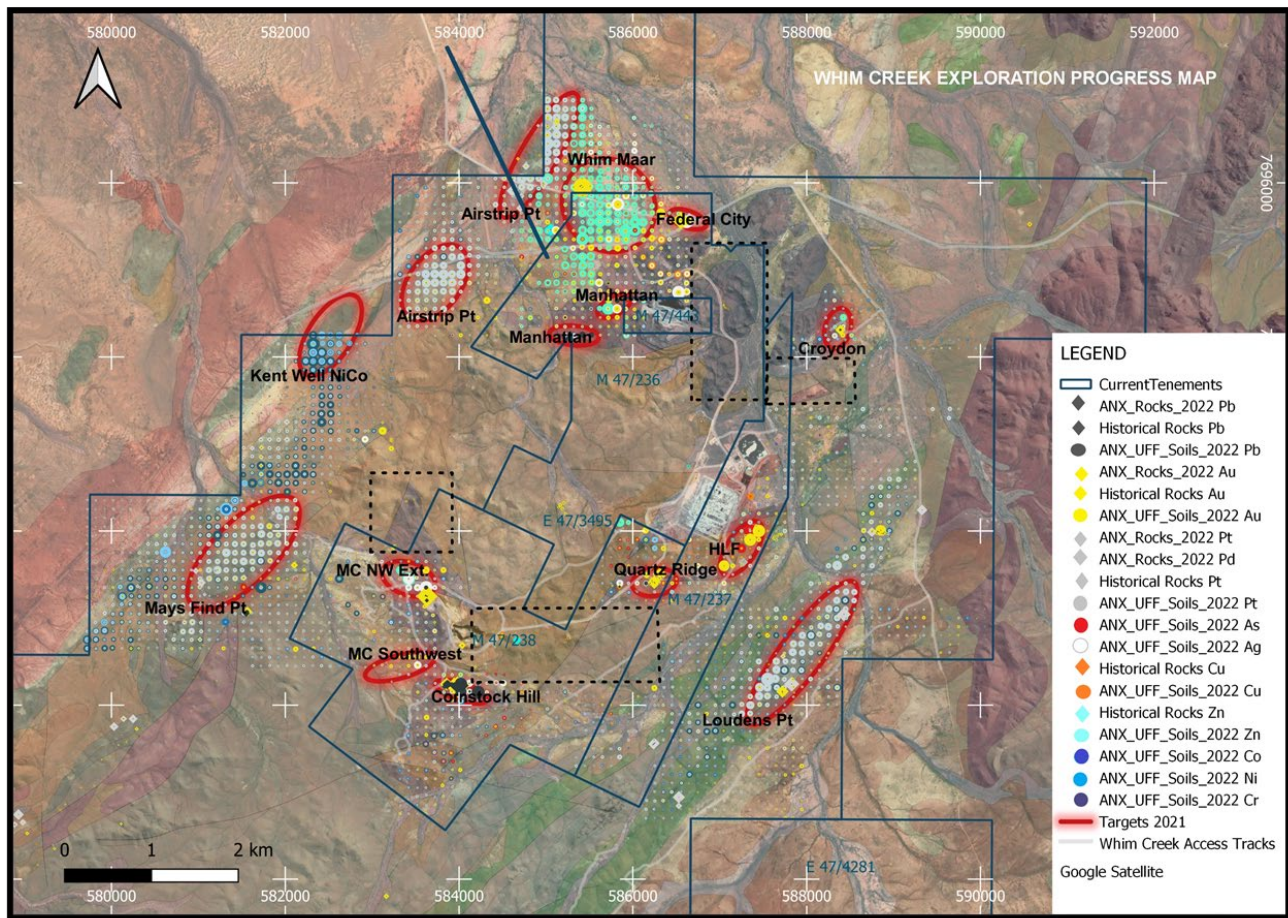
Initial bacterial heap leach test work, using the mid-to-low grade ore from sorting test work, has successfully demonstrated up to 90% copper and zinc recovery. Bio-leaching is intended to make use of the newly refurbished Whim Creek heap leach facility and contribute significantly to the income generated for Whim Creek.

Column leach test work, simulating heap leach conditions, is ongoing at two Perth laboratories, using bacteria sourced onsite at Whim Creek, as well as hybridised, commercially available bacterial cultures. Further heap leach amenability test work will use ore sorted middlings from Whim Creek, Salt Creek and Evelyn metallurgical drill core from recent drilling.¹

Nexus and PPM Global Pty Ltd were commissioned to scope an updated sulphide extraction – electrowinning (SX-EW) flow sheet incorporating a zinc sulphate precipitation circuit, which will generate additional revenue for the project once the heap leach infrastructure has been licenced to operate.⁸

Exploration

Final results from regional UltraFine+™ soil sample analysis generated multiple, well-defined geochemical anomalies at Whim Creek for gold, platinum group metals (PGEs), nickel-cobalt and base metals- copper, zinc and lead (Figure 3). The **HLF gold prospect** has been prioritised for drilling in May 2022, along with near-mine targets at Whim Creek and Mons Cupri.²



**Figure 3: GSWA 2020 Geology and UltraFine+™ Geochemical Soil Anomalies
at Whim Creek Project 3**

The UltraFine+™ analysis method separates the clay portion of the soil for analysis, which generates a broad suite of elements with cohesive anomalies and less 'spikey' results than standard soil sample analysis techniques. The method was developed by CSIRO and LabWest to detect gold mineralisation under cover but has been found to be equally effective for base metals. The method is used extensively across the Pilbara Region where gold exploration is booming since De Grey's Hemi discovery.

Anax's participation in the CSIRO UltraFine+™ R&D programme will generate further interpretive data from the UltraFine+™ soil geochemistry. However, the results of this study will remain confidential until published by CSIRO.⁷

The innovative 3D structural model of Whim Creek has been used to define gaps in drilling around Whim Creek and Mons Cupri Resources and these targets have been prioritised for resource extension drilling in May 2022.2 Further drilling of near mine targets at Whim Creek, Mons Cupri and Evelyn will be scheduled as Programme of Works approvals are granted.

During the Quarter, field exploration work got underway at Whim Creek Project to extend regional soil sampling coverage and follow up on defined geochemical targets.

Anax's 100%-Owned Exploration Tenure

Regional UltraFine+™ soil sampling over prospective structures generated new gold anomalies at **Loudens Patch** tenement (E47/4281), located adjacent to the Whim Creek Project. Historical geochemistry over the ground formerly held by De Grey had generated low level gold anomalism, field investigation of which confirmed quartz-limonite outcrop over 100m along a ridge. Rock chip sampling confirmed gold in situ. The UltraFine+™ soil sampling grids will now be extended across the tenement and auger drilling will follow.

Located near Ravensthorpe and securing a section of historically drilled Bandalup ultramafics and Chester metasediments of the Younami Archean Terrane, the **Mount Short** tenement (E74/651) is prospective for base metal massive sulphides and VMS style deposits, as well as gold and lithium-pegmatites. Field investigation in Q4, 2021, generated new rare earth anomalism. Anax will schedule auger drilling around the growing season of this Wheatbelt tenure. Anax continues to consider potential JV partnerships to develop this project further.

Advanced Project Procurement Plan

The Company continues to pursue additions to its project portfolio, investigating assets that are amenable to the integration of smart ore sorting technology. Anax is systematically furthering this strategy with its ongoing project review and collaboration with strategic partnerships.

Compliance

For the purpose of Listing Rule 5.3.1, during the quarter, the Company spent \$1,658k on its exploration, site upgrade and feasibility activities, of which \$1,636k related to the Whim Creek project. The total spend comprised \$397k site upgrade and remediation work; \$614k feasibility studies and permitting; \$483k site maintenance and other site related costs, and \$164k on direct exploration and tenure.

For the purpose of Listing Rule 5.3.2, the Company confirms that there were no mining production and development activities during the quarter by the Company or its subsidiaries.

Pursuant to Listing Rule 5.3.4, the Company provides the following comparison of its actual group expenditure on the individual items in the "use of funds" statement in its Prospectus¹⁰ since the date of its admission to ASX's official list against the estimated expenditure on those items in the "use of funds" statement in the prospectus and an explanation of any material variances.

Table 2: Use of Funds

Use of Funds	Estimate for the first year after ASX admission (as per Prospectus) ¹⁴	Actual Use March 2022 Quarter (Cumulative) ¹	Variance Under/(Over)
Feasibility studies	1,500,000	2,685,322	(1,185,322)
Environmental and site improvements	2,218,000	4,728,783	(2,510,783)
Exploration, heritage and tenure	548,000	687,249	(139,249)
Site management	955,000	2,265,066	(1,310,066)
Earnin and Joint Venture Agreement (deposit and stamp duty payments)	550,000*	0 ²	550,000 ²
Working capital	1,687,677	2,507,848	(820,171)
Estimated expenses of the Offers	290,879	139,905	150,974
TOTAL	7,749,556	13,014,172	(5,264,616)

¹ Cumulative spend covers activities for the 21-month period to March 2022.

² \$150,000 was paid in respect of this total due prior to the company's re-quotation and commencement of the reporting period.

For the purpose of Listing Rule 5.3.5, the company confirms that \$110,654 in directors' fees was paid in the quarter (inclusive of \$1,500 GST and \$9,923 statutory superannuation). Payments to related parties of the Company and their associates during the quarter totalled \$173,754 (including \$15,796 GST) – this included \$9,900 (including \$900 GST) paid to Holihox Pty Ltd (a related party of Mr Phillip Jackson) for legal consulting; \$129,781 (including \$11,798 GST) paid to Nexus Bonum Pty Ltd (a related party of Geoff Laing) for technical consulting fees; and \$34,072 (including \$3,098 GST) was paid to Grange Consulting Pty Ltd (a related party of Phil Warren) for company secretarial and corporate advisory services. These amounts are included at Item 6 of the Appendix 5B.

Corporate

During the quarter, Anax raised \$4m additional equity through the issue of 43,956,044 new fully paid ordinary shares to institutional, sophisticated and professional investors at an issue price of \$0.091 per share¹⁵. On 31 March 2022, Anax had a total of 400,956,044 fully paid ordinary shares on issue.

Table 3: Unlisted options on issue

Code	Number	Strike price	Expiry date	No holders	Vested (Yes/No)	Vesting date
2	2,700,000	\$0.069	10 Dec 2022	1	Yes	26 Nov 2018
3	29,250,000	\$0.045	28 Oct 2023	21	Yes	27 Oct 2021, Escrowed
4	3,000,000	\$0.045	28 Oct 2023	3	Yes	27 Oct 2021
5	4,000,000	\$0.136	10 Mar 2023	1	Yes	Immediately
6	2,000,000	\$0.105	28 May 2024	1	Yes	26 May 2022
TOTAL	40,950,000					

Table 4: Performance Rights on issue

Tranche	No of Performance Rights	Vesting Condition to convert into one share in the Company per Performance Right	Expiry Date	Vested (Yes/No)	Comment
Class A*	6,000,000	The 20-day VWAP of the Company's Shares reaching 150% of the Public Offer Price (being \$0.045) prior to the Expiry Date	2 years from grant date	Yes	The vesting condition was met on 22 January 2021
Class B*	4,800,000	The 20-day VWAP of the Company's Shares reaching 300% of the Public Offer Price (being \$0.090) prior to the Expiry Date	2 years from grant date	Yes	The vesting condition was met on 15 June 2021
Class C	4,500,000	The 20-day VWAP of the Company's Shares reaching 450% of the Public Offer Price (being \$0.135) prior to the Expiry Date	2 years from grant date	No	N/A
TOTAL	15,300,000				

*The Class A and Class B Performance Rights are now able to be converted into Anax shares at the holder's election, prior to their expiry, as per their terms.

At 31 March 2022, Anax held \$9.1 million in available cash and listed investments as summarised below.

Table 5: Anax Metals Group Investments as of 31 March 2022

Investment	Code	Type	Number	Unit Value	Total value
Predictive Discovery Limited	PDI	Shares - Listed	749,999	\$0.21	\$157,500
Xantippe Resources Limited	XTC	Shares - Listed	163,295,270	\$0.009	\$1,469,657
Desert Metals Limited	DM1	Shares - Listed	25,000	\$0.410	\$10,250
TOTAL					\$1,637,407

This Quarterly Report is authorised for release by the board.

For Enquiries

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Competent Persons' Statement

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Ms Wendy Beets. Ms Beets is a full-time employee and shareholder of Anax Metals Ltd and member of the Australian Institute of Geoscientists. Ms Beets has sufficient experience of relevance to the style of mineralisation and types of deposits under consideration, and to the activities 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 and Ore Reserves. Ms Beets consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for the Whim Creek Deposit is based on and fairly represents information compiled by Mr Andrew McDonald (an employee and shareholder of Anax Metals Ltd) and Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd). Mr McDonald is a member of the Australian Institute of Geoscientists and Mr Barnes is a member of both the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr McDonald and Mr Barnes have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr McDonald is the Competent Person for the database (including all drilling information and mined depletion), the geological and mineralisation models plus

completed the site visits. Mr Barnes is the Competent Person for the geological and mineralisation models, construction of the 3-D resource models plus the estimation. Mr McDonald and Mr Barnes consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

References

The information provided in this report was summarized from the following Announcements:

1. *Spectacular Massive Sulphides Intersected at Whim Creek, 12 April 2022*
2. *Near Mine Exploration Drilling at Whim Creek, 7 April 2022*
3. *Whim Creek Exploration Update, 8 March 2022*
4. *Anax Metals Presentation, 22 February 2022*
5. *Whim Creek Drilling Commences, 21 February 2022*
6. *\$343k Research and Development Rebate Received, 31 January 2022*
7. *Quarterly Activities/Appendix 5B Cash Flow Report, 27 January 2022*
8. *Exceptional Value Added to Whim Creek Scoping Study, 17 January 2022*
9. *Large Near Mine Base Metals Targets at Whim Creek Project, 4 October 2021*
10. *Extensive Platinum, Nickel-Cobalt and Gold Anomalies Defined, 27 July 2021*
11. *Anax Signs Whim Creek Royalty Agreement with Anglo American, 4 June 2021*
12. *Whim Creek Project Copper Tonnes Increase by 37%, 25 May 2021*
13. *80% Earn-In at Whim Creek Project Complete, 15 January 2021*
14. *Re-compliance Prospectus, 18 September 2020*
15. *Capital raising, 9 February 2022*

JORC (2012) Mineral Resource estimates for the Whim Creek Project referenced in this report are set out in the Company's Re-compliance Prospectus dated 18 September 2020 ¹⁴ and Anax's announcement to the ASX of 17 January 2022 ⁸ and 25 May 2021 ¹². The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcements.

Appendix 1

In accordance with Listing Rule 5.3.3. Anax provides the following information in relation to its mining tenements.

1. Tenements held at the end of the Quarter and their location:

Project	Tenement Number	Status	Location	Beneficial Percentage Interest
Mount Short	E74/651	Live	Phillips River Mineral Field	100%
Loudens Patch	E47/4281	Live	Pilbara	100%
Whim Creek	L47/0036	Live	Pilbara	80%
Whim Creek	M 47/236	Live	Pilbara	80%
Whim Creek	M 47/237	Live	Pilbara	80%
Whim Creek	M 47/238	Live	Pilbara	80%
Whim Creek	M 47/323	Live	Pilbara	80%
Whim Creek	M 47/324	Live	Pilbara	80%
Whim Creek	M 47/443	Live	Pilbara	80%
Whim Creek	E 47/3495	Live	Pilbara	80%
Liberty Indee	M 47/1455	Live	Pilbara	80%

2. Tenements acquired during the Quarter and their location: None

3. Tenements disposed of during the Quarter and their location: N/A

Appendix 5B

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

Name of entity

ANAX METALS LIMITED

ABN

46 106 304 787

Quarter ended ("current quarter")

31 MAR 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers			
1.2 Payments for			
(a) exploration & evaluation	(39)	(54)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	(264)	(693)	
(e) administration and corporate costs	(182)	(491)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	-	-	
1.5 Interest and other costs of finance paid	(9)	(27)	
1.6 Income taxes paid	-	-	
1.7 Government grants and tax incentives	-	-	
1.8 Other (provide details if material)	406	34	
1.9 Net cash from / (used in) operating activities	(88)	(1,231)	

1.8 includes net GST received and \$342k receipt of R&D refund in Jan 22.

2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	
(b) tenements	-	-	
(c) property, plant and equipment	-	(96)	
(d) exploration & evaluation	(1,658)	(5,355)	
(e) investments	-	-	
(f) other non-current assets	-	-	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	1,719	5,168
	(e) other non-current assets	-	(32) ¹
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) ²	-	-
2.6	Net cash from / (used in) investing activities	61	(315)

¹Adjustment of rental bond out of Available cash balances for reporting purposes

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	122
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(261)	(261)
3.5	Proceeds from borrowings	98	98
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) ²	(14)	(40)
3.10	Net cash from / (used in) financing activities	3,823	3,919

²Premises Lease payments

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,281	6,701
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(88)	(1,231)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	61	(315)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,823	3,919

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
4.5	Effect of movement in exchange rates on cash held	-	3
4.6	Cash and cash equivalents at end of period	9,077	9,077

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	7,952	4,156
5.2	Call deposits	1,125	1,125
5.3	Bank overdrafts	-	-
5.4	Other (Credit card and Office lease bond)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,077	5,281

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	267
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Item 6.1 includes \$99,230 directors' fees, \$9,923 statutory superannuation (net of GST) and a further \$157,958 (net of GST) in consulting fees to related entities. Total GST on these amounts amounted to \$17,296.

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. 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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(88)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,658)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,746)
8.4	Cash and cash equivalents at quarter end (item 4.6)	9,077
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	9,077
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.2
<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: 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		

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:

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: ...26 April 2022.....

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.