Quarterly Activities Report

For Quarter Ending 30 September 2023

HIGHLIGHTS:

Acquisition of increased land holding in Brazil

- Perpetual entered into an additional binding option agreement to acquire a further three highly prospective exploration permits, covering approximately 5,000 hectares in Brazil's "Lithium Valley" region, within Brazil's the mining friendly state of Minas Gerais.
- These additional three Permits (known as the Ponte Nova Prospects) are situated in an interpreted extension of the modelled pegmatite corridor which runs from the Latin Resources Salinas Lithium Project, through the Colina deposit and potentially further Northeast into these Permits.
- The location of the Permits boasts advantageous infrastructure, comprising well-developed highways, access to hydroelectric power from the grid, water availability, and proximity to commercial ports.

Exercise of two options to acquire Brazilian spodumene exploration permits

- Perpetual formally exercised the two separate options to acquire key landholdings in the spodumene rich "Lithium Valley" in Minas Gerais, Brazil.
- Confirms Brazil as an important focus of Perpetual's efforts to generate shareholder value.

Update on Beharra Silica Sand Project

- Beharra offtake & partnering discussions continued with a focus on determining the lowest impurity product that can be consistently produced.
- Perpetual notes that it has so far been unable to consistently achieve a product specification that would satisfy the ultra-low PV cell cover glass market, which would achieve the highest price point for Beharra silica sand.
- Environmental approval process continues to advance with dialogue ongoing with state and federal departments.
- Subsequent to quarter end, Perpetual has announced a strategic review of the Beharra project, with a view to confirming the best path to maximise shareholder value for the project. This review is expected to be completed by the end of 1QCY24.

Exploration

- Brazil
  - Multi-week reconnaissance site visit confirms pegmatite occurrences within and proximal to all exploration permits under option.
  - Artisanal workings suggest potential for pegmatite associated spodumene (noting that Perpetual is yet to confirm the presence of lithium minerals).
  - The historical presence of regional artisanal workings underscores the existing mineral wealth within Perpetual's permits.
  - Site visit confirms high prospectivity of all permits.

- Beharra
    - No exploration activities were undertaken at Beharra in the September quarter, with management time and effort focused on advancement of key commercial and environmental approval tasks.

Corporate

- Perpetual completed a capital raising from professional and sophisticated investors, raising $1.5 million (before costs) through a placement of shares at $0.022 per share. The placement was led and managed by GBA Capital.
    - Directors will participate in addition to the capital raising by subscribing for a total of $250,000 worth of shares, with shareholder approval recently received.
    - Funds raised from the capital raising plus Director participation will be used towards continued activities related to Beharra as well as due diligence and initial exploration efforts in Brazil.
- Perpetual continued the review of additional potential project M&A targets during the quarter, with a focus on the further enhancement of Brazil lithium land holdings.
- Perpetual also continued to progress the establishment of a wholly owned Brazilian entity, which was concluded post the end of the quarter.

Perpetual Resources Limited (“**PEC**”, “**Perpetual**” or “**the Company**”) completed a significant expansion of its critical minerals project portfolio during the quarter, via the exercise of two previously announced options agreements relating to highly prospective exploration permits in the “Lithium Valley” spodumene region of Minas Geraise, Bazil. Efforts also continued in relation to the advancement of Beharra offtake, which remains in a state of progress, limiting the amount of work that can be undertaken on other Beharra project advancement efforts.

Brazil spodumene project activities

Acquisition of increased landholding in Brazil’s Minas Gerais region

During the quarter, Perpetual signed an additional binding option agreement with RTB Geologia E Mineração LTDA. (RTB), pursuant to which Perpetual had the exclusive option to acquire a 100% interest in an additional three lithium exploration permits held by RTB, located in Brazil.

These permits comprise an area now referred to as the Ponte Nova Prospects. Through this Option Agreement, Perpetual gained deeper access to an area that is now known as the “Lithium Valley” of Brazil, situated in the mining-friendly state of Minas Gerais. Like the first option agreement (announced to ASX on 21st July 2023), these additional three Permits (announced to ASX on 9th August 2023) are located within the renowned 'Eastern Brazilian Pegmatite District' (EBPD), a globally recognised hub for hard-rock lithium spodumene deposits. Notably, this region accounts for 100% of all officially recognised lithium reserves in Brazil, making it highly valued for its abundant spodumene pegmatites.

These additional three Permits are also situated in an interpreted extension of the modelled pegmatite corridor which runs from the Latin Resources (ASX: LRS) Salinas Lithium Project, through the Colina Lithium deposit and potentially further Northeast into the Permits under option.

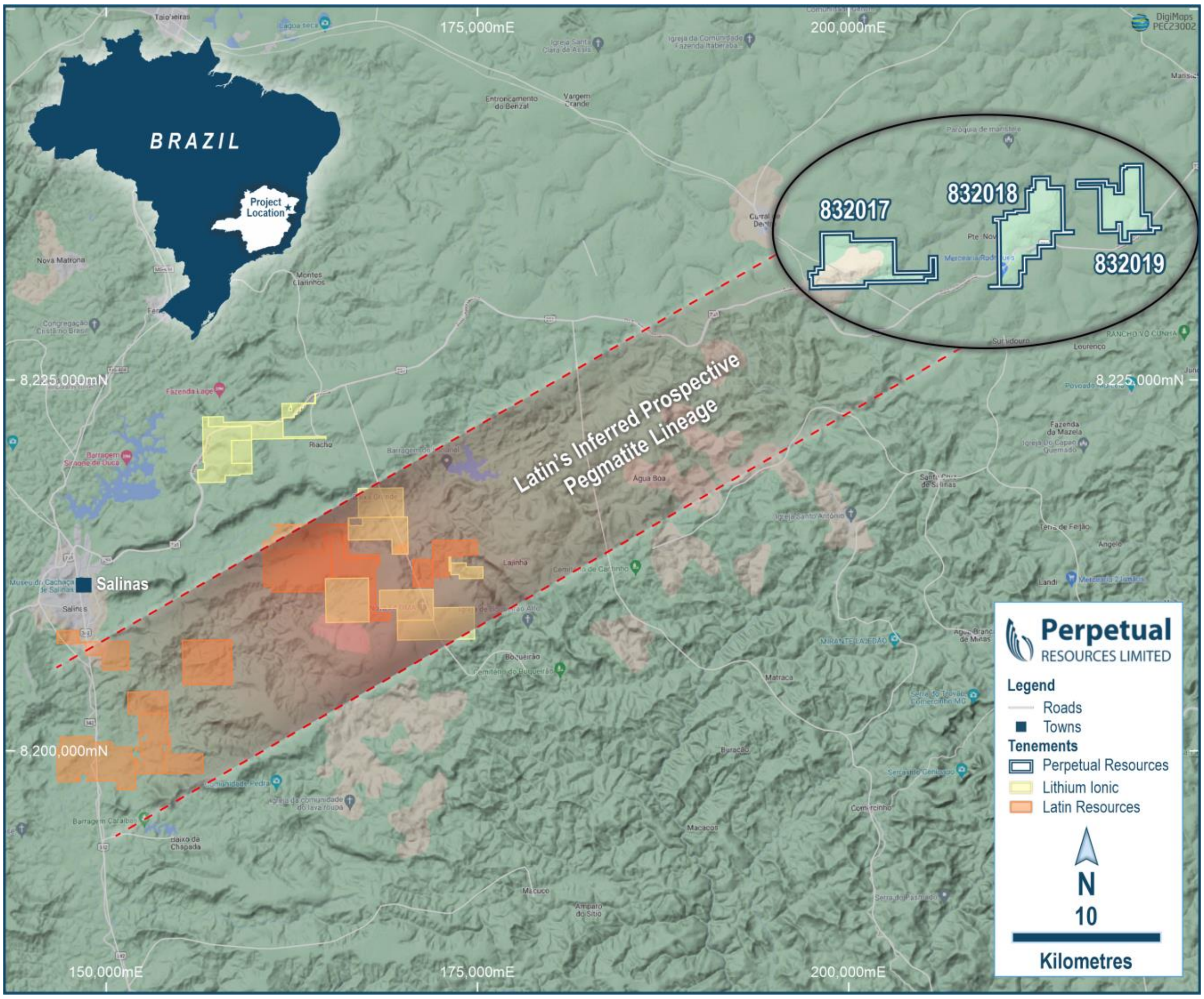

Figure 1– Location of Ponte Nova Prospects showing interpreted spodumene trend, proximal to Latin Resources Colina lithium deposit and Lithium Ionics' (TSX.V: LTH) Salinas Project

Exercising of options to acquire prospective Brazilian spodumene permits

On the 26th of September 2023, Perpetual confirmed that it had completed the exercise of both recently announced options, to formally acquire multiple key tenement packages in the "Lithium Valley" region of Minas Gerais, Brazil (for further information regarding the option agreements, please refer to ASX announcements dated 21st July 2023, 9th August 2023 and 1st September 2023).

Due diligence enquiries, including detailed reconnaissance site visits, supported the exercise of the options and that an increased focus on Brazilian spodumene exploration was in the best interests of shareholders.

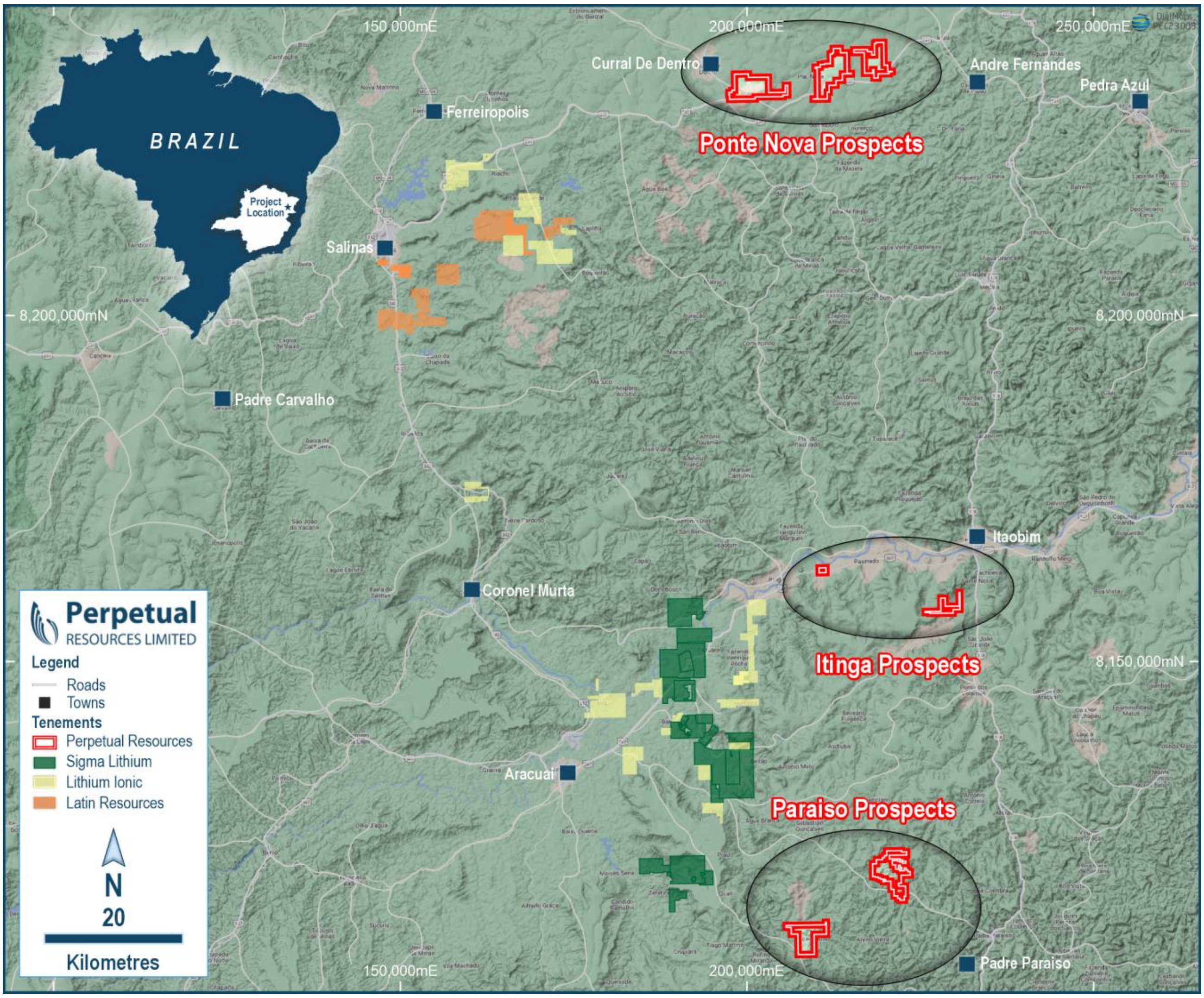

Figure 2 – Location of the various prospects acquired by Perpetual, proximal to Sigma Lithium and Latin Resources, in Minas Gerais, Brazil.

Beharra Silica Sand Project

Beharra project update

Offtake discussions

Recent efforts at Beharra have been focussed on offtake and partnering discussions, in addition to the advancement of environmental approvals which will ultimately allow a potential decision on project development.

During the quarter, Perpetual continued to undertake discussions with interested silica sand buying groups, with the key area of focus remaining the identification of the limits of Beharra silica sand impurity removal, specifically iron oxide (Fe_2O_3). The process to identify Beharra's lowest impurity product has involved a comprehensive pathway, with testing having been undertaken on a range of product samples, including raw sand, direct-shipping-ore (DSO), through to intermediate and final processed product. Each potential off take partner and strategic interest group has undertaken their own bespoke impurity removal process, including the application of a range of different processing equipment, particularly on variations to the magnetic separation stage, involving trials on both wet and dry magnetic equipment at a range of different magnetic intensity settings and throughput rates.

Perpetual acknowledges that the advancement of offtake discussions has continued to take longer than expected, due mainly to the requirement for multiple rounds of product testing and the occurrence of variability in final product quality achieved, particularly the inconsistency with the achievement of final product at the target <100ppm Fe_2O_3.

Perpetual has consistently been able to achieve a final product specification of approximately 150ppm Fe_2O_3 and higher, with recent feedback from potential offtake partners and other market participants suggested a lower-than-expected achievable price for Beharra silica sand.

<u>Strategic Review</u>
Subsequent to quarter end, and in response to recent silica sand market feedback, Perpetual announced the commencement of a strategic review of its Beharra silica sand project, related silica sand exploration tenure (the “Beharra Project” or “the Assets”), and associated capital costs.

The Board intends to explore various options for the Assets, including continued project advancement, care and maintenance, joint venture arrangements and/or the partial or complete divestment of some or all the Assets. The Company may seek assistance from external consultants during the review process, if required.

Perpetual sees significant potential long-term value in the Beharra Project and its potential to provide the Company with access to what is ultimately expected to be a rising silica sand pricing environment. The Company will focus on maximizing value for its shareholders through the strategic review process, which is expected to conclude by the end of the first quarter of 2024.

<u>Environmental approvals</u>
Perpetual has previously updated shareholders (please see ASX Announcement dated 16th June 2023), regarding formal confirmation from the Government of Western Australia Environmental Protection Authority (WA EPA) that pursuant to s.38G(1) of the Environmental Protection Act 1986 (EP Act), the WA EPA has decided to assess the Beharra Silica Sand Project proposal. The level of assessment is Referral Information, with additional information required under s.40(2)(a) in addition to an associated 4-week public review under s.40 (5) of the EP Act. Perpetual is now in a planning process to determine the next steps for the advancement of the Part IV approvals process, although notes the following key stages are likely required;

1. Commencement of assessment of the Beharra proposal under Part IV Division 1,
2. Public comment on proposal process and referral information process,
3. Flora & vegetation review process,
4. Terrestrial fauna review process,
5. Inland waters review process,
6. Consultations on conditions process.

Once Perpetual has engaged in further dialogue with the relevant government agencies, the Company will update shareholders with additional details and approval milestones.

Perpetual has also previously updated shareholders that the Beharra Project was deemed a Controlled Action under the Environmental Protection and Biodiversity Conservation Act (EPBC Act), with the project requiring assessment and approval under the EPBC Act prior to final approval. Progress continues to be made in relation to the EPBC Act approvals with further updates planned for shareholders once new information is receive.

Exploration

Brazil

Shortly after the signing of the option agreements, Perpetual appointed experienced in-country geological consultants, Target Latin America. In August, Members of the Target Latin America team, as well as technical representatives of other stakeholder groups, undertook a multi-day site visit, with the aim of completing a high-level assessment of the geological and commercial prospectivity of the various permits. Site visit activities included traverses of large areas of the accessible land of each tenement and drone flyovers of other select areas, as well as an assessment of the logistics and other commercial and operating aspects that impact development of a commercial mining operation, should Perpetual ultimately locate a resource.

Paraiso Prospects

The Paraíso Prospects are situated in a rural setting, predominantly comprised of permits dedicated to cattle grazing. Urbanization in the vicinity is minimal, marked by a scarcity of residences and a sparse population. Nevertheless, during field visits, the local population exhibited a receptive attitude toward conscientious exploration and mining operations in the area. Moreover, feedback from residents suggested the presence of several artisanal operations within what is believed to be pegmatites rich in gemstones (Perpetual notes that the existence of these artisanal operations have not yet been verified).

Itinga Prospects

The Itinga Prospects occur in a region of increased development activity (relative to the Paraiso Prospects), including the presence of the main regional Jequitinhonha River, large power lines, and the presence of roads that link the municipalities of Itinga and Araçuaí. Discussions with local landowners suggested old artisanal mining has occurred on the permits in what are believed to host pegmatites (Perpetual notes that the existence of these artisanal operations have not yet been verified), with a similar focus on gemstone exploration and mining activities.

Figure 3: Itinga Prospect showing occurrence of what is believed to be pegmatitic veins proximal to permits.

Ponte Nova Prospects

The Ponte Nova Prospects are in regions primarily characterized by extensive eucalyptus plantations, harvested commercially for charcoal production, primarily serving local pig iron smelters. The presence of such active commercial logging activities strongly aligns with the potential for exploration and mining endeavours, offering a more valuable land utilization than its current purpose.

Perpetual notes that the presence of what are believed to be pegmatites does not confirm the presence of lithium, which must be confirmed via laboratory assay. As such, it remains too early in Perpetual's exploration efforts to confirm the presence of lithium in any of Perpetual's Brazilian exploration permits.

Beharra

No exploration activities were undertaken at Beharra in the September quarter, with management time and effort focused on discussions with and advancement of the key commercial and environmental approval tasks mentioned above. The company conducted a strategic review of its Western Australian tenement package during the quarter and resolved to surrender E70/5250 and E70/5376 due to their lack of exploration prospectivity.

Corporate

Financial Information

The Company's cash position as at 30 September 2023 totalled $2.1m. Refer to Appendix 5B report provided separately for principal movements in consolidated cash for the quarter.

Information as disclosed in the Cash Flow Report:

- Exploration and Evaluation Expenditure (expensed and capitalised) during the quarter was $114k.
- During the quarter Perpetual completed payment of $175k to acquire multiple tenement packages in Minas Gerais, Brazil as required as required under the terms of the related Option Agreements.
- There were no mining production and development activities during the quarter.
- Payments to related parties of the Company and their associates during the quarter was $134k, which relate to directors' fees.

Capital raising

Perpetual also confirms that it completed a capital raising from sophisticated and professional investors in the amount of $1.5 million (before costs) through a placement of a total of 68,181,818 fully paid ordinary shares at an issue price of $0.022 each.

68,181,818 Placement Shares were issued without shareholder approval utilising the Company's existing placement capacity under Listing Rule 7.1 (36,768,595 Placement Shares) and 7.1A (31,413,223 Placement Shares).

Demonstrating their continued strong support for the strategy and outlook for Perpetual, the Directors have also agreed to subscribe for 11,363,636 Shares at an issue price of $0.022, totalling an additional $250,000 on top of the Placement proceeds (Director Shares). This issue of these Director Shares was subject to shareholder approval at a general meeting held on 11th October 2023, with shareholder approval received at the meeting.

The Placement and Director Share issue provides Perpetual with a good capital position to continue the advancement of the Beharra Project in Western Australia, as well as to continue exploration activities and in Brazil.

GBA Capital Pty Ltd acted as sole Lead Manager to the Placement. As part of the fee payable in connection with the Placement, GBA Capital received 2,500,000 unlisted options exercisable at $0.04 each expiring 2 years from issue. In recognition for the introduction of the two separate exploration permit packages, GBA Capital also received an additional 5,000,000 options on the same terms (2,500,000 for each transaction). These options were issued without shareholder approval pursuant to Perpetual's available capacity under Listing Rule 7.1.

Review of potential project M&A targets

Perpetual continued the review of additional potential project M&A targets during the quarter, with a focus on the further enhancement of prospective Brazil lithium exploration land holdings. With in-country site visits now having been undertaken and Perpetual benefitting from an increased local presence, several potential land acquisition opportunities have been brought to the Company's attention. Further updates will be provided once these opportunities progress to a stage that requires disclosure.

Further advancement of Brazilian entity formation

Perpetual also progressed the establishment of a wholly owned Brazilian entity, which will facilitate a more comprehensive in-country presence. Relevant documents have now been processed by the Brazilian authorities and subsequent to quarter end, the local Brazilian subsidiaries have been established.

This announcement has been approved for release by the Board of Perpetual.

KEY CONTACT

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About Perpetual Resources Limited

Perpetual Resources Limited (Perpetual) is an ASX listed company pursuing exploration and development opportunities within the critical mineral sector. Perpetual's flagship asset, the Beharra Silica Sand Project is located 300km north of Perth and is 96km south of the port town of Geraldton in Western Australia.

Perpetual is also active in lithium exploration activities in the Minas Gerais region of Brazil, where it has acquired approximately 9,000 hectares of highly prospective lithium exploration permits, within the pre-eminent lithium (spodumene) bearing region that has become known as Brazil's "Lithium Valley".

Perpetual also continues to review complementary acquisition opportunities to augment its growing portfolio of exploration and development projects.

TENEMENT SCHEDULE

In accordance with Listing Rule 5.3.3, the following is a summary of all tenement holdings:

Project	Licence	Location	Interest at 30/06/23	Interest at 30/09/23	Status	Area (Km^2)
Beharra	E70/5221	WA	100%	100%	Granted	48.55
Eneabba North	E70/5250	WA	100%	0%	N/A	0
Sargon North	E70/5376	WA	100%	0%	N/A	0
Beharra	M70/1406	WA	100%	100%	Granted	10.35
Arrowsmith West	E70/5798	WA	100%	100%	Granted	26.87
Beharra West	E70/5951	WA	100%	100%	Granted	44.80
					Total	**85.77**

Project	AMN ns. Licence	Location	Interest at 30/06/23	Interest at 30/09/23	Status	Area- (Hectares)
Ponte Nova Prospect	832.017/2023	Brazil	0%	100%	Granted	1,848.25
Ponte Nova Prospect	832.018/2023	Brazil	0%	100%	Granted	1,897.24
Ponte Nova Prospect	832.019/2023	Brazil	0%	100%	Granted	1,223.67
Itinga Prospect	830.489/2023	Brazil	0%	100%	Granted	71.10
Itinga Prospect	830.490/2023	Brazil	0%	100%	Granted	379.94
Paraiso Prospect	830.491/2023	Brazil	0%	100%	Granted	1,812.66
Paraiso Prospect	830.492/2023	Brazil	0%	100%	Granted	1,380.29
					Total	**8,613.15**

IMPORTANT NOTICES

No new information

Except where explicitly stated, this announcement contains references to prior exploration results, all of which have been cross-referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.

Forward-looking statements

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Disclaimer

No representation or warranty, express or implied, is made by Perpetual that the material contained in this document will be achieved or proved correct. Except for statutory liability and the ASX Listing Rules which cannot be excluded, Perpetual and each of its directors, officers, employees, advisors and agents expressly disclaims any responsibility for the accuracy, correctness, reliability or completeness of the material contained in this document and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person through use or reliance on any information contained in or omitted from this document.

Appendix 5B

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

Name of entity

Perpetual Resources Limited

ABN	Quarter ended ("current quarter")
82 154 516 533	30 September 2023

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	(17)	(17)
	(b)	development	-	-
	(c)	production	-	-
	(d)	staff costs	(134)	(134)
	(e)	administration and corporate costs	(155)	(155)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		8	8
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other (GST Refund)		-	-
1.9	**Net cash from / (used in) operating activities**		**(298)**	**(298)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for			
	(a)	entities	-	-
	(b)	tenements	(175)	(175)
	(c)	property, plant and equipment	(5)	(5)
	(d)	exploration & evaluation	(97)	(97)
	(e)	investments	-	-
	(f)	other non-current assets	-	-

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**	**(277)**	**(277)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,500	1,500
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	(124)	(124)
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**	**1,376**	**1,376**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**1,295**	**1,295**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(298)	(298)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(277)	(277)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,376	1,376

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**	**2,096**	**2,096**

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	596	1,295
5.2	Call deposits	1,500	-
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)**	**2.096**	**1,295**

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	134
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.

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 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.

NA

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(298)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(97)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(395)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,096
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,096
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**5.31**

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:
NA

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:
NA

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: NA	

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 October 2023

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.