

December 2020 Quarterly Activities Report

Highlights

- **Minim Martap Mineral Resource increased to more than 1 billion tonnes after incorporating Physical Testing Programme results**
 - **1.002 billion tonnes at 45.2% Al₂O₃ 2.8% SiO₂ at a cut-off grade of 35% Al₂O₃, with a contained high-grade portion of:**
 - **484 million tonnes at 48.8% Al₂O₃, 2.6% SiO₂ at a cut-off grade of 45% Al₂O₃**
- **Advanced metallurgical test programme completed, showing consistent +90% available alumina from total alumina in samples from the Minim Martap bauxite deposit, significantly differentiating the Project from many other high grade bauxites**
- **Execution of Memorandum of Understanding with Camrail, operator of the rail network in Cameroon, providing clear pathway and timeline to the completion of binding commercial rail access and rail haulage agreements for the Minim Martap project**
- **Execution of agreement with leading Chinese engineering, procurement and construction company MCC-CIE for completion of the Minim Martap bankable feasibility study**
- **Experienced mining professional Mr Cliff Lawrenson appointed as Non-Executive Chairman**
- **ESIA studies are ongoing and highlight local community support for the development of the Project.**

Canyon Resources Limited (**ASX:CAY**) (**Canyon** or **Company**) is pleased to report on activities at its projects including its 100%-owned Minim Martap bauxite project (**Project**) in Cameroon, for the quarter ended 31 December 2020.

The December quarter focussed on the delivery of the final feasibility studies for the Minim Martap Bauxite Project in Cameroon. Ongoing work has focussed on upgrading the categorisation of the mineral resource and reserve.

Environmental and social impact studies are ongoing with regular community engagement regarding the development of the Project. The local community response has been very positive and supportive of the Project.

Canyon's Managing Director, Mr Phillip Gallagher, is currently in Cameroon on the Minim Martap Project site with the Minister of Mines of Cameroon and a delegation from the Ministry of Mines. Mr Gallagher is presenting the results of the exploration and studies completed by the Company to date to the Minister and local population and discussing the transition of the Project from an exploration project to the construction and mining phase.

Mineral Resource Upgrade

In October 2020 Canyon announced an updated Mineral Resource Estimate for the Minim Martap Project of more than 1 billion tonnes of high grade bauxite¹. Canyon provided the update following the integration of results from the recently completed bauxite Physical Properties Testing Programme².

The JORC 2012 compliant Mineral Resource estimate for Canyon's high-grade Minim Martap Project in Cameroon was presented as:

Minim Martap Resource Upgrade

Resource (35% Al₂O₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	1,002.0	45.2% Al ₂ O ₃	2.8% SiO ₂
Indicated	942.5	45.2% Al ₂ O ₃	2.8% SiO ₂
Inferred	59.5	43.8% Al ₂ O ₃	3.1% SiO ₂
Contained High Grade Resource (45% Al₂O₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	484	48.8% Al ₂ O ₃	2.6% SiO ₂
Indicated	460	48.9% Al ₂ O ₃	2.6% SiO ₂
Inferred	24	47.4% Al ₂ O ₃	2.0% SiO ₂

Completion of the Physical Properties Programme, as announced on 25 August 2020, which tested for rock strength, moisture levels and density, provided for an update of the density assumptions of the Mineral Resource Estimate, resulting in the upgrade of the resource.

More than 500 samples were tested in total extracted from a number of recently constructed and historical test pits on the priority bauxite plateaux, ranging in depth from 4.75 to 11m. Based on accessibility, 7 pits across the 3 priority plateaux were selected for the physical properties programme (2 on Beatrice, 2 on Danielle and 3 on Raymonde). The pits were sampled using a hand-held jackhammer, miner's bars, chisels, and hammers. For surface samples, sampling was undertaken from predetermined locations on the plateau surfaces with 30 samples collected on each plateau. All samples were logged and coded onsite by our geologist prior to transportation to base camp for testing.

Advanced Metallurgical Programme Completed

On 1 October 2020 Canyon announced the completion of the Advanced Metallurgical Programme to further understand the digestion of the high grade bauxite at the Minim Martap Project³.

The outcomes of the testing confirm the very high grade of the Minim Martap bauxite and the high rates of conversion from total alumina to available alumina at low temperature digestion conditions.

¹ ASX announcements 8 October 2020 and 16 October 2020. The Company is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the Mineral Resource in those announcements continue to apply and have not materially changed.

² ASX announcement 25 August 2020 - Canyon provides testing outcomes underpinning Product Technical Specifications.

³ ASX announcement 1 October 2020. The Company is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Pre-Feasibility Study in that announcement continue to apply and have not materially changed.

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The significant Advanced Metallurgical Programme completed over the past 7 months has shown a consistency of total available alumina (90%) and reactive silica (70-80%) recoveries in ore samples taken from within the Minim Martap bauxite field.

The test work has highlighted the consistency of the high grade mineralogy with the presence of aluminium hydroxide (Gibbsite) as the most dominant mineral within all high grade bauxite occurrences.

The advanced metallurgical testing allows Canyon to provide potential offtake partners with more detailed data on the performance of the bauxite, particularly regarding the high alumina recoveries and the optimal refinery conditions for the refining of the Minim Martap bauxite.

MOU with Camrail

On 19 November 2020 Canyon announced the execution of a Memorandum of Understanding (MoU) with Cameroon rail operator Camrail for the haulage of 5 million tonnes of bauxite per annum from Canyon's Minim Martap Project.

As part of the MoU, Camrail agreed to assist Canyon in relation to the proposed technical and commercial logistics solutions, including supporting Canyon in its dealings with strategic Government representatives, key stakeholders, input into policy development, compliance and regulatory requirements and funding options.

The MoU provides a sound basis for Canyon to progress binding commercial agreements with Camrail.

Executes agreement with major engineering firm MCC-CIE for BFS

On 23 December 2020 Canyon announced the execution of a bankable feasibility study (BFS) contract with leading Chinese engineering, procurement and construction (EPC) firm Changtian International Engineering Corporation of MCC (MCC-CIE), for the development of Stage 1 of Canyon's Minim Martap bauxite project.

MCC-CIE is part of China Metallurgical Group Corporation (MCC), which is a wholly owned subsidiary of China Minmetals Corporation (Minmetals). MCC-CIE is one of China's leading EPC companies and is a one-stop-shop for the project development life cycle, incorporating feasibility studies, engineering design, metallurgical infrastructure development, heavy industry projects and equipment manufacturing. MCC-CIE works extensively with leading banks in China and as part of the BFS scope will ensure that the BFS is compliant to the requirements of those funding institutions. The scope of the BFS work program will preserve broader funding source options for the Project.

The scope of the BFS contract includes the mine and port infrastructure. A specialist engineering group will be engaged separately for the rail component of the BFS, and this appointment is in the final negotiation stage. Australian-based Mining Plus who managed the PFS has been retained to focus on Resource and Reserve development and mining contract tendering, and to ensure continuity of transition and learnings from PFS to BFS.

Canyon is nearing completion of the assembly of the BFS team of employees, consultants and partners and is presently holding in-country face-to-face commercial and legal discussions with the representatives of the Government of Cameroon, Camrail and the Port Authority of Douala.

Exploration Activities

During the quarter ended 31 December 2020 the Company undertook exploration activities consisting of grade-definition drilling, bulk sampling, chemical testwork and metallurgical testing with an associated cash outflow of approximately \$893,000 as disclosed in the Appendix 5B dated 29 January 2021.

Corporate

Canyon Board Changes and Restructure

On 10 December 2020, Canyon announced the appointment of experienced mining professional Mr Cliff Lawrenson as Non-Executive Chairman.

With the appointment of Mr Lawrenson, Mr David Netherway stepped down as Chairman and remains as a Non-Executive Director, and Mr Emmanuel Correia elected to step off the Board for personal reasons after four-and-a-half years as a non-executive director.

Payments to Related Parties

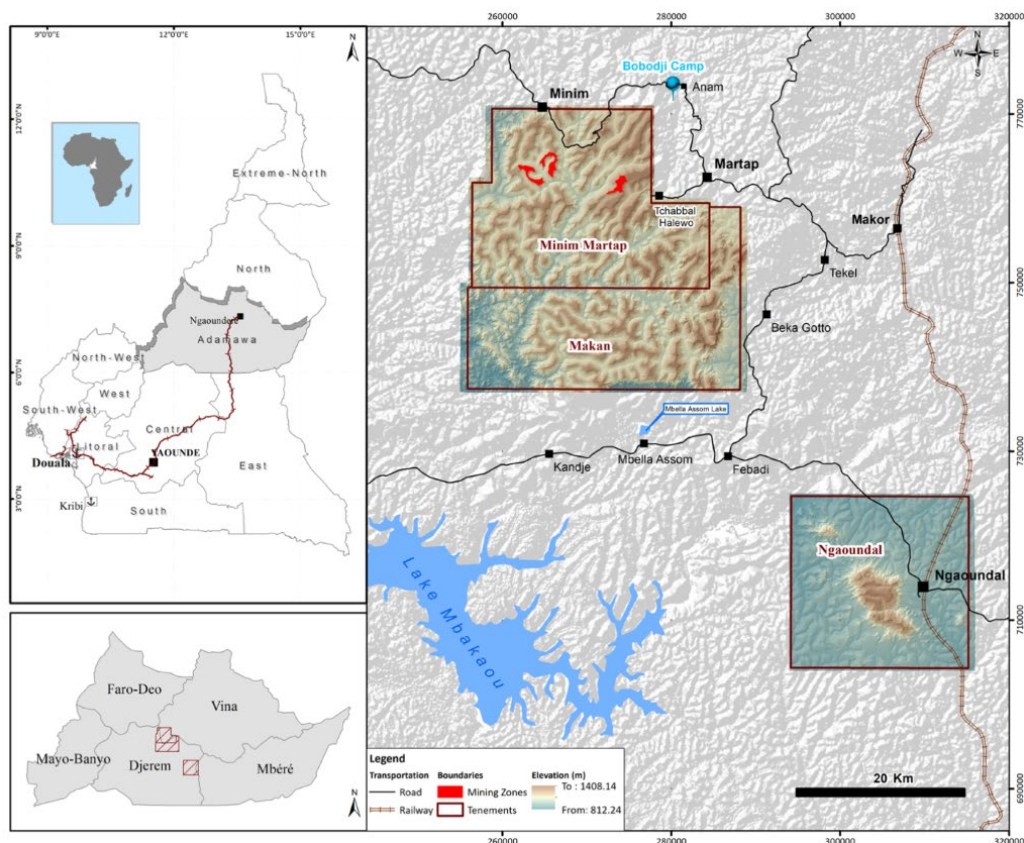
Payments totalling approximately \$326,000 were made to related parties of the Company during the quarter ended 31 December 2020, as shown in the Appendix 5B dated 29 January 2021. These payments related to executive director salaries and non-executive directors' fees

About Canyon Resources

Summary

Canyon Resources is focussed on the development of the 100% owned Minim-Martap Bauxite Project, a direct shipping ore (DSO) project development opportunity in central Cameroon. The Project is situated adjacent to the main rail line linking the region to the Atlantic port of Douala. The rail line is currently underutilised and coupled with the existing port of Douala, supports a low capex, low opex solution to deliver high grade, low contaminant, seaborne bauxite to market to fuel the large and growing aluminium industry as described in the 2020 Pre-Feasibility Study¹. The country is planning a rail extension and is undergoing rail line debottlenecking upgrades, giving longer term potential for export through the newly built, deep-water port of Kribi.

Canyon is planning the development of the bauxite Project in a 2 Stage, 2 Port execution programme with initial production exported through the port of Douala utilising the existing rail and port infrastructure and Stage 2 unlocking tonnes and reducing costs by utilising the planned rail extension to access the deep-water port of Kribi.



Pre-Feasibility Study

The Company's recently released **Stage 1 Pre-Feasibility Study** demonstrated the Minim Martap Bauxite Project's potential as a long-term producer of very high quality, low contaminant bauxite via a multi-stage development program utilising existing infrastructure in Cameroon. Canyon is advancing strategic partnership and off-take agreement discussions with interested parties to accelerate the Project development timeline. The headline economic outcomes of the Pre-Feasibility Study are as follows:

Minim Martap Project ¹	Units	Stage 1
Annual Production Rate	Mtpa	5.0
Project Development Capital	US\$M	120
Average Operating Cost C1	US\$/t	35.1
Project NPV ₁₀	US\$M	291
Project IRR	%	37
Capital Intensity	US\$/t	24

Resources and Reserves

The Project is validated by the **Ore Reserve estimate**, (ASX announcement 10 August 2020), prepared by a Competent Person, in accordance with the JORC Code (2012) and is presented as:

Reserve			
Classification	Tonnes (Mt)	Al ₂ O ₃	SiO ₂
Proven	-	-	-
Probable	97.3	51.1%	2.3%
Total Ore Reserves	97.3	51.1%	2.3%

The underlying **Mineral Resource estimate** (ASX announcement: 16 October 2020) prepared by a Competent Person, in accordance with the JORC Code (2012) is stated as:

Resource (35% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	1,002.0	45.2% Al ₂ O ₃	2.8% SiO ₂
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Competent Person's Statement – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

Mr Battista consents to the disclosure of information in this report in the form and context in which it appears.

Competent Person's Statement – Mineral Resources

The information in this announcement that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Gifford consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Mineral Resource estimate

The data in this announcement that relates to the Mineral Resource³ estimates for the Minim Martap Bauxite Project is based on information in the Resources announcement of 16 October 2020 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Pre-Feasibility Study

The data in this announcement that relates to the Pre-Feasibility Study⁴ for the Minim Martap Bauxite Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 1 July 2020. and available to view on the Company's website and ASX.

The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

Ore Reserve estimate

The data in this announcement that relates to the Ore Reserve estimate⁵ estimates for the Minim Martap Bauxite Project is based on information in the maiden Ore Reserve announcement of 10 August 2020 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Forward looking statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

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Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

This announcement has been approved for release by the Board

Enquiries:

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CANYON RESOURCES LIMITED – INTEREST IN MINERAL PROPERTIES

Permits	Location	Interest at 30 December 2020	Interest at 30 September 2020
<u>MINIM MARTAP PROJECT</u>			
Ngaoundal	Cameroon	Own 100%	Own 100%
Minim Martap	Cameroon		
Makan	Cameroon		
<u>BIRSOK BAUXITE PROJECT</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Ndjimom (Mayouom Project)	Cameroon	Own 100%	Own 100%
<u>TAPARKO NORTH PROJECT</u>			
Karga 2	Burkina Faso	Own 100%	Own 100%
Bani	Burkina Faso		
Diobou	Burkina Faso		
Tigou	Burkina Faso	Rights to 100%	Rights to 100%
<u>TAO PROJECT</u>			
Tao	Burkina Faso	Own 100%	Own 100%
<u>PINARELLO PROJECT</u>			
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso		
Baniera	Burkina Faso		
Sokarani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>KONKOLIKAN PROJECT</u>			
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
<u>DEROSA PROJECT</u>			
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		

Appendix 5B

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

Name of entity

Canyon Resources Limited

ABN

13 140 087 261

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(619)	(1,002)
(e) administration and corporate costs	(251)	(627)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	25	50
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(842)	(1,575)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		(2)
(d) exploration & evaluation	(893)	(1,395)
(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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	5
	(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	(893)	(1,392)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,000
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	(32)	(666)
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	(32)	(9,334)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,681	1,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(842)	(1,575)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(893)	(1,392)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(32)	9,334

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	-
4.6	Cash and cash equivalents at end of period	7,913	7,913

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	7,913	9,681
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)	7,913	9,681

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	326
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(842)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(893)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,735)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,913
8.5	Unused finance facilities available at quarter end (item 7.5)	
8.6	Total available funding (item 8.4 + item 8.5)	7,913
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.56
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: 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: 29 January 2021

Authorised by: Board of Directors

 (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.