



QUARTERLY ACTIVITIES REPORT

Prospech Limited (ASX:PRS – FSE:1P80)

For the quarter ended 30 June 2024

Highlights

Korsnäs Project

- **Hard rock deposits:**
 - High-grade TREO¹ assay results received from 566 samples across 33 historic Korsnäs drill holes
 - Assay results from a further ~1,200 samples are pending
 - Diamond core drill program about to commence
- **Tailings Storage Facility (TSF):**
 - Assay results received:
 - Average TREO: 6,465 ppm
 - Average NdPr Oxide²: 1,896 ppm
 - NdPr enrichment³: 29%
 - Exploration Target for the TSF estimated
 - Metallurgical tests are underway to enhance the exploration target
- **Concentrate stockpile:**
 - Auger drill testing completed

Slovakian Projects

- Zlatno copper-gold project exploration licence granted
- Pukanec gold-silver project drill program approved

Corporate

- **Successful placement raising \$1.1 million**

The Directors present the June 2024 Quarterly Activities Report for Prospech Limited (**Prospech** or **the Company**) and its controlled entities (**the Group**).

Jason Beckton, Managing Director of Prospech, states: “Systematic sampling of the historical Korsnäs drill holes continues to yield impressive results. We have received over half of the assay results from this sampling and have taken proactive steps to expedite the remaining assays.

We now have an exploration target estimate for the TSF, a program of auger drilling on the lanthanide concentrate stockpile has been completed and sampling and assay results from historic drill core is nearing completion.

Proof of concept metallurgical tests are currently being conducted by Biotatec Estonia in advance of a more comprehensive metallurgical testing program once fresh samples are obtained from the diamond core drill program which is about to commence.”

1. TREO = Total Rare Earth Oxides which is the sum of La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃ and Y₂O₃.
2. Neodymium/Praseodymium.
3. NdPr enrichment % = NdPr Oxide / TREO

Date: 24 July 2024

ASX: PRS FSE: 1P80

Shares on issue: 302.6M

Market capitalisation: A\$11.2M
(@ A\$0.037)

Board of Directors

Non-Executive Chairman
Thomas Mann

Managing Director
Jason Beckton

Executive Director
John Levings

Executive Director and CFO
Peter Nightingale

Non-Executive Director
Steve Gemell

Company Secretary

Richard Edwards

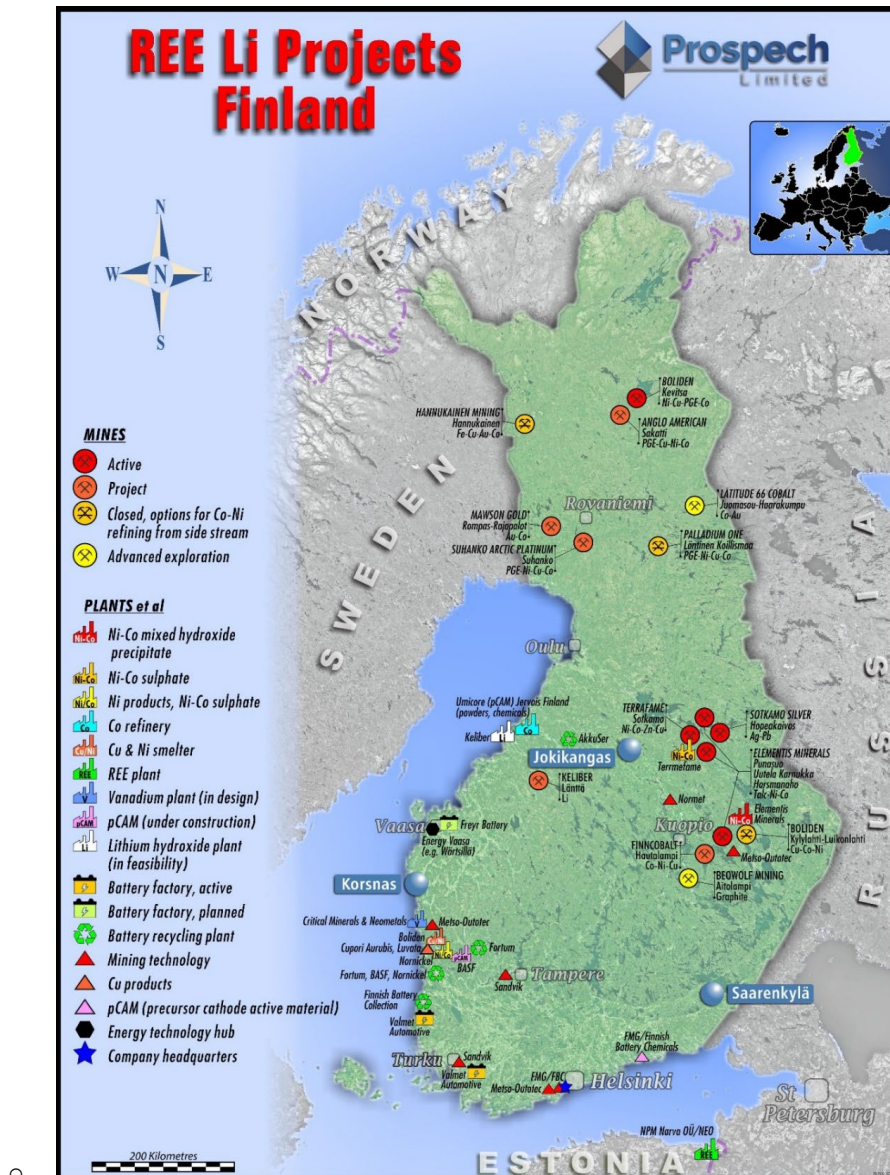
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Sydney, NSW, 2000

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Operations – Finland (100% owned)

Korsnäs REE Project

The Company has entered into an agreement with the Geologic Survey of Finland (**GTK**) enabling access to a comprehensive, archived dataset at Korsnäs including drill core, drill logs, plans and sections of the old Korsnäs lead mine and surrounding areas. The Company is in the enviable position of being able to sample the historical Korsnäs core without having to incur the cost of drilling which, if replicated today, is estimated to cost at least \$16 million.



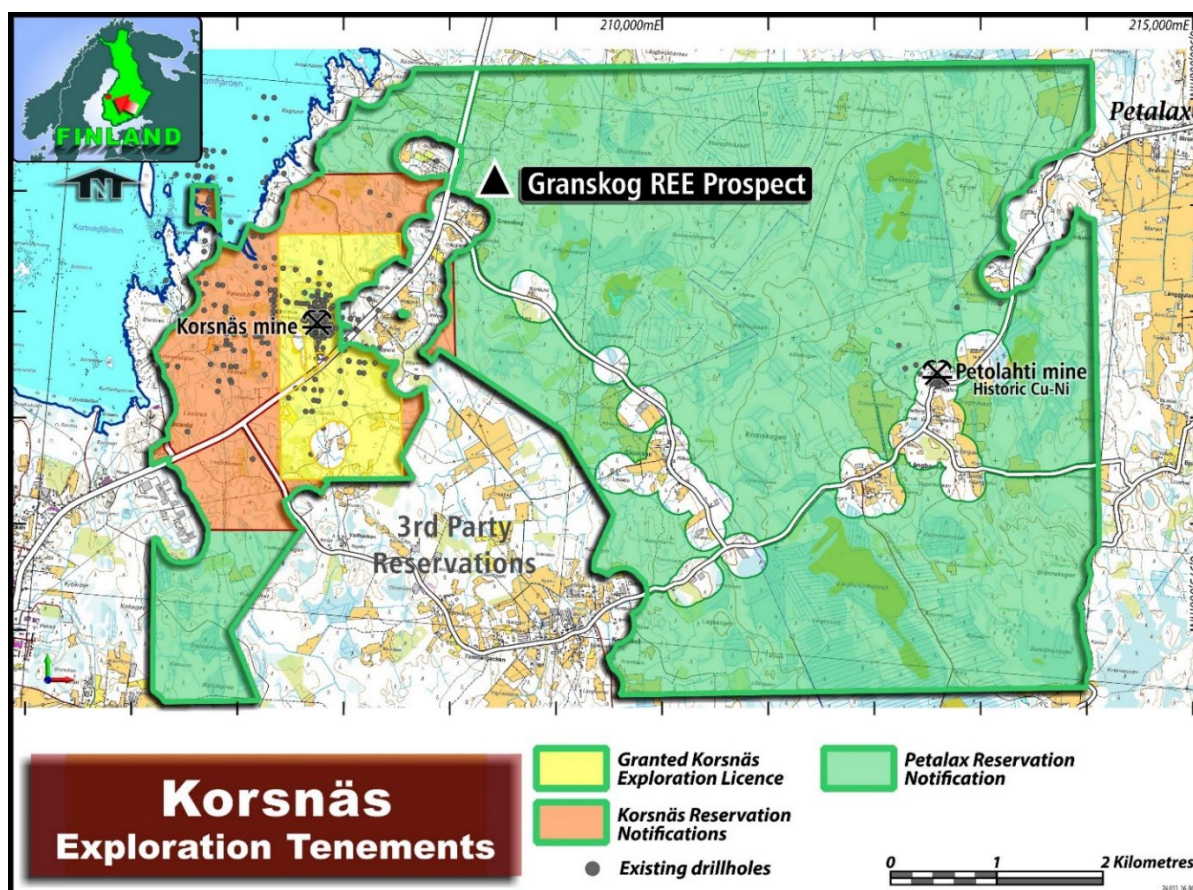
Korsnäs is located near an area geologically rich in critical minerals in Finland and proximate to the Neo Materials refining facility in Estonia.

The Korsnäs project potentially sources TREO mineralised feed from three areas:

- hard rock deposits;
- the tailings storage facility (TSF); and
- the lanthanide concentrate stockpile.

It is worthy of repeating that previous activities at the historic Korsnäs mine focused solely on lead (Pb) exploration, overlooking REE mineralisation within the drill core. REEs were partially or completely overlooked in assays and in the database and drill core was not sampled if no visible ore grade lead was present in the drill core.

The Korsnäs REE project surrounds a lead mine that operated from 1959 to 1972, extracting 0.87 million metric tons of ore with an average Pb content of 3.6%. The mine also produced a concentrate containing lanthanides. Recently uncovered archived information indicates that between 1966 and 1972, the mine yielded 47,150 metric tons of lanthanide concentrate with an average lanthanide grade of 3.12% (the grades of individual REEs were not recorded).



Korsnäs tenement package with control of most REE exposures in the area.

Hard Rock Deposits

Assay results received to date from sampling historic drill core from the Korsnäs mine validate the presence of multiple high-grade REE mineralisation targets at Korsnäs. Within the Korsnäs project area, five gravity anomalies have been identified, with a total strike length exceeding 5 kilometres.

Assay results received by the Company during the quarter continue to build on the robust findings previously reported and particularly shed light on the potential of the mine structure itself in both dip and strike dimensions, extending the known mineralisation below the lowest level of the historic Korsnäs mine and 1.5 kilometres to the northwest of the Korsnäs mine.

During the quarter, REE assay results from 566 samples collected across 33 historic Korsnäs drill holes have returned the following noteworthy thick, high-grade results with strong NdPr enrichment:

- **KR-127:** 23.1m @ 3,949 ppm TREO (28% NdPr enrichment) from 144.2m including 2.0m @ 13,466 ppm TREO (33% NdPr enrichment) from 144.2m
- **KR-162:** 28.2m @ 3,081 ppm TREO (28% NdPr enrichment) from 176.9m including 1.1m @ 29,315ppm TREO (32% NdPr enrichment) from 176.9m
- **KR-179:** 20.0m @ 7,997 ppm TREO (29% NdPr enrichment) from 62.9m including 1.1m @ 17,429 ppm TREO (26% NdPr enrichment) from 65.0m
6.2m @ 15,435 ppm TREO (30% NdPr enrichment) from 70.1m
0.8m @ 22,107 ppm TREO (31% NdPr enrichment) from 81.1m
- **KR-265:** 16.0m @ 3,257 ppm TREO (29% NdPr enrichment) from 114.7m including 2.0m @ 10,071 ppm TREO (30% NdPr enrichment) from 114.7m
- **KR-266:** 15.8m @ 5,745 ppm TREO (30% NdPr enrichment) from 127.0m including 2.0m @ 20,956 ppm TREO (33% NdPr enrichment) from 127.0m
- **KR-267:** 13.9m @ 9,403 ppm TREO (30% NdPr enrichment) from 149.9m including 8.5m @ 13,493 ppm TREO (31% NdPr enrichment) from 149.9m
- **SO-086:** 39.3m @ 2,764 ppm TREO (26% NdPr enrichment) from 42.6m including 17.4m @ 4,393 ppm TREO (28% NdPr enrichment) from 63.5m
- **SO-178:** 6.9m @ 7,313 ppm TREO (30% NdPr enrichment) from 0.0m including 2.1m @ 16,675 ppm TREO (31% NdPr enrichment) from 0.0m
- **SO-185:** 6.8m @ 13,298 ppm TREO (32% NdPr enrichment) from 0.0m including 1.8m @ 41,252 ppm TREO (32% NdPr enrichment) from 0.0m
- **SO-188:** 26.1m @ 3,885 ppm TREO (28% NdPr enrichment) from 68.4m including 4.2m @ 11,413 ppm TREO (32% NdPr enrichment) from 86.5m
- **SO-196:** 21.4m @ 4,347 ppm TREO (28% NdPr enrichment) from 137.2m including 1.2m @ 16,343 ppm TREO (29% NdPr enrichment) from 137.2m

Achieving record high assays of the critical NdPr REEs is exceptionally promising to the project's economics.

These results contribute to a total of 2,462 assays reported from 153 drill holes to date. Assay results from a further ~1,200 drill core samples are undergoing processing at the GTK facility in Loppi or the assay laboratory all of which will contribute to the preparation of a JORC compliant resource estimate.

A drilling contract has been signed for a 1,000m - 1,200m large diameter diamond core drilling program to be conducted in July and August 2024. This drill program will facilitate the preparation of a resource estimate and will provide material for an enhanced metallurgical test program.

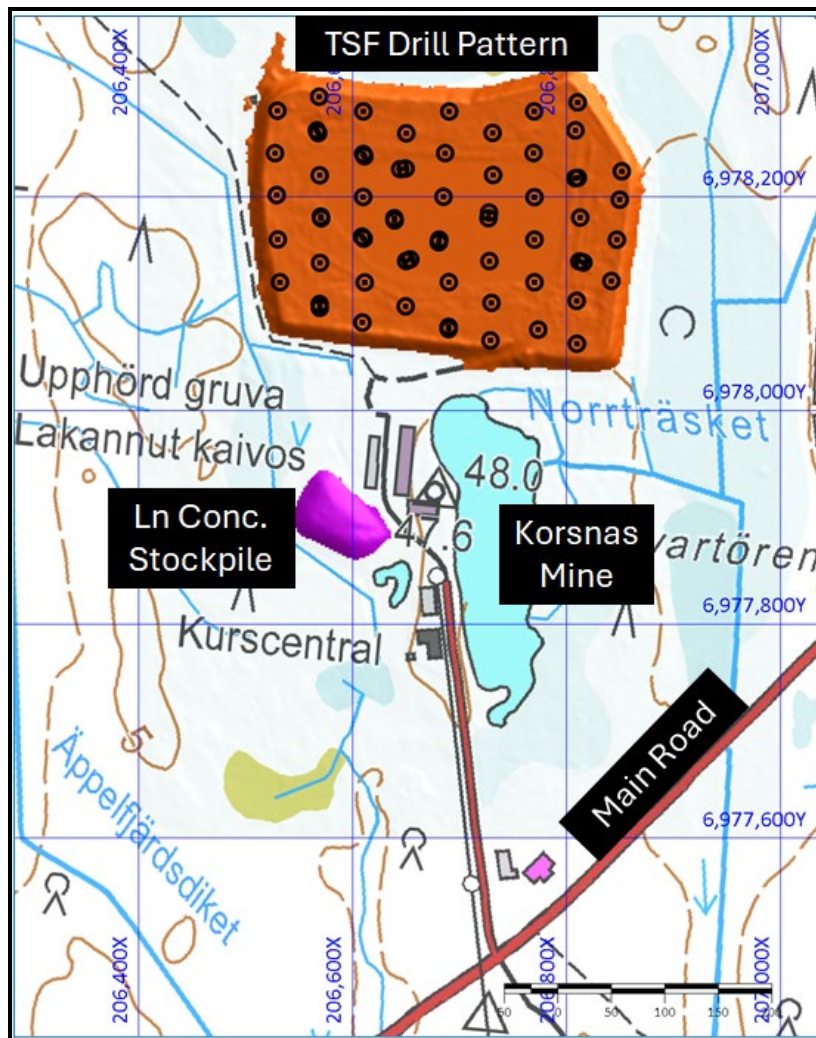
Tailings Storage Facility

During the quarter, assay results were received for samples gathered from 57 drill holes completed during the winter over the Korsnäs Mine TSF. Results from 480 of the samples tested the entire TSF and returned an average:

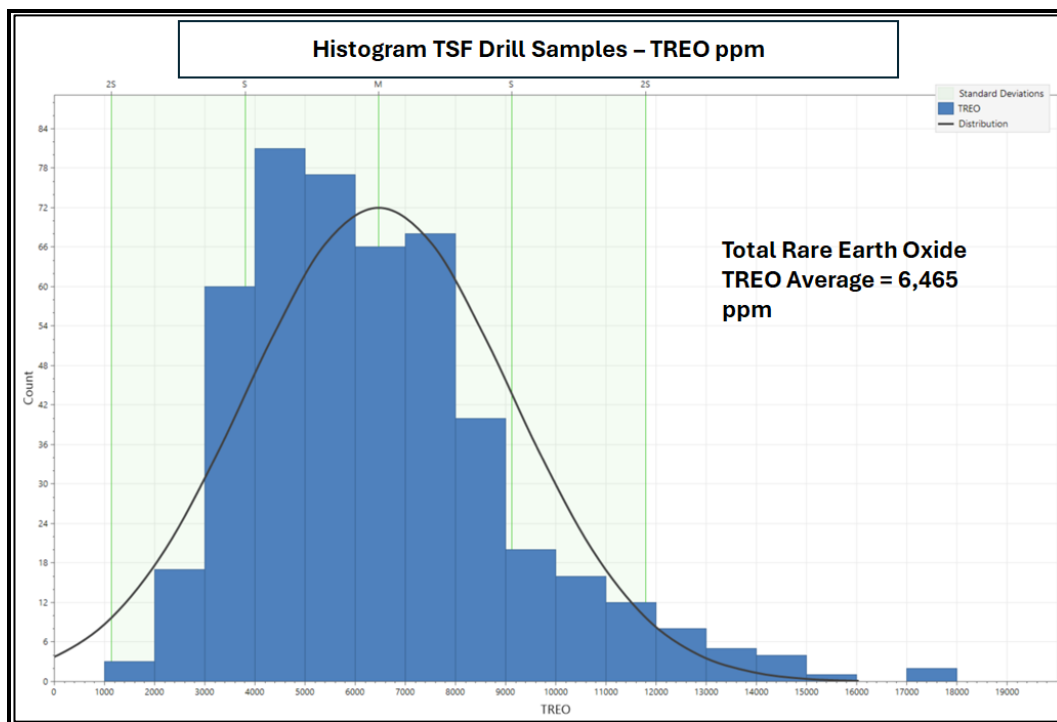
- **6,465 ppm TREO**
- **1,896 ppm NdPr oxide – 29% NdPr enrichment**

These results confirm that the old mine tailings contain significant concentrations of REEs and that they are strongly enriched in valuable NdPr 'magnet' REEs.

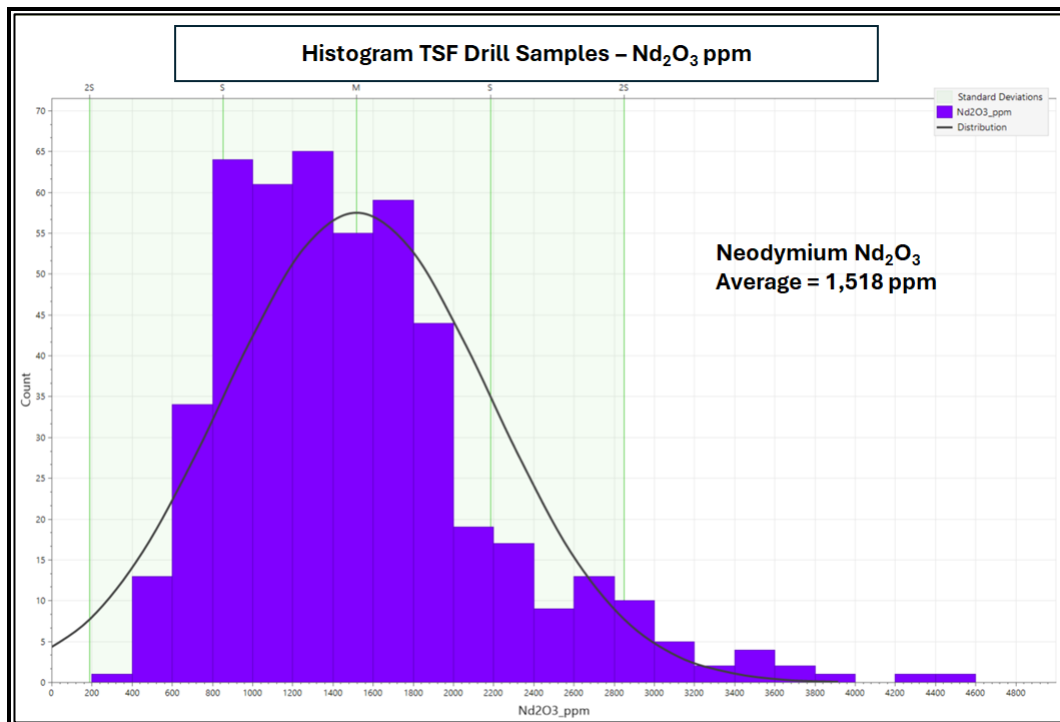
Historical mine records state that the TSF contains 760,000 tonnes of tailings from the Korsnäs lead mine.



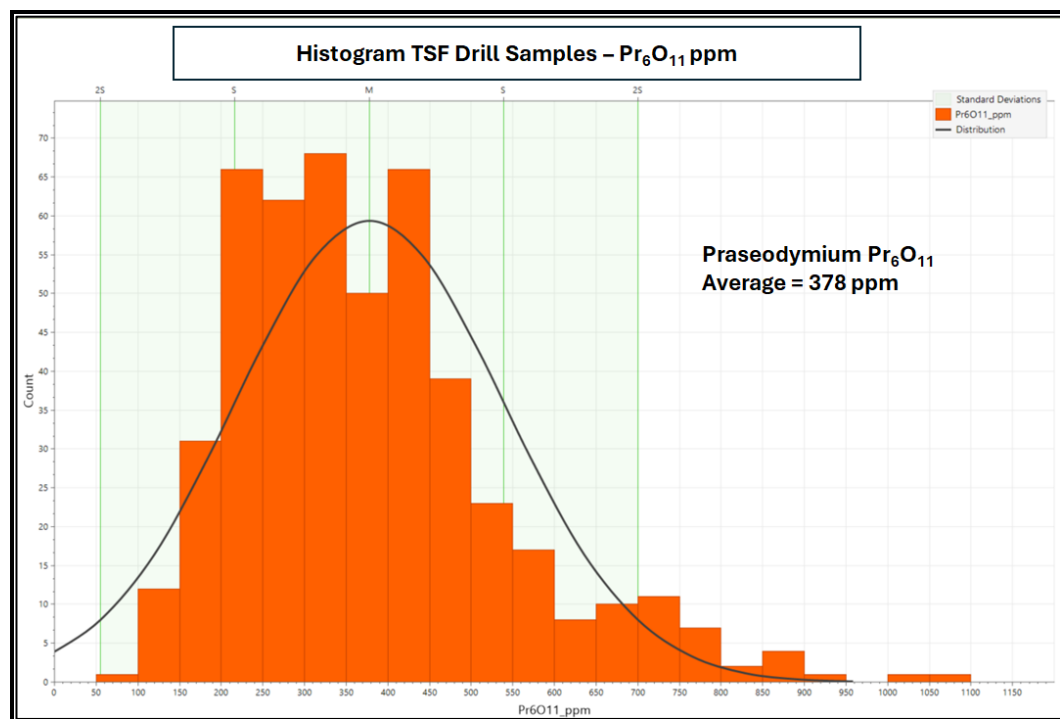
Korsnäs TSF drill pattern and position near mine and main road.
Also shown is the lanthanide concentrate stockpile.



Distribution of TREO from 480 TSF drilling samples, Average = 6,465 ppm.



Distribution of Neodymium Oxide from 480 TSF drilling samples, Average = 1,518 ppm.



Distribution of Praseodymium Oxide from 480 TSF drilling samples, Average = 378 ppm.

To estimate an Exploration Target, the TSF was modelled in 3D using wireframes generated by combining Laser Imaging Detecting and Ranging (**LIDAR**) topography surfaces with surfaces derived from drilling information. Different assumptions regarding the composition of the TSF walls resulted in two models, representing upper and lower bound volume estimates. After bench compositing, the assay data was interpolated into a block model using an inverse-distance algorithm.

Despite the high-quality assay and spatial data, the TSF grade-tonnage estimate is classified as an Exploration Target until metallurgical test work, currently underway, demonstrates the likelihood of eventual economic extraction.

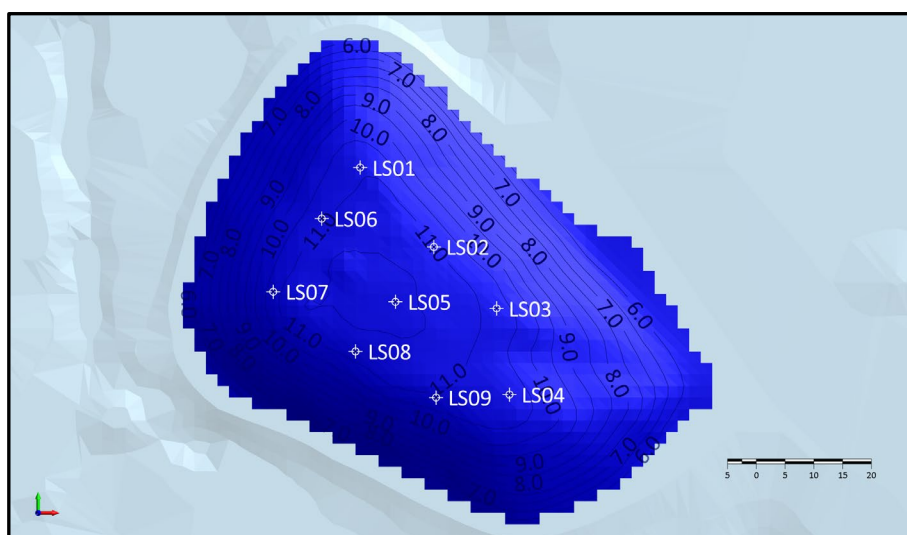
Based on actual exploration results, the Korsnäs TSF Exploration Target is estimated as:

Tonnage Range Mt	TREO Range ppm	NdPr Oxide Range ppm	Nd ₂ O ₃ ppm	Pr ₆ O ₁₁ ppm	NdPr Enrichment %	Notes
0.93 – 0.72	6200 – 6500	1800-1880	1400-1500	400-380	29 29	Full Wall 54° inner walls

The potential quantity and grade of the Exploration Target estimate are conceptual in nature. There has been insufficient exploration (including metallurgical test work) to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Lanthanide Concentrate Stockpile

During the quarter, the Company auger sampled the lanthanide concentrate stockpile which will complement the Company's Exploration Target defined for the TSF and will facilitate further scoping studies on the Korsnäs project REE production potential.



Auger drilling at nine locations to test the Lanthanide concentrate stockpile.
The Company will also drill more auger holes on the edge of the previously drilled TSF to enhance confidence in a pending resource estimate of the TSF.

Operations – Slovakia (100% owned)

New Zlatno Copper-Gold Project

The Zlatno copper mineralisation was discovered by the Slovak Geological Survey in the 1970s through stratigraphic drilling on a regional scale. Twenty-six deep holes were drilled between 1970 and 1980, a number of which intersected significant copper mineralisation. There was, however, no systematic assaying for gold, with a focus on copper due to the requirements of the pre-democratic economy in Slovakia before 1992.

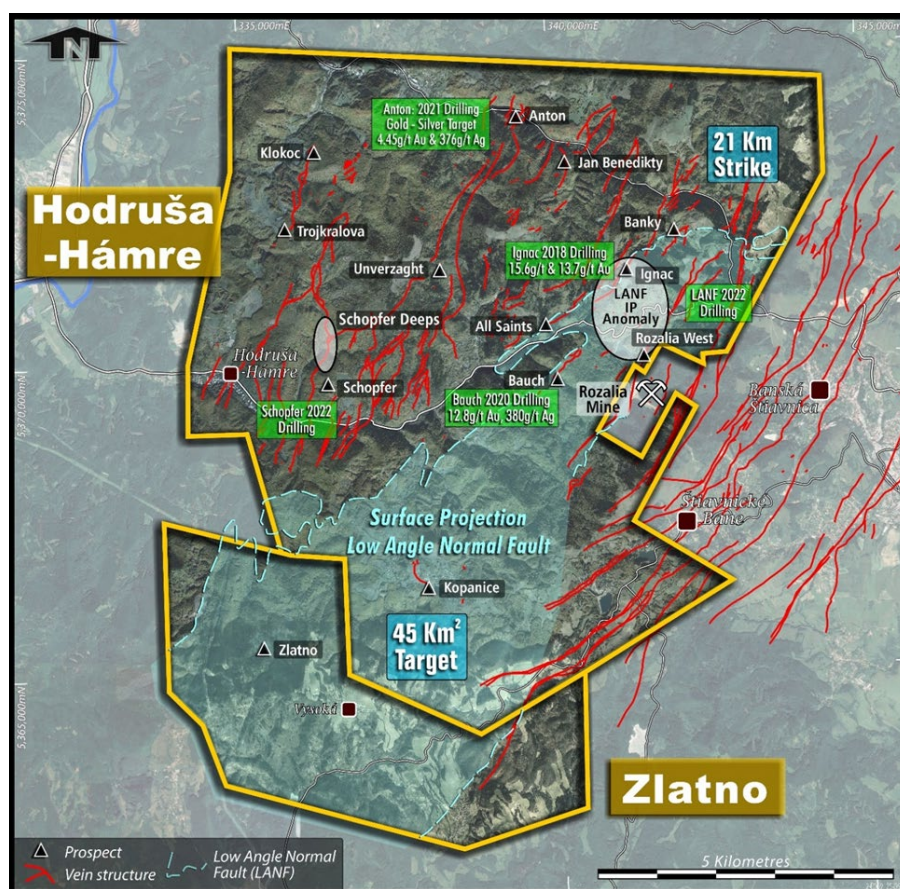
Prospech's principal target is the prospective position of the copper-gold bearing porphyry stockwork cutting through sedimentary units, copper-gold skarn mineralisation hosted in shales, sandstones, conglomerates and limestones at the base of the volcanic sequence, corresponding to the LANF and Rozalia gold mine stratigraphic position.

The Zlatno project shows geological similarities with the mineralisation style of Dundee Precious Metals' Čoka Rakita skarn, located south of Slovakia in Serbia.

Historic Zlatno drilling yielded significant copper porphyry intersections¹:

- HDS-03: 180m @ 0.31% Cu from 781m including 36m @ 0.66% Cu from 826m
- R-06: 108m @ 0.40% Cu from 902m including 52m @ 0.63% Cu from 952m
- R-07: 184m @ 0.29% Cu from 817m including 69m @ 0.42% Cu from 921m
- R-07A: 165m @ 0.30% Cu from 805m including 45m @ 0.50% Cu from 920m
- R-09: 111m @ 0.32% Cu from 849m including 18m @ 0.50% Cu from 849m
10m @ 1.20% Cu from 950m
- R-14: 59m @ 0.30% Cu from 927m including 9m @ 0.71% Cu from 949m
- R-20: 158m @ 0.30% Cu from 916m including 34m @ 0.50% Cu from 952m
- R-25: 164m @ 0.34% Cu from 772m including 31m @ 0.78% Cu from 777m
20m @ 0.54% Cu from 916m

The Company advises that the reported results are not reported within the JORC Code, the Competent Person has not done sufficient work to classify the reported results as mineral resources or ore reserves in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the reported results will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.



Location of the Company's new Zlatno exploration licence.

¹ PRS ASX announcements 19 July 2024 "Slovak Projects Update" and 22 July 2024 "Additional Information On Slovak Projects Update".

Kolba Copper-Cobalt-Nickel Project

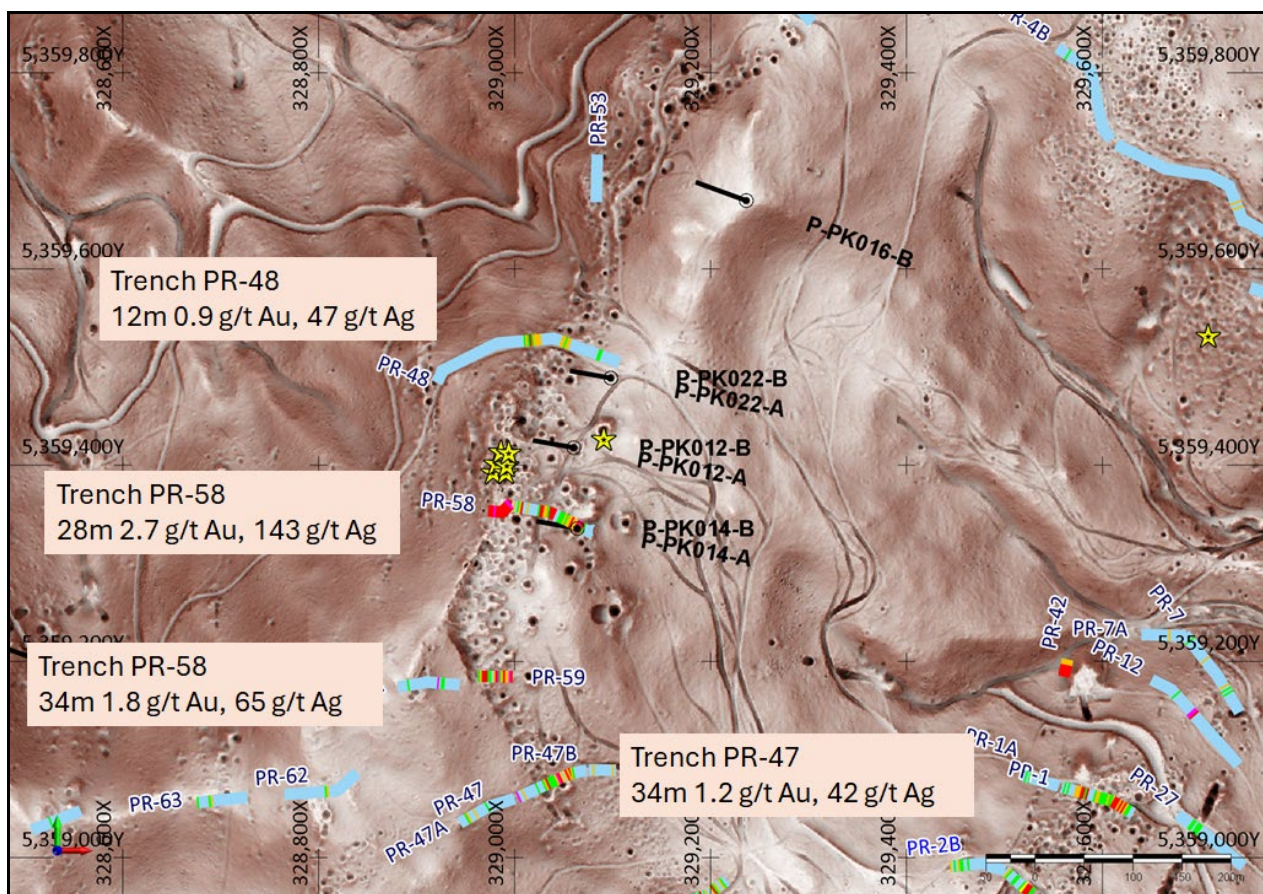
The Kolba project is part of the Svatodusna - Podlipa geologic system with mineralisation consisting of copper-cobalt-nickel sulpho-arsenides. Mineralised zones of copper-cobalt-nickel-silver sulphides in primary mineralisation are typically several hundred metres long and extend for at least 150 metres from the granite footwall and the host metamorphic sequence.

A drill access road is planned in the coming months over the undrilled sulphide target.

Pukanec Gold-Silver Project

The Pukanec gold-silver project is situated on the western flanks of the Miocene Štiavnica stratovolcano. The tenement covers an area of extensive epithermal gold and silver veins, which were subjected to numerous shallow historical artisanal mine workings. Historical trench results and more recent rock chip sampling by Prospech² have returned encouraging gold and silver values, along with visible gold in many locations.

The Company has designed a scout drilling program to test the depth potential beneath the promising outcropping mineralisation, mainly at two localities called Agras and Weitenzecher further south.



The Pukanec Agras target highlighting some of the historical surface trench intersections.

The base map is an enhanced LIDAR image showing extensive early mine workings (pock marks).

Proposed drill sites are marked in black and gold stars are locations of visible gold observations in hand specimens.

Other Exploration Licences

No field activities were undertaken during the quarter at the Hodrusa-Hamre, Nova Bana, Jasenie and Cejkov-Zemplin exploration licences in Slovakia or the Jokikangas and Saarenkylä projects in Finland.

² PRS ASX announcement 14 January 2021 “High-Grade Gold/Silver Lithogeochemistry”.

Corporate

Capital Raising

During the quarter, fully utilising its 15% placement capacity, the Company successfully completed a placement of 32,479,033 shares with sophisticated investors at \$0.033 per share, raising \$1,071,808 before costs.

The funds raised will be used for further drilling, resource definition and metallurgical test work at the Company's Korsnäs project in Finland, initial exploration and potential drilling at the Pukanec gold-silver project in Slovakia and working capital purposes.

Expenditures

Expenditure on exploration activities during the June quarter totalled \$564,647. There were no expenditures on mine production and development activities during the quarter.

Related Party Expenditures

During the quarter, the aggregate amount of payments to related parties and their associates totalled \$216,241, \$176,241 being payments to Directors for Directors' consulting fees and \$40,000 being payments to MIS Corporate Pty Limited, a company in which Director Peter Nightingale has a beneficial interest and which provides administrative services, including administrative, accounting staff rental accommodation and Company Secretarial services, to the Company.

Tenements

Project	Tenement Number	Country	Interest
Cejkov-Zemplin	11006/2022-5.3	Slovakia	100%
Hodrusa-Hamre	7120/2023-5.3	Slovakia	100%
Jasenie	7095/2021-5.3	Slovakia	100%
Jokikangas	ML2021:0017 Jokikangas ¹ ML2023:0015 Honkamäki ¹ VA2023:0038 Honkamäki 2 ²	Finland	100%
Kolba	9313/2022-5.3	Slovakia	100%
Korsnäs	ML2021:0019 Hägg ¹ VA2023:0040 Hägg 2 ² VA2023:0083 Hägg 3 ² VA2023:0093 Petalax ²	Finland	100%
Nova Bana	P22/15	Slovakia	100%
Pukanec	9313/2022-5.3	Slovakia	100%
Saarenkylä	VA2022:0027 Saarenkylä ² VA2023:0013 Saarenkylä 2 ²	Finland	100%
Zlatno	9355/2024-5.3	Slovakia	100%

¹ Tenement areas are reserved by Reservation Applications followed by Reservation Notifications then Exploration Permits approved by the Finnish Safety and Chemicals Agency (**TUKES**), the Finnish mining authority. These Exploration Permit applications are currently in handling by TUKES.

² Reservation Notification provides priority for Exploration Permit applications.

For further information please contact:

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Competent Person's Statement

The information in this Report that relates to Exploration Results and the Exploration Target is based on information compiled by Mr Jason Beckton, who is a Member of the Australian Institute of Geoscientists. Mr Beckton, who is Managing Director of the Company, 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Beckton consents to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

pjn12250

Appendix 5B

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

Name of entity

Prospech Limited

ABN

24 602 043 265

Quarter ended ("current quarter")

30 June 2024

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	-	-
	(e) administration and corporate costs	(201)	(409)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	6
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)	-	-
1.9	Net cash from / (used in) operating activities	(198)	(403)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(565)	(1,091)
	(e) investments	-	-
	(f) other non-current assets	-	-

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	-	-
	(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	-	-
2.6	Net cash from / (used in) investing activities	(565)	(1,091)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,072	1,072
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	(30)	(45)
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	1,042	1,027

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	856	1,605
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(198)	(403)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(565)	(1,091)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,042	1,027

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	(8)	(11)
4.6	Cash and cash equivalents at end of period	1,127	1,127

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,127	856
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,127	856

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	216
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>		

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)	(198)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(565)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(763)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,127
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,127
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.48
	<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: Yes	
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: The Company anticipates receiving funding from the 71,668,343 \$0.04 April 2025 options. The Company will also be examining alternative funding options.	
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: Yes. The Company's ongoing expenditures are able to be managed in accordance with the Company's financial resources.	
	<i>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.</i>	

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: 24 July 2024

Authorised by: 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.