

30<sup>th</sup> April 2021

## QUARTERLY ACTIVITIES REPORT

To 31<sup>st</sup> March 2021

**Blue Energy Limited (ASX: “BLU”; “Blue Energy”)**, is pleased to report on activities during the quarter ended 31 March 2021, across its exploration acreage in Queensland and the Northern Territory in which the Company’s key gas and oil projects are located.

### Key highlights

- Blue has executed the longest term gas supply agreements seen on the east coast for many years – 10 to 15 year term duration.
- Heads of Agreement (HoA) with Origin Energy executed for supply of up to 300 PJ gas over 10 years.
- Blue Energy now has agreements in place for the long term supply of up to 505 PJ of gas from its Bowen Basin tenure (including the 15 year Queensland Pacific Metals agreement for 105 PJ’s) – this represents 15% of Blue Energy’s North Bowen Basin Gas Resource<sup>+</sup>.
- Blue Energy has agreements in place for the long term supply of gas to two of the largest domestic gas buyers on the east coast.
- Blue Energy’s priority is the signing of additional gas sale agreements to underpin the economics of a newbuild gas pipeline to take North Bowen Basin gas from Moranbah south to the east coast gas market and Wallumbilla hub.
- The Federal Government is moving forward with its Natural Gas Infrastructure Plan for the east coast.
- The Queensland Government is progressing its feasibility study on a North Bowen Basin Gas Pipeline.

### **Blue Energy signs HoA with Origin Energy**

During the period, Blue Energy executed a non-binding Heads of Agreement with Origin Energy for the supply of up to 300 PJ of gas over 10 years. This is another large domestic gas supply agreement and a further foundation volume for Blue’s North Bowen Basin gas project in Queensland. The Origin offtake agreement follows the previously announced agreement with EnergyAustralia for 100 PJ of gas supply at Wallumbilla, and in aggregate, these gas agreements represent approximately 15% of the Company’s total gas resource<sup>+</sup> in its North Bowen Basin assets, which have been assessed by the independent reserve and resource specialist, Netherland Sewell and Associates Inc (NSAI).

## **Blue's Energy's priority**

The Company continues to engage with domestic east coast gas buyers to increase the contracted gas volumes from the Company's ATP814 North Bowen Basin permit through additional gas supply agreements. Contracting a larger volume of gas into the southern market (at Wallumbilla) will underpin the economics of the pipeline link needed to be built between Moranbah and the Gladstone/Wallumbilla interconnect. The Company is seeking sufficient offtake volumes to economically underpin the construction of an 18" gas pipeline from Moranbah into the east coast gas pipeline grid.

Construction of this pipeline is essential for unlocking the estimated 15,000 PJ of gas resource in the North Bowen Basin and securing long term gas supply for the domestic gas market.

## **Federal Government progresses East Coast Gas Infrastructure Plan**

The Federal Government's Natural Gas Infrastructure Plan continues to assess projects to deliver new gas supply to the east coast market and the economics of a new build "right sized" gas pipeline to bring gas from the North Bowen to the east coast domestic market. The North Bowen Basin gas resources was identified by the Federal Governments taskforce as a key to new gas supply for east coast manufacturers.

The Federal Government's Natural Gas Infrastructure Plan (NGIP) is a long overdue new initiative to update Australia's natural gas infrastructure, particularly on the east coast to identify pipelines and critical infrastructure where the government can step in and assist with nation building infrastructure. The last critical review of gas infrastructure was undertaken in 1998, not long after the Longford gas plant explosion in Victoria, which rendered Victoria without gas supply for an entire two-week period. Ironically, that report foreshadowed gas production decline and depletion of reserves in both the Cooper and Gippsland Basin by 2020 (and therefore the need to source new gas supply), but which had little perception of the development of the Coal Seam Gas to LNG export industry that occurred between 2010-2016 and the profound change to the gas market that it would bring.

## **Queensland Government moving forward with \$5 million Bowen Basin Pipeline study**

In conjunction with Federal Government efforts, the Queensland Government has formulated a scope of work for the tendering process to commence for selection of a suitable external consultancy to undertake the feasibility study of a gas pipeline from the North Bowen Basin to the existing east coast gas infrastructure. During the quarter, the Queensland Government undertook a process of consultation with stakeholders to assist in formulating that scope.

## Activity in Proven Basins

### **Bowen Basin, Queensland**

#### **ATP814 (Blue Energy 100% and Operator)**

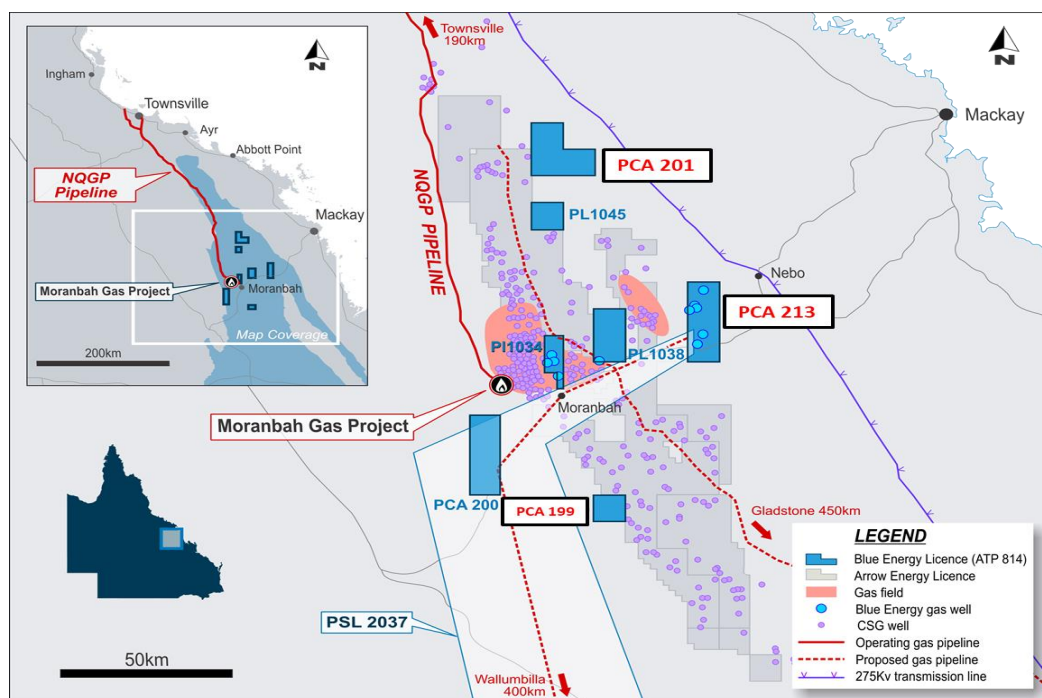
Gas marketing activities for Blue's gas resources in this 100% owned tenement continue, with Blue Energy executing a second large non-binding Heads of Agreement (HoA) for gas supply to Wallumbilla, this time with Origin Energy for the supply of up to 30 PJ of gas per annum for 10 years (i.e. a total contract volume of up to 300PJ). As a priority the Company continues to seek additional gas offtake volumes to economically underpin the construction of an 18" gas pipeline from Moranbah into the east coast gas pipeline grid.

Additional long term gas supply agreements with other domestic gas users are being sought to underpin the development of Blue Energy's Bowen gas resources for the domestic gas market,.

Work continues on the steps required for the lodgment of the Environmental Authorities of Production Licence Applications PL 1034, 1036 and 1045. This work will shortly include on ground monitoring studies in those PL Application Areas.

The Company continues to be buoyed by the high grading of the Bowen Basin by both the Federal and Queensland Governments as a new gas supply source for the east coast and the potential for new nation-building infrastructure connecting the Bowen Basin to the Wallumbilla gas hub.

Development of the North Bowen Basin's estimated 15,000 PJ total gas resource is critical to delivery of near term gas to east coast gas users. The North Bowen Basin is one on the few east coast gas basins that has the scale of resource (15,000 PJ) and is sufficiently de-risked (i.e. it is already discovered and on production) to make a rapid and long term difference to the supply of new gas into the east coast domestic gas market.



*Figure 1: ATP814 Bowen Basin Queensland showing granted PCA's together with existing PL applications and the NQGP gas pipeline to Townsville and the major High Voltage electricity transmission line between Gladstone and Townsville.*

As has been previously announced to the market, ATP814 currently has 2P reserves of 71 PJ<sup>+</sup> and 3P reserves of 298 PJ<sup>+</sup> (as independently estimated by Netherland, Sewell and Associates (NSAI)). There is also significant upside within the constituent blocks comprising the Permit with a combined 3,248 PJ<sup>+</sup> of Contingent Resources in all the Company's ATP814 PCA's and PLA's, estimated by NSAI. There is also additional upside in the Prospective Resources category in the ATP814 permit of approximately 2,000 PJ of gas in place.

## Surat Basin, Queensland

### ATP854 (Blue Energy 100% and Operator)

ATP854 has been assessed to contain 103 PJ<sup>+</sup> of Contingent Resources and Blue has lodged Potential Commercial Area Applications (PCA's) over the Permit with the Queensland Government to secure these resources. Award of these PCA's will allow work to be undertaken to grow the gas reserve and resource base in parallel with the continued marketing of the gas resources to potential buyers and in the context of existing and proposed pipeline infrastructure (see Figure 2).

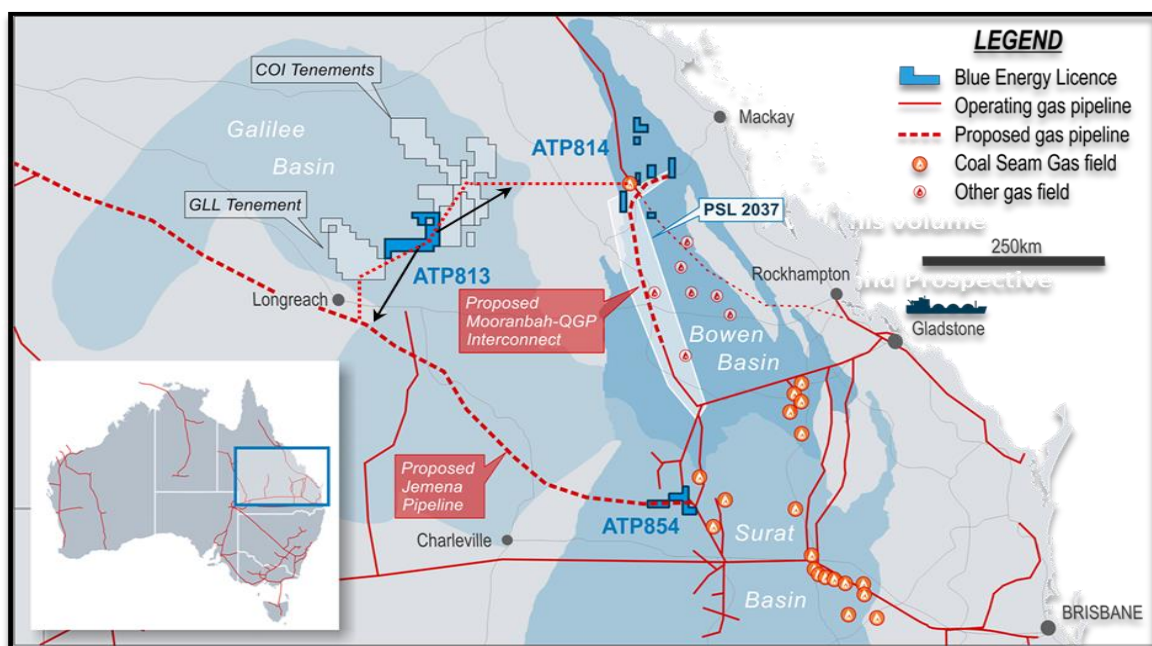


Figure 2: Pipeline routes impacting ATP854, ATP813 and ATP814

## Activity in Emerging Basins

### Greater McArthur Basin (Northern Territory)

(Various permits and equities levels - Blue Energy Operator - See Figure 3)

Corporate activity within the Greater Macarthur Basin and Beetaloo sub-basin has been re-ignited with the recent ASX announcement by Empire Energy Group (ASX: EEG) of the acquisition of Pangaea Resource's Northern Territory acreage by Empire (for cash consideration plus issue of Empire Shares). This was followed by a similar transaction by Empire for the remaining equity (17.5%) in those same permits held by Energy & Minerals Group of Houston, and on similar terms.



This transaction follows the December 2020 transaction between Tamboran Resources Limited and Sweetpea Petroleum which saw Tamboran acquire Sweetpea Petroleum to gain 100% equity in several Beetaloo sub-basin tenements previously held in Joint venture between the two companies.

With respect to Blue Energy's Greater Macarthur Basin tenements, the Company requested, and was granted a further 12-month suspension of its work programs for its current granted permits (EP 200, 205 and 207) in the Northern Territory. The lengthy delays experienced due to the impact of COVID-19 on matters such as remote community access, have severely impeded the work of the specific regulatory bodies (Aboriginal Area Protection Authority cultural heritage certification for our proposed 2D seismic program) on approval processes needed prior to on-ground activity. Blue is actively pursuing Land Access Agreements with pastoralist/Land owners in EP200, 205 and 207 as part of the approval process for future seismic acquisition activity.

Blue continues to engage with the Aboriginal Land Councils, Traditional Owners, pastoral land owners, government departments and other community stakeholders on the outstanding application areas as part of the process to establish a community licence, which is required under the new Northern Territory Government exploration activity approval process.

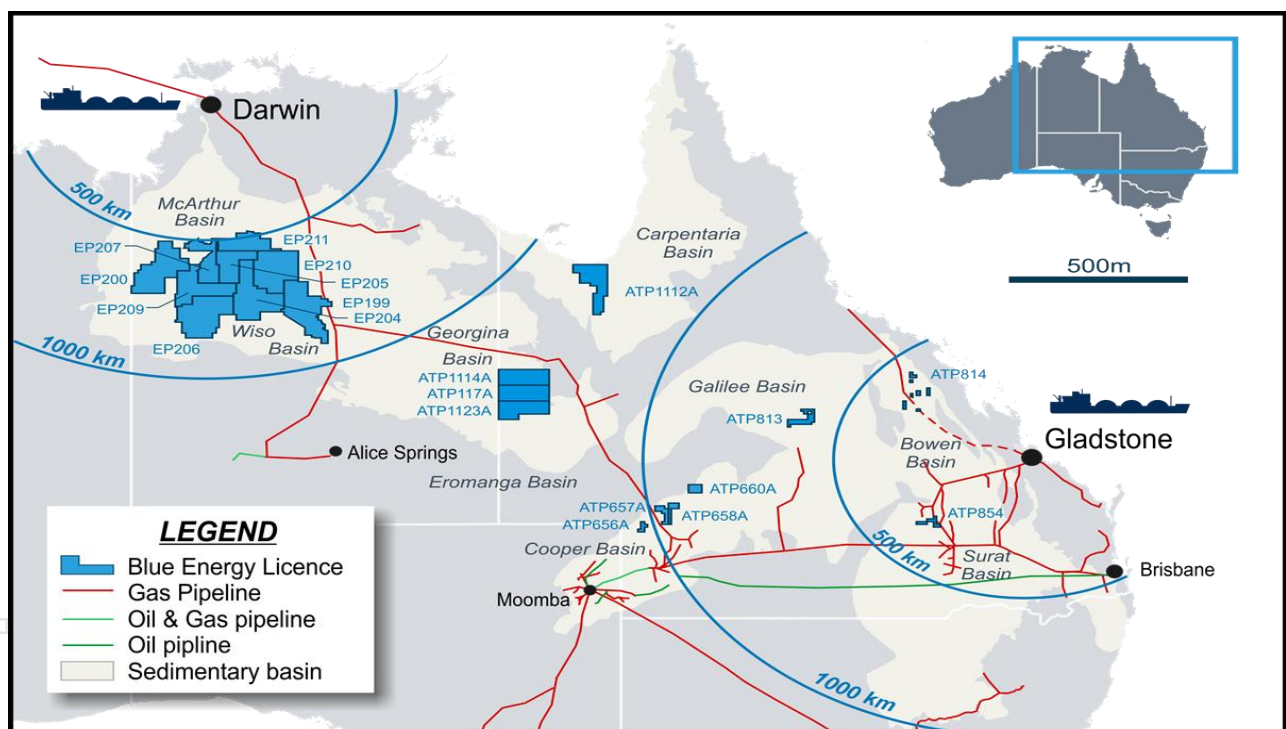


Figure 3: Blue Energy's acreage portfolio highlighting the large Greater McArthur Basin position in the NT

## Galilee Basin (Queensland)

### ATP813 (Blue Energy 100% and Operator)

Blue Energy has 838 PJ<sup>+</sup> of Contingent gas resources within the Betts Creek CSG play in ATP813 (as assessed by Netherland Sewell and Associates Inc). A further 1,956 PJ<sup>++</sup> of Prospective Resource (gas in place) is identified in the permit by Netherland and Sewell. The Company's PCA applications over the ATP813 permit remain with the Queensland Department of Resources for grant.

Adjacent to the Company's Galilee Basin tenement, Galilee Energy Limited continues to conduct production operations on its Glenaras Coal Seam Gas pilot testing project.

## Corporate

### Cash Position

Cash on hand at 31 March 2021, was A\$2.4 million.

The Company has nil debt.

Blue Energy's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in Item 6.1 which constitutes non-executive Director's fees for the quarter. The aggregate amount of payments to related parties and their associates for the December quarter (shown in Items 6.1 & 6.2 of the attached Quarterly Cashflow Report) relates to cash fees paid to Directors (including the Chairman and Managing Director).

### Blue Energy Gas Reserves and Resources

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	SPE/PRMS	NSAI	0	22	0	47	0	101
ATP813P		29/10/2014	30/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	66	59	108	216	186
ATP814P	Central	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	Hillalong	6/02/2019	7/02/2019	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
<b>Total (PJ)</b>						<b>0</b>	<b>158</b>	<b>71</b>	<b>1,166</b>	<b>298</b>	<b>4,179</b>
<b>Total</b>						<b>0</b>	<b>27</b>	<b>12</b>	<b>199</b>	<b>51</b>	<b>714</b>

Table 1: Blue Energy net Reserves and Resources

### \*Listing Rule 5.42 Disclosure

The estimates of reserves and contingent resources noted throughout this Quarterly Activities report have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI) and were originally reported in the Company's market announcements 25 January 2012, 26 February 2013, 19 March 2013, 8 December 2015 and 28 February 2019. NSAI independently regularly reviews the Company's Reserves and Contingent Resources. Mr Hattner is a full time employee of NSAI, has over 30 years' of industry experience and 20 years' of experience in reserve estimation, is a licensed geologist and a member of the Society of Petroleum Engineers (SPE), and has consented to the use of the information presented herein. The estimates in the reports by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum and Resource Management System (PRMS) approved by the SPE, utilizing a deterministic methodology.

Blue Energy confirms that it is not aware of any new information or data that materially affects the information included in any of the announcements relating to ATP 813, 814 or 854 referred to in this report and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

\*\* Listing Rule 5.28.2: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## Petroleum Tenements Held

Permit	Location	Interest Held Previous Quarter	Interest Held Current Quarter
ATP656	Cooper Basin (Qld)	100%	100%
ATP657	Cooper Basin (Qld)	100%	100%
ATP658	Cooper Basin (Qld)	100%	100%
ATP660	Cooper Basin (Qld)	100%	100%
ATP813	Galilee Basin (Qld)	100%	100%
ATP814	Bowen Basin (Qld)	100%	100%
ATP854	Surat Basin (Qld)	100%	100%
ATP1112A	Carpentaria Basin (Qld)	100%	100%
ATP1114A	Georgina Basin (Qld)	100%	100%
ATP1117A	Georgina Basin (Qld)	100%	100%
ATP1123A	Georgina Basin (Qld)	100%	100%

Table 2: Tenements in Queensland

Table 3: Northern Territory Tenements

*Permit	Location	Interest Held Previous Quarter	Interest Held Current Quarter	Comment
EP199A*	Wiso Basin (NT)	10%	10%	See Note 1
EP200*	Wiso Basin (NT)	10%	10%	See Note 1
EP205*	Wiso Basin (NT)	10%	10%	See Note 1
EP206A*	Wiso Basin (NT)	10%	10%	See Note 1
EP207*	Wiso Basin (NT)	10%	10%	See Note 1
EP208A*	Wiso Basin (NT)	10%	10%	See Note 1
EP209A*	Wiso Basin (NT)	10%	10%	See Note 1
EP210A*	Wiso Basin (NT)	10%	10%	See Note 1
EP211A*	Wiso Basin (NT)	10%	10%	See Note 1

\*Exploration blocks Blue is farming into

Note 1: Subject to Farm in Agreement which upon completion of the seismic work program will result in Blue Interest becoming a 50% equity participant

## Global Energy Commentary

Oil price has rebounded sharply off the initial lows of the Pandemic in March of 2020. Whilst this has been facilitated by production cuts from OPEC+, new waves of the Corona-virus in Europe and India, and the associated new variants of the virus has created sustained volatility on the demand side, which has been largely offset by reduction in inventory that was present in the early months of the pandemic in 2020 and the OPEC+ production cuts.



Figure 4: Brent Crude price 2011-April 2021.

Source: <https://www.macrotrends.net/2480/brent-crude-oil-prices-10-year-daily-chart>

Oil imports by China jumped 38.1 percent year-on-year to an all-time high value of USD 227.3 billion in March 2021, the fastest pace since February 2017.

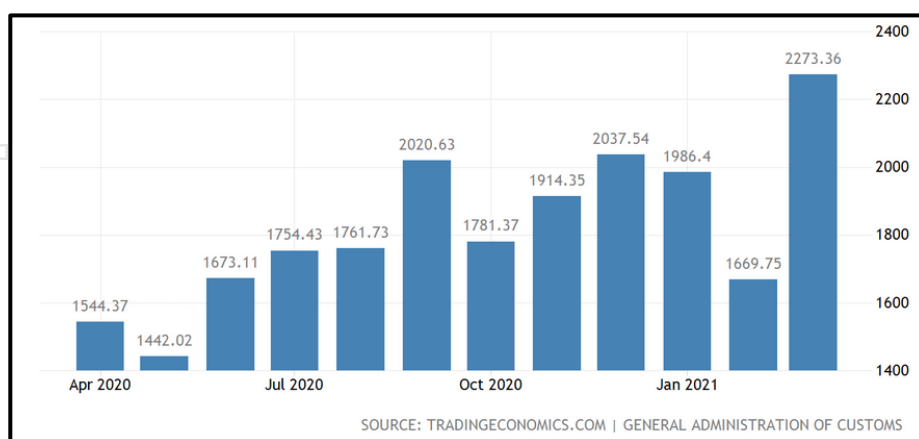


Figure 5: Value of Crude oil imports to China in US\$ million

A strong rebound in the Chinese economy has clearly bolstered price, not only of oil and gas, but other commodities as well.



Asian and European demand for LNG surged in March, as post winter inventory rebuild started. This drove price support. Shipments of LNG to China surged more than 30% in March amid an effort by the nation's new pipeline operator to open terminals to gas distributors.

Global demand for LNG fuel used in heating and power generation had been steadily growing before Covid-19, as nations shift away from coal-fired power over air quality/climate concerns. The use of gas, replacing coal fired power generation, has significantly reduced US CO2 emissions, such that the US emissions are now back to 1992 levels in the power sector.

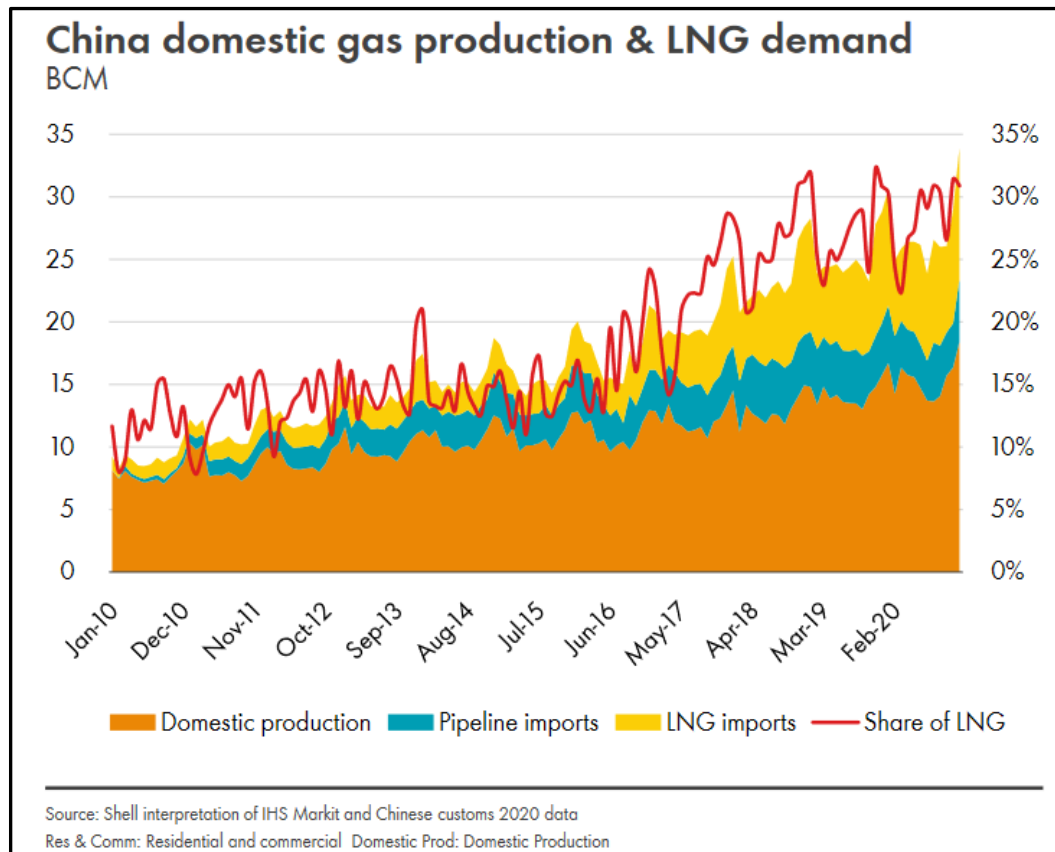


Figure 6: Split of gas consumption in China to 2021.

Shell's annual assessment of global LNG trade saw as increase to 360 million tonnes in 2020 despite the volatility caused by the COVID-19 pandemic. The assessment also predicts that global LNG demand is expected to reach 700 million tonnes by 2040. This has implications for the East coast of Australia domestic gas market relying on Curtis Island LNG producers supplying gas to domestic users.

It is noteworthy that the Australian Consumer and Competition Commission is now embarking on a review of their LNG netback price methodology, together with assessing what impediments are being experienced by explorers and producers to bringing new gas supply to market.

**By Authority of the Board per:**  
**John Phillips**  
**Managing Director**  
**Blue Energy Limited**

## Appendix 5B

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

Name of entity

Blue Energy Limited

ABN

14 054 800 378

Quarter ended ("current quarter")

31<sup>st</sup> March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1)	(11)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(72)	(254)
	(e) administration and corporate costs	(152)	(511)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	18
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Cash Flow Boost)	-	50
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(224)</b>	<b>(708)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(590)	(1,153)
	(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 (9 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	<b>Net cash from / (used in) investing activities</b>	<b>(590)</b>	<b>(1,153)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	(8)
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	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(8)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,251	4,306
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(224)	(708)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(590)	(1,153)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(8)

## 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		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,437</b>	<b>2,437</b>

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	2,200	2,704
5.2	Call deposits	237	547
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,437</b>	<b>3,251</b>

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	65
6.2	Aggregate amount of payments to related parties and their associates included in item 2	115
<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>		

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

7.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
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.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(224)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(590)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(814)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,437
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,437
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3
<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:		
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:		



## 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:

*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: 30<sup>th</sup> April 2021

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.