

Update for the Quarter Ending 31 March 2020

29 April 2020

New Energy Minerals Limited (“**New Energy**”, the “**Company**”) (**ASX:NXE, FRA:GGY**) is pleased to provide an update to the market in relation to the Company’s activities for the period ending 31 March 2020.

Operational Update

Fura Transaction

Revised and Restated Merger of Ruby Assets Agreement

During the March 2020 quarter the Company announced that it had entered into a Revised and Restated Merger of Ruby Assets Agreement dated 7 January 2020 (the “**Revised MRAA**”) with Fura Gems Inc. (“Fura”).¹

Pursuant to the Revised MRAA, the new terms for completion of the transaction are as follows:

- Consideration for the acquisition of the New Energy Assets (defined below) has been reduced from A\$2,800,000 (as set out in the initial merger of ruby assets agreement dated 14 July 2018, as amended, most notably by an amending agreement dated 27 November 2018) to a cash payment of A\$1,400,000.
- The \$2.8m Loan Agreement between Fura and NXE is formally terminated noting that no draw-down under the Loan Agreement was possible due to the non-satisfaction of its conditions precedent.

With more than 18 months having elapsed in satisfying the outstanding conditions precedent to closing since the signing of the initial merger of ruby assets agreement, New Energy has used its best efforts to keep the transaction alive and for the benefit of the Company. Many extensions of time have been agreed with Fura. However, considerable financial pressures have been experienced by the Company which compelled the Company to look at ways and means of receiving some or all of the cash consideration without further delays and whilst keeping the transaction attractive to Fura.

The reduced consideration was negotiated after months of intense discussions in exchange for Fura agreeing to an accelerated closing and to assisting New Energy in the closing process with the Ministry of Mineral Resources and Energy of Mozambique, the Ministry of Finance and the National Institute of Mines. The Company notes that the binding tax opinions issued by the Mozambique Ministry of Finance, which are required for the transfer of the New Energy Assets to Fura, have now been obtained. Significantly, as part of the Revised MRAA the Company and Fura have agreed that Fura will pay, on behalf of New Energy, all capital gains taxes levied by the Mozambique Government in connection with the sale of the New Energy Assets.

¹ Refer to ASX Announcement dated 28 November 2018 for details of the Amending Agreement and the ASX Announcement dated 17 July 2018 for details of the original MRAA

The Revised MRAA contemplates the purchase and sale by Fura of interests in three ruby licenses/concessions in Mozambique as follows: (i) a 70% interest in ruby mining license 5030L through the acquisition of 70% of the issued and outstanding shares of Rubi Resources SA, (ii) a 80% interest in ruby mining concession 8921C through the acquisition of 80% of the issued and outstanding shares of Ibra Moz SA; and (iii) a right to earn a 65% interest in mining concession 8955C under a joint venture agreement (collectively, the **"New Energy Assets"**).

Drop Dead Date Extension

On 31 March 2020 the Company announced that Fura had given the Company written notification of the extension of the Drop Dead Date for closing of the ruby assets sale transaction with Fura under the Revised MRAA from 31 March 2020 to 30 June 2020, to allow for the satisfaction of the outstanding conditions precedent, principally the receipt of Ministerial approval.

Balama Transaction

Variation of Balama Share Sale Agreement

During the March Quarter New Energy announced a variation of the Share Sale and Purchase Agreement dated 8 February 2019 ("SSPA" or "Balama Transaction") with Auspicious Virtue Investment Holding Limited ("Auspicious").

New Energy and Auspicious agreed to vary the SSPA through the execution of a second deed of variation dated 24 January 2020 ("**Variation Deed**").

Under the Variation Deed the Parties agreed to amend the Purchase Price to AU\$3.5m (from AU\$7.0m), for the sale by New Energy of its 50% shareholding in Balama Resources Pty Ltd ("**Balama**"). Furthermore, Auspicious has agreed to provide New Energy with an additional AU\$1.0m pre-completion loan ("**Additional Loan**") on or before 5 February 2020, which is in addition to the AU\$0.6m loan provided in September 2019 ("**Loan**"). On closing of the SSPA, both the loan and the additional loan, plus interest, will be deducted from the Purchase Price.

As a result of the delays experienced in gaining the Mozambique Government approvals, the shareholder approval for the disposal of the Company's interest in Balama, originally granted on 14 May 2019, has lapsed. The Company is thus required to obtain a new updated Independent Expert Report and seek new shareholder approval at an Extraordinary General Meeting (EGM), to be held as soon as practicably possible.

In accordance with the Variation Deed, completion of the SSPA (as varied) therefore remains conditional on the following conditions being met or waived on or before 30 June 2020 ("**Conditions Precedent End Date**"):

- (A) (**Independent expert report**) the Company procures (at its cost) an Independent Expert's Report that states the Independent Expert's opinion that:
 - (I) the sale of the Shares by the Company to the Purchaser in accordance with the SSPA (as varied) is either:
 - fair and reasonable; or
 - not fair but reasonable,
 - to the Company's Shareholders (other than the Purchaser or its Associates);
- (B) (**ASX Listing Rules**) the Company's shareholders (excluding the Purchaser and its Associates) approve of the disposal of the Shares under the SSPA at a meeting held in accordance with Listing Rule 11.2 of the ASX; and Listing Rule 10.1 of the ASX.
- (C) (**Tax Opinion**) receipt by the Company of a Binding Tax Opinion in a form capable of satisfying the Mozambique Ministry of Minerals (MIREME) for the purpose of obtaining the Ministerial Authorisations; and

(D) **(Authorisation)** receipt by the Vendor of the Ministerial Authorisations.

(together “**Conditions Precedent**”).

In the event that the Conditions Precedent are unable to be met or waived on or before the Conditions Precedent End Date, or if any Condition Precedent becomes incapable of being satisfied, New Energy must repay the AU\$1.0m Additional Loan received from Auspicious, together with the original \$600k pre-completion loan advanced in September 2019 (with interest), within 30 days after the Conditions Precedent End Date. Both the Loan and the Additional Loan are secured by a security deed provided in favour of the Purchaser granting a first-ranking specific security over 100% of the shares held by the Company in Balama.

The variation deed executed on 25 September 2019 and the Variation Deed agreed with Auspicious during the March 2020 quarter allow New Energy to remain adequately (but not generously) capitalised as it continues diligently with the time-consuming process of receiving final tax opinions and ministerial approvals from the Mozambique Government, for the sale of both its ruby and graphite assets.

As a result of the weakened graphite and vanadium markets and all the challenges and delays experienced by New Energy over the last twelve months, the purchase price under this Variation Deed has been substantially reduced. Accordingly and disappointingly, New Energy will not be in a cash position to proceed with the original planned capital return of 60% of the net proceeds of sale to shareholders and the SSPA has therefore been amended accordingly nor does the Company expect that it will be possible to plan any reduced capital return in the foreseeable future

After carefully examining all the circumstances including the Company’s strained financial position and ongoing legal proceedings, the Board considers that this Variation Deed serves the best interests of the Company and its shareholders generally.

Following the end of the March 2020 quarter the Company dispatched a Notice of Meeting for the EGM to be held on 13 May 2020 which included an Independent Expert Report which concluded that the amended transaction is Fair and Reasonable to shareholders other than the Purchaser and its Associates.

It should be noted that Balama is the subsidiary through which New Energy holds its interest in the Caula graphite and vanadium project. Following completion of the SPA, New Energy will have no further interest in the Caula project, which was Company’s former main undertaking.

The Company is currently exploring new project opportunities both within Australia and internationally.

Settlement with Regius Resources Group

On 19 February 2020 New Energy announced that it had reached a settlement of its disputes with Regius Resources Group Ltd, the former manager of the Company’s projects in Mozambique, following mediation held as part of arbitration proceedings in Perth, Western Australia.

The settlement of all claims by both New Energy and Regius has been reached without admissions as to liability. Pursuant to the legally binding Settlement Heads of Agreement the terms of the settlement are summarised as follows:

- The parties release one another and their respective officers and agents from all claims whatsoever;
- Appointment of Regius as consultants in relation to advising with regard to and facilitating the completion of the Fura and Balama asset sale transactions in Mozambique, with payment as remuneration for such consultancy services in the amount of A\$120,000;
- Subject to the prior completion of the Fura and Balama asset sale transactions, the payment of a further amount to Regius of up to A\$600,000 inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy by way of a selective buyback to be approved by NXE shareholders in accordance with Section 257D of the Corporations Act

Corporate Update

Arena Investors

On 24 December 2019 New Energy gave notice that the Company had been served with a Writ of Summons and Statement of Claim filed in the Supreme Court of Western Australia by Arena Structured Private Investments (Cayman), LLC, ("Arena"), arising from debts allegedly owed by the Company under the terms of the Unsecured Convertible Note Deed between the Company and Arena.

A Statutory Demand issued under the Corporations Act, from Arena in relation to this matter had been previously received by the Company, which was ultimately set aside by the Master of the Supreme Court of Western Australia. Arena's claim under the Writ of Summons totals approximately A\$5.11 million and includes a claim for principal of A\$2.5 million and a termination payment of A\$2.535 million and interest.

The Company is defending the claim and has commenced a counterclaim against Arena. As notified in its ASX Announcement dated 21 November 2018, the Company considers it has claims for damages arising from Arena's breach of the Unsecured Convertible Note Deed, unconscionable conduct and economic duress. The Company's preliminary estimate of its damages is approximately \$17.03m. The Company also considers the termination payment is not payable or is void by reason of being a penalty. New Energy will continue take further legal advice in relation to both Arena's claims and the Company's counterclaims.

The Company confirms that this announcement has been authorised and approved by its Board.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FORWARD-LOOKING STATEMENTS AND DISCLAIMERS:

This document may include forward-looking statements. Forward-looking statements include but are not necessarily limited to the Company's planned exploration program and other statements that are not historic facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although the Company considers that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Recipients are cautioned against placing reliance on forward-looking statements in the announcement, actual values, results and or interpretations may be materially different to those implied or expressed as they are limited to this announcements date of issue.

The announcement is in summary form and for information purposes only, recipients are urged to conduct their own analysis to satisfy themselves to the accuracy and completeness of the information, any statements and/or opinions that have been made in this announcement.

This announcement and the information summarised herein does not constitute as offer, invitation, solicitation or recommendation in relation to the sale or purchase of shares in any jurisdiction. The announcement may only be distributed in jurisdictions where the legal requirements of that jurisdiction is met. Recipients are advised to familiarise themselves and be aware of the legal requirements and restrictions that may apply to their jurisdictions as a failure to comply may result in a violation of the securities laws.

The announcement has been compiled without consideration to the recipient's investment objectives, financial needs or circumstances. The information, opinions and recommendations in this announcement does not constitute investment advice or recommendation. Recipients are urged to always seek professional advice before making any investment decision.

All investment transactions involve risk, including but not limited to, market fluctuations, adverse political and financial developments. New Energy Minerals Limited, its employees, its contractors, its officers, its agents and advisors do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

This announcement has been prepared by New Energy Minerals Limited (ASX:NXE) and contains background information about NXE that is current at the date of this announcement. This announcement is in a summary format and should not be seen as all-inclusive or complete.

APPENDIX: NEW ENERGY MINERALS TENEMENT SCHEDULE

Tenement	NXE Interest	NXE Effective Net Interest/Right to Earn
Diamond License		
4525L Save River Diamond Project	51.8%	51.8%
Balama Graphite Project*		
5873L – Unincorporated JV with license holder	30%	30%
7560L – Incorporated JV with license holder	50%	50%
6363L – Incorporated JV with license holder	50%	50%
9407C – Incorporated JV with license holder (changed from 6678L as a result of an application for a Mining Concession)	40%	40%
Ruby Licenses**		
8245L/8955C Montepuez Ruby Project	65%	65%
4143L/8921C Montepuez Ruby Project	60%	60%
5030L Montepuez Ruby Project	52.5%	52.5%

*Subject to an Amended SPA with Auspicious Virtue Investment Holding Ltd, refer to ASX Announcement dated 28 January 2020.

**Subject to a Revised MRAA with Fura Gems Inc, refer to ASX Announcement dated 11 February 2020.

Appendix 5B

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

Name of entity

NEW ENERGY MINERALS LTD

ABN

34 090 074 785

Quarter ended ("current quarter")

31 MARCH 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(99)	(233)
	(e) administration and corporate costs	(706)	(1,095)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(2)	(9)
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	(807)	(1,337)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(287)	(1,193)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	150	150
	(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	(137)	(1,043)

3.	Cash flows from financing activities		
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		(5)
3.5	Proceeds from borrowings	1,000	1,600
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	1,000	1,595

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	99	938
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(807)	(1,337)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(137)	(1,043)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,000	1,595

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	-	2
4.6	Cash and cash equivalents at end of period	155	155

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	103	48
5.2	Call deposits	52	51
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)	155	99

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

95

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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	1,600	1,600
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	2,864
7.4 Total financing facilities	1,600	4,464
7.5 Unused financing facilities available at quarter end		0
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.		
<p>As at 31 December 2019 Arena held a total of \$2.5 million (face value) of convertible notes in the Company, of which \$1 million is in Tranche 1 notes issued in January 2018 with an 18-month term and \$1.5 million is in Tranche 2A notes issued in July 2018, also with an 18-month term.</p> <p>As at the date of this report the Company and Arena are in dispute, as previously announced to market and noted in the Company's activities report. As a result, the Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated in November 2018 and as such no further funding is available from Arena.</p> <p>As at the date of this report the Company has Convertible Notes of \$364,000 which were due to mature on 12 December 2019 and now extended for 6 months 12 June 2020. These Convertible Notes bear interest at 12% pa and are convertible to shares at a conversion price of \$0.022 per share. On 10 March 2020 \$42,000 Convertible Notes were converted to shares at a reduced conversion price of \$0.009 per share.</p> <p>As at the date of this report the Company has drawn down \$1.6 million as a pre-completion loan from Auspicious Virtue Investment Holding Limited following the Share Sale and Purchase Agreement announced 8 February 2019 and amended on 25 September 2019 and 24 January 2020. These loans bear interest at 12% p.a and are secured against 100% of the Company's shares in Balama Resources Pty Ltd.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(807)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(287)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,094)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	155
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	155
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.14

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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:

NXE continues to work towards settling the sale of its remaining 50% interest in Balama Resources Pty Ltd ("**Balama**") (which holds its Caula Graphite & Vanadium Project) and sale of its ruby project to Fura Gems Inc. ("**Fura**").

The sale of Balama was the disposal of the main undertaking of the Company and was granted shareholder approval on 14 May 2019. Since that approval the Company has been working to finalise settlement conditions which included the receipt of a binding tax opinion from the tax authorities in Mozambique and Ministerial approval.

The receipt of both the binding tax opinion and the Ministerial approval (and therefore satisfaction of these conditions for both Balama and Fura) are outside the control of the Company noting that the Company has made numerous ASX releases on each occasion where both the Share Sale and Purchase Agreement ("**SSPA**") (and variations thereto) in relation to the Balama sale and the Merger of Ruby Assets Agreement ("**MRAA**") in relation to the Fura transaction (and amendments thereto) have been extended. The latest extension in relation to the MRAA was announced 31 March 2020.

On 27 January 2020 the Company announced to market that the agreement relating to the sale of its remaining 50% in Balama had been varied on 24 January 2020, the effect of which was to reduce the sale price and to reset terms of payment. As a result, the Company is required by ASX to resubmit the sale of the remaining 50% interest in Balama to shareholders for approval given the time that has elapsed since the original shareholder approval on 14 May 2019 and resulting variation in sale terms. The Company has called a shareholder meeting scheduled for 13 May 2020 to reapprove the disposal of its main undertaking.

At present the Company's costs are generally related to activities directed toward the settlement of both Balama and Fura transactions, management of its legal actions against Arena Investors and general administrative, financial and compliance management of the Company.

It is NXE's desire to achieve settlement of both the Balama and Fura transactions as soon as possible and with that over the coming months the Company's intention is to investigate and where appropriate acquire a new project for development.

The Board continues to monitor cashflows to ensure the Company remains positioned to achieve its immediate business objectives as outlined above.

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 is continuing in its efforts to achieve settlement of both the Balama and Fura transactions which will generate cash as noted above.

On 27 January 2020, the Company announced the "Variation of the Balama Share Sale Agreement". Under the Variation Deed, the parties agreed to amend the purchase price to \$3.5m (from \$7.0m), for the sale by NXE of its 50% shareholding in Balama Resources Pty Ltd and furthermore, Auspicious agreed to provide NXE with an additional \$1.0m pre-completion loan ("**Additional Loan**") which was received by the Company 5 February 2020 thereby generating cash for NXE.

The Company also announced to market 11 February 2020 a revision of the MRAA in relation to the Fura transaction whereby amongst other things the consideration for the acquisition of the New Energy Assets (defined in ASX release 11 February 2020) was reduced from \$2.8m to a cash payment of \$1.4m of which a deposit of approximately \$140,000 was previously received by the Company with the remainder to be paid to NXE on settlement noting that the binding tax opinions issued by the Mozambique Ministry of Finance which are required for the transfer of the New Energy Assets to Fura have now been obtained.

On 31 March 2020 the Company announced the extension of the Drop-Dead Date of the MRAA from 31 March 2020 to 30 June 2020. However, the Company is confident it can complete the transaction and receive the sale funds from Fura before 30 June 2020 as most of the conditions precedent for closing of the transaction have been met.

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:

The Company continues to focus on its short-term business objectives which are the settlement of both the Balama and Fura transactions. As noted, the Balama transaction requires an updated approval from the shareholders of the Company and in this regard NXE Notice of Extraordinary General Meeting set for 13 May 2020.

The Company also continues to assess its funding opportunities in the form of placements or similar. However, no decisions have been made about further capital raising pending finalisation of both the Balama and Fura transactions.

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 April 2020.

Authorised by: 

(This ASX announcement was approved and authorised for release by Board of Directors)

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.