ASX ANNOUNCEMENT 31 July 2026

Quarterly Activities Report Quarter Ended 30 June 2026

HIGHLIGHTS

- During the quarter, Paterson **significantly increased its Inferred Mineral Resource Estimate (MRE) to 3.46Mt @ 1.79 g/t Au for 200,000oz Au contained gold at the Grace Gold Project** compared to 1.59Mt @ 1.35g/t Au for 69,000oz Au previously*
- The updated MRE encompasses a circa 2km strike extent, which is constrained within an optimised pit shell, highlighting the potential for open cut mining operations
- Notably, gold mineralisation is shallow, high-grade and open along strike and at depth – fresh rock zone grades at 2.12 g/t Au highlighting strong depth potential
- Preliminary metallurgical test work indicates gold mineralisation is amenable to conventional processing, with indicative recoveries up to 96.7%

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<u>GRACE GOLD-COPPER PROJECT</u>

SIGNIFICANT MRE UPDATE TO 200KOZ AU

During the quarter, the Company completed a significant update in the JORC 2012 compliant Inferred MRE for the Grace Gold Project (Appendix A & B) to 200,000oz Au (from 69,000oz Au previously*). The updated MRE was prepared by Brisbane-based, independent geological specialists Measured Group**.

A summary of the updated MRE and comparison with the previous estimate are highlighted in Tables 1-3 below.

* References from PSL ASX Announcements during and prior to the review period

TABLE 1: GRACE GOLD PROJECT – MRE (0.5 G/T AU CUT-OFF)

Category	Volume (M m³)	Tonnes (Mt)	Au (g/t)	Contained Au (koz)	RD (g/cc)
Inferred	1.54	3.46	1.79	200	2.25
Total	**1.54**	**3.46**	**1.79**	**200**	**2.25**

TABLE 2: GRACE GOLD PROJECT – MRE BY OXIDATION STATE (0.5 G/T AU CUT-OFF)

Oxidation	Volume (M m³)	Tonnes (Mt)	Au (g/t)	Contained Au (koz)	RD (g/cc)
Oxide	0.67	1.34	1.49	64	2.00
Transitional	0.48	1.11	1.86	66	2.30
Fresh	0.39	1.01	2.12	69	2.60
Total	**1.54**	**3.46**	**1.79**	**200**	**2.25**

Notes: Mineral Resources are reported on a dry in situ basis. Totals may differ due to rounding. Reported in accordance with the JORC Code 2012 Edition. No Measured or Indicated Mineral Resources have been defined at this stage.

TABLE 3: COMPARISON OF 2020 AND 2026 MRE

	Tonnes (Mt)	Au (g/t)	Contained Au (koz)
2020 Inferred MRE	1.59	1.35	69
2026 Updated MRE	**3.46**	**1.79**	**200**
Increase	**+1.87**	**+0.44**	**+131**

Source: PSL* and Measured Group** (https://measuredgroup.com.au/)

** REPORT NO: MG1719 _GRACE GOLD PROJECT MINERAL RESOURCE ESTIMATE_001_AO1 (May 2026); Measured Group. Available at: https://measuredgroup.com.au/

ASX LISTING RULE 5.8.1 SUMMARY

This section provides a summary of the MRE for the Grace Gold Project. Moreover, it is consistent with ASX Listing Rule 5.8.1 and is effective from the date of issue.

Geological Setting

The Grace Gold Project is located within the Proterozoic Paterson Province and is underlain by metasedimentary rocks of the Yeneena Supergroup. The local sequence includes quartz-rich sandstone, quartzite, siltstone, shale and dolomitic units, with much of the project area concealed beneath Quaternary cover.

Gold mineralisation at Grace is structurally controlled and hosted within altered metasedimentary rocks. Mineralisation occurs as a series of stacked gold-bearing veins, breccia zones and lodes, with associated sulphides including pyrite, arsenopyrite and chalcopyrite noted in historical drilling and logging.

The mineralised system includes near-surface oxide gold mineralisation and extends into the transitional and fresh rock profile.

Exploration Dataset

The Mineral Resource Estimate is based on historical and recent drilling completed at the Grace Gold Project. Assay data used for estimation were sourced from RC, RAB, DDH and RC_D drillholes within the compiled project database (Appendix C).

Historical drilling was completed by Newcrest Mining Limited and predecessor Newmont Mining Australia. Paterson Resources acquired the project in 2017 and has since completed additional exploration, including drilling programs in 2022–2023 and 2025.

The recent drilling has provided additional support for the geological interpretation and confirmed gold mineralisation across the Grace mineralised system.

Project data was provided to Measured Group through a secure project data room. Measured Group compiled and reviewed the relevant drilling, geological and assay datasets prior to use in the Mineral Resource estimate.

Geological Model

The geological interpretation was developed using historical and recent drilling, geological logging, assay data and previous interpretations supplied to Measured Group.

Mineralised domains were interpreted using a nominal 0.3 g/t Au lower cut-off and were constructed to represent the stacked lode geometry of the Grace gold mineralisation. These domains were used to control compositing, block model coding and grade estimation.

The model incorporated an oxidation profile based on the available drilling data, with the base of complete oxidation modelled at approximately 55 m below surface and the top of fresh rock modelled at approximately 100 m below surface, with bulk density assigned by oxidation state. Topographic control was based on SRTM data, adjusted using the observed variance between available DGPS collar elevations and the SRTM surface.

The current geological interpretation is considered sufficient to support an Inferred Mineral Resource classification. Further drilling, improved collar survey control, detailed topographic survey data and additional oxidation modelling are recommended to improve confidence in the geometry and continuity of the mineralised lodes.

Modelling Methodology

The Mineral Resource estimate was completed in Micromine using a block model constrained by interpreted mineralised domains.

Gold was estimated using Ordinary Kriging as the primary estimation method, with an Inverse Distance Squared estimate completed as a check model. Drillhole assay data were composited to 1 m intervals prior to estimation. Domains were treated as hard boundaries, with samples only used to estimate blocks within the same mineralised domain.

Grade estimation used a multi-pass search strategy, with progressively expanded search distances applied to reflect varying drillhole support across the model.

Extreme gold values were reviewed statistically prior to estimation. A distance-restricted top-cut, or clamping approach, was applied to selected high-grade composites above 25 g/t Au. This allowed high-grade samples to retain their local influence close to the sample location, while limiting their broader influence at greater distances. The approach is considered conservative and appropriate for the narrow-vein style of mineralisation at Grace.

The block model used a parent block size of 10 m × 10 m × 4 m, with sub-blocking to 1 m × 1 m × 0.5 m to better honour the narrow lode geometry and domain boundaries. Block discretisation of 4 × 4 × 4 was applied during grade estimation.

Bulk density values were assigned by oxidation state, using 2.0 t/m³ for completely oxidised material, 2.3 t/m³ for transitional material and 2.6 t/m³ for fresh material. No project-specific bulk density measurements were available at the time of estimation.

Mineral Resource Classification

The Mineral Resource has been classified in accordance with the JORC Code, 2012 Edition, and is reported entirely as Inferred.

Classification was based on drillhole spacing, estimation support, geological confidence, data quality and the current level of supporting information available for the Grace Gold Project. Blocks were classified as Inferred where they were within the optimised pit shell, reported above the 0.5 g/t Au cut-off grade, and had an average distance to informing samples of 75 m or less.

The optimised pit shell used for reporting was generated using preliminary open cut assumptions, including a gold price of A$7,000/oz, metallurgical recovery of 93%, mining cost of A$10/t mined and processing cost of A$90/t processed.

The Inferred classification reflects the current confidence in the estimate, including reliance on historical drilling data, variable collar survey control, use of SRTM topography, absence of project-specific bulk density measurements and the need for further work to improve confidence in the oxidation model.

The classification is considered appropriate for the current stage of project assessment and reflects the Competent Person’s view of the deposit.

Statement of Mineral Resources

The Grace Gold Project contains an Inferred Mineral Resource of 3.46 Mt at 1.79 g/t Au for 200 koz Au, reported above a 0.5 g/t Au cut-off grade and constrained within an optimised pit shell. The Mineral Resource statement is summarised in Table 4 and Table 5 (repeat of Tables 1 & 2 above).

The Mineral Resource is reported on a dry in situ basis and is classified entirely as Inferred. No Measured or Indicated Mineral Resources have been reported at this stage.

The Mineral Resource is considered to have reasonable prospects for eventual economic extraction by open cut mining methods. No detailed mine design, mining dilution, mining recovery or metallurgical recovery factors have been applied directly to the Mineral Resource estimate.

TABLE 4: GRACE GOLD PROJECT – MRE AS OF 31/05/2026, REPORTED >0.5 G/T AU

Category	Volume (M m³)	Tonnes (Mt)	Au (g/t)	Contained Au (koz)	RD (g/cc)
Inferred	1.54	3.46	1.79	200	2.25
Total	**1.54**	**3.46**	**1.79**	**200**	**2.25**

TABLE 5: GRACE GOLD PROJECT – MRE BY OXIDATION AS OF 31/05/2026, REPORTED >0.5 G/T AU

Oxidation	Volume (M m³)	Tonnes (Mt)	Au (g/t)	Contained Au (koz)	RD (g/cc)
Oxide	0.67	1.34	1.49	64	2.00
Transitional	0.48	1.11	1.86	66	2.30
Fresh	0.39	1.01	2.12	69	2.60
Total	**1.54**	**3.46**	**1.79**	**200**	**2.25**

Notes:

- Totals may differ due to rounding,
- Mineral Resources reported on a dry in situ basis.
- The Statement of Mineral Resources has been compiled by Mr. Troy Lowien who is a Principal Geologist of Measured Group Pty Ltd and a Member of the AusIMM. Mr. Lowien has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012).
- Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results.
- Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code - JORC 2012 Edition).

The Mineral Resource estimate is shown in Figures 1-3 below with estimated block grades coloured by Au grade. Lower-grade blocks are shown in blue, grading through to red for blocks with Au grades of ≥5 g/t Au. Drillhole composite data are displayed as grade-scaled symbols, with larger symbols representing higher-grade Au composites. The black outline represents the optimised pit shell used to constrain the reported Mineral Resource.

Please refer to PSL: ASX Announcement lodged 3 June 2026 for full details.

FUTURE PLANNING

Paterson's immediate priorities following this resource upgrade include:

- Designing a targeted infill and extensional drilling campaign to upgrade the Inferred resource to Indicated and test along-strike and down-dip extensions of the mineralisation;
- Progressing additional metallurgical testwork across the full oxidation profile to support processing design;
- Progressing a Scoping Study for the Grace Gold Project, leveraging the updated MRE as a base case for economic assessment; and
- Advancing environmental, geotechnical and infrastructure studies to support mine development planning.

CORPORATE

Appointment of Non-executive Director

During the quarter, Mr Samuel Baker was appointed a non-executive director following the resignation of Mr John Kay as non-executive chairman.

Mr Baker has hands-on operational depth, mine engineering capability and commercial project development experience, including direct involvement in government, heritage and statutory approvals processes across Western Australia. In addition, Mr Baker has extensive relationships spanning contractors, engineers, consultants and resource companies domestically and internationally. He holds qualifications in mining engineering and business administration alongside relevant statutory mining certifications.

Meanwhile, Mr Greg Entwistle assumed the role of non-executive chairman.

Claim by Drilling Contractor

Post the end of the quarter, the Company was served with proceedings in the Federal Circuit and Family Court of Australia by its former drilling contractor, iDrilling Australia Pty Ltd.

The proceedings relate to a commercial dispute concerning amounts alleged to be payable in connection with the Company's Phase I drilling program at the Grace Project. The total amount claimed is approximately $0.5m to $0.7m (inclusive of GST), plus interest and costs.

The Company disputes the claim and intends to defend the proceedings.

At this stage, the Company does not consider the proceedings are expected to have a material impact on its operations and will keep the market informed of any material developments in accordance with its continuous disclosure obligations.

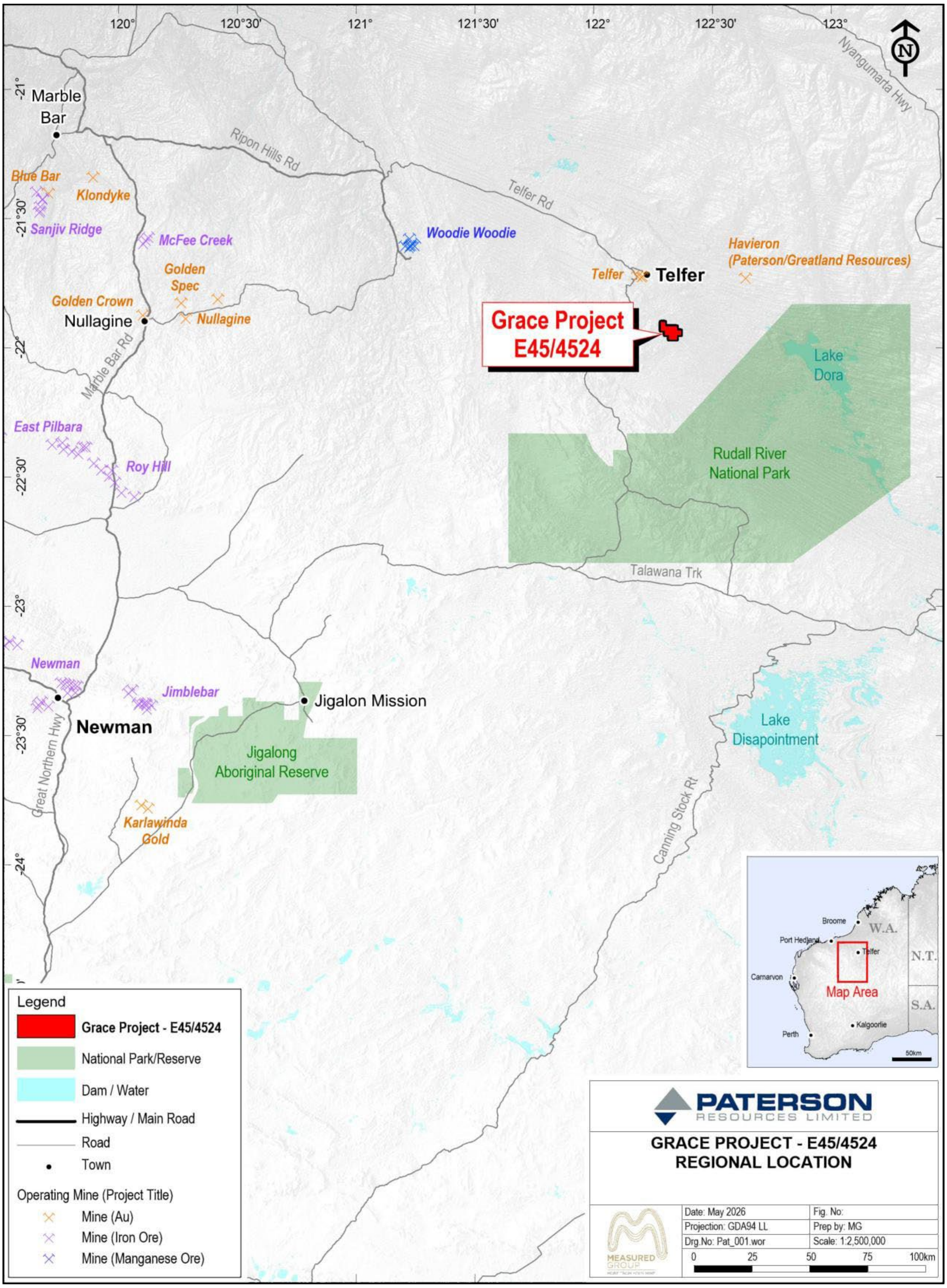
Please refer to the following PSL ASX announcements for full details:

- Significant MRE Update to 200,000oz Au at Grace Gold Project: 3 June 2026
- Phase I Assays Continue to Shine: 26 March 2026
- Further High-Grade Shallow Gold Results Returned: 24 February 2026
- Initial Assays Confirm Zones of Shallow Gold Mineralisation: 9 February 2026
- Comprehensive RC Drilling Campaign Commences at Grace Gold Project: 26 November 2025
- High Grade Gold intercepts Next to Telfer Continue: 23 October 2023
- Entitlement Issue Prospectus: 22 May 2020

In relying on the above mentioned ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the above-mentioned announcements, and in the case of estimates of mineral resources, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

LOCATION OF THE GRACE GOLD PROJECT

The Grace Gold Project is in the heart of the highly prospective Paterson Province, where numerous large groups including Rio Tinto, Antipa Minerals and Greatland Gold are actively exploring the region. Significant discoveries proximal to Paterson's Grace Gold Project include the Havieron 8.5-million-ounce gold-copper resource being developed by Greatland Gold, Cyprium Metal's Maroochydore copper prospect to the south and Greatland's world-class 30-plus million-ounce Telfer gold-copper mine, located 25km to the north-west.



COMPETENT PERSON'S STATEMENT:

The information in this announcement that relates to exploration results is based on and fairly represents information reviewed or compiled by Mr Matt Bull, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Bull is a Director of Paterson Resources Limited. Mr Bull has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken 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 Bull has provided his prior written consent to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Paterson operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside Paterson Resources (PSL) control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of PSL, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by PSL. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

This announcement was authorised for release to ASX by the Board of Paterson Resources

For further information, please visit [www.patersonresources.com.au:](http://www.patersonresources.com.au)

ASX Listing Rule 5.3.1

Exploration and Evaluation expenditure during the quarter was $305k, the majority of which was spent on the Company's drilling program at Grace, tenement administration and renewal costs.

ASX Listing Rule 5.3.2

There were no substantive mining production and development activities during the quarter.

ASX Listing Rule 5.3.5

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	**Amount**	**Description**
Directors	$23k	Periodical fees paid to Directors and/or Director related entities
Director	$-	Exploration consulting fees paid to a Director/Director related entities

The following table sets out the tenement information reported on a consolidated basis as required by **ASX Listing Rule 5.3.3**.

Mining tenements held at the end of the Quarter and their location

Project Name	**Location**		**Tenement Licences**	**Interest held by Group**
Grace	WA		E45/4524	100%

1. **The mining tenement interests acquired during the quarter and their location**
   Not applicable.
2. **The mining tenement interests disposed during the quarter and their location**
   Not applicable.
3. **Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter**
   Not applicable.
4. **Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter**
   Not applicable.

Appendix 5B

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

Name of entity
Paterson Resources Limited

ABN	Quarter ended ("current quarter")
45 115 593 005	30 June 2026

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	(1)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(153)	(672)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	44
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**	**(142)**	**(629)**

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	(305)	(1,073)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(305)**	**(1,073)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,620
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	2	15
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(29)
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	(a) Payment of interest from the issue of convertible debt securities	-	-
	(b) Proceeds from the Less than Marketable Parcel Sale Facility	-	-
3.10	**Net cash from / (used in) financing activities**	**2**	**1,606**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,269	1,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(142)	(629)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(305)	(1,073)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	1,606
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,824**	**1,824**

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	324	769
5.2	Call deposits	1,500	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,824**	**2,269**

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	(23)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

6.1 - Fees paid to Directors and/or Director related entities.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(142)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(305)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(447)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,824
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,824
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**4.08**

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

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

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: 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.

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: 31 July 2026

Authorised by: The Board of Paterson Resources Limited
(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.