



Balkan
Mining and Minerals Limited

Quarterly Activities Report March 2022

HIGHLIGHTS

Balkan Lithium-Borate Assets

- Drill locations considered across Rekovac while preparation works continued, associated access agreements negotiated and stakeholder engagement progressed.
- Gravity survey has identified two major parallel deep-seated faults that may have acted as pathways for mineral-bearing fluids.
- X-ray Diffraction (XRD) and Scanning Electron Microscopy (SEM) sample analysis have confirmed the presence of Greigite, an iron-rich magnetic sulphide, which has been found in associated boron deposits.
- Boron assays received from initial sampling program at Dobrinja yielding encouraging results with up to 2,300 ppm of B₂O₃ (avg. 497 ppm B₂O₃) indicating a permissive environment for mineralisation.

Corporate

- ESG specialists, Parvate Collective, were appointed to support and advise on the development and implementation of the Company's ESG strategy.
- BMM is committed to developing a resilient and sustainable business based on strong ESG values.
- Project generation progressed with the review of potential opportunities.

Balkan Mining and Minerals Ltd (Balkan or the Company) (ASX: BMM) provides the Company's quarterly activities report for March 2022. The primary focus of the Company's activities over this period has been the continued exploration at the Company's Serbian lithium-boron projects and reviewing complementary projects as well as the appointment of key consultants.

Serbian Lithium-Borate Assets

Rekovac Lithium-Borate Project (100%)

In the December quarter, the Company completed gravity and magnetic geophysics interpretation over the entire Rekovac Lithium-Borate Project¹. Geophysics interpretation aided in defining deep-seated fault zones within the project area.

¹ ASX Announcement 01 Nov 2021 - Gravity and magnetic geophysics completed at Rekovac & ASX Announcement 15 Nov 2021 - Gravity & Magnetic Survey Complete Over Entire Rekovac Project



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With this data, the Company continued an aggressive progress review of drill sites for follow-up testing. This included the preparation of the planned drilling campaign, together with the continued stakeholder engagement and community consultation, aided by the assistance of Pasala Exploration and Mining and its wealth of Serbian mining knowledge and expertise.

Gravity Interpretation Results

The Rekovac basin likely contains a gravity range representing a thick sedimentary section. This information provided the Company with a detailed image of the geometry of the basement surface cut by the fault and thus an estimate of the vertical offset.

The boratiferous sediment section, which occupies the southwestern rim, likely extends to the northeast into a thick section of younger sedimentary cover.

Magnetic Survey Interpretations

The purpose of the airborne magnetic survey interpretation was to gather data that would help identify areas with the presence of "blind" Calc – Alkaline volcanic formations that may serve as a source of the volatile elements.

Growth faults are believed to have channelled mineral-rich fluids (brines) to the host strata during early basin development. The overall magnetic field over the northern portion of the project area has been found to be low to moderately low, with values diminishing to the north of the project area, likely due to the thickening of nonmagnetic younger sedimentary cover.

Within this context, a slightly higher magnetic pattern (10nT above background) may indicate a spring source. The spring water broadly discharged elevated elements into the playa lake waters along faulted margins. These types of subaqueous springs have long been held as an explanation for lithium borate origins in the Rekovac basin.

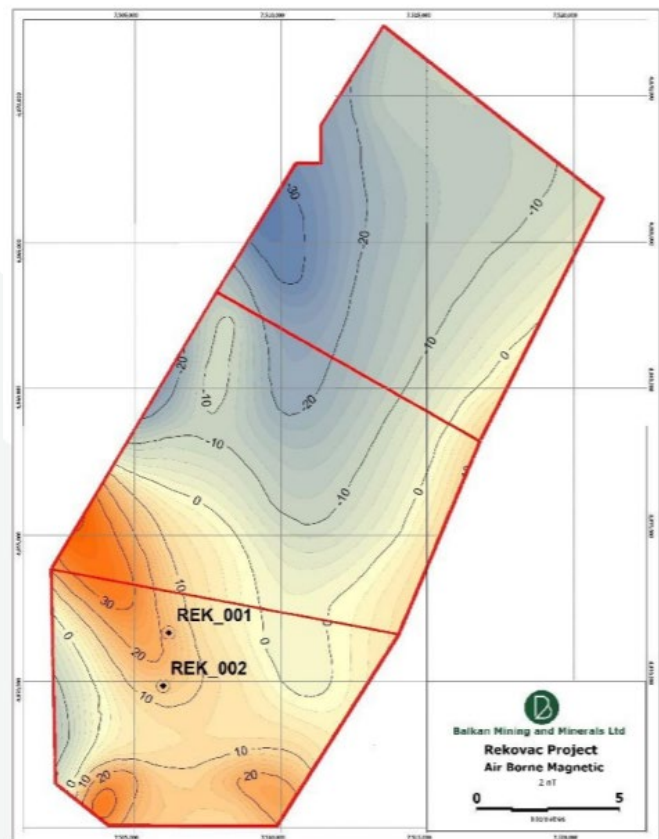


Figure 1 - Magnetic contour image contoured at 2nT



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Dobrinja Lithium-Borate Project (100%)

Sampling and Assays results

During the quarter, the Company received additional results from its 2021 surface prospecting and a permit wide sampling program².

The preliminary mapping and sampling program was successful in providing strong evidence of permissive sediments buried by the younger sedimentary cover on the project area. 97 outcrops were observed and the required data was recorded in the company database. Additionally, 61 samples of lacustrine-appearing sediments were taken for geochemical analysis. Please refer to the Company's announcement of 10 December 2021 for details of these preliminary results.

After receiving initial results from ALS Ireland, the Company requested the laboratory submit the pulp rejects to the ALS laboratory in Vancouver for boron analysis by the B-ICP82 method. This is a single element (B) analysis method designed for "Evaluation of Low - Level Boron by Fusion - ICP - AES". The received results analysed by the B-ICP82 were expectably higher than those returned by ME-ICP41a due to the difference in digestion methodology. The B-ICP82 method is considered to represent the "total" and it's the most appropriate method to analyse boron.

The additional results received during the quarter returned with up to 2,300 ppm of B₂O₃ (avg. 497 ppm B₂O₃) indicating a permissive environment for stratabound mineralisation.

The elevated boron values of >800 ppm of B₂O₃ coincide with middle Miocene units that overlay permissive saline-alkaline sediments. The target lower Miocene sediments (P1 and P2) are buried and therefore do not have any outcropping within the project area. A total of 6 samples were collected and returned with over 800 ppm of B₂O₃ (max 2,300 ppm). Refer to the Company's announcement of 21 January 2022 for a complete table for relevant assay results.

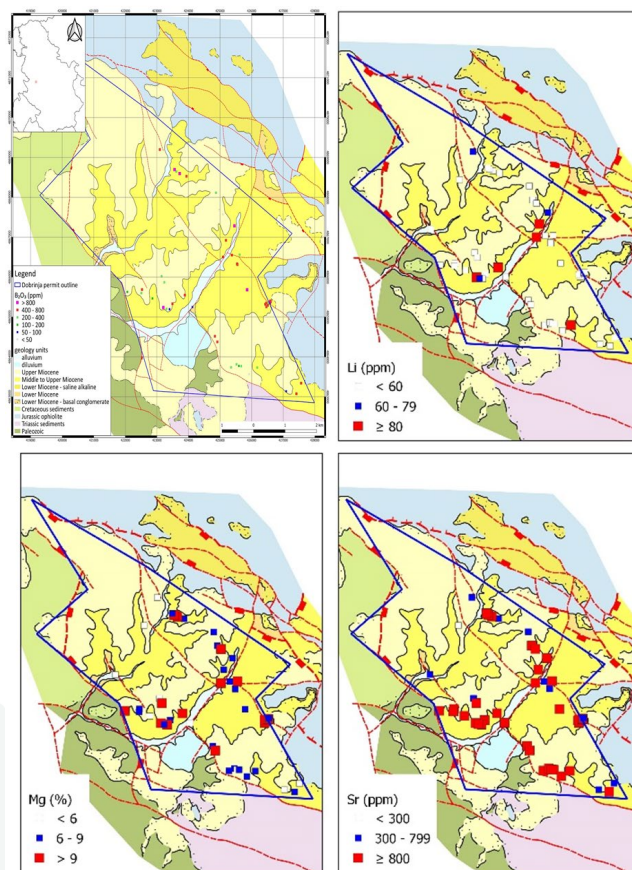


Figure 2 –Dobrinja geology map with rock sampling positions and Li, B, Mg & Sr values

² ASX Announcement 21 Jan 2022 – Dobrinja sampling assays yield encouraging results

At the eastern part of the project area rock chip anomalies are adjacent to the northwest-southeast line with assays results that returned with 400-800 ppm B_2O_3 and extending over an area of approximately 4km.

The field observations identified presences of evaporate mineralisation in form of analcime which is an indicator mineral of a saline-alkaline environment. The assay results from samples taken from overlaying Middle and Upper Miocene sediments returned relatively low to medium lithium and boron values which is encouraging as it indicates that the target stratigraphic units on the project area are well preserved.

Project Geology

The Dobrinja basin is the relicts of a larger basin, which has been eroded over time, leaving behind smaller isolated basins. During field work, the Company noticed that permissive sediments are buried by a younger subsequent sedimentary cover and thus does not outcrop within the license area. The nearest exposed permissive lacustrine sediments have been located approximately 1km northeast of the project area. Those permissive lacustrine strata (P1 and P2) presumably belong to the lower Miocene saline-alkaline lacustrine sediments that are known as a host to numerous boron deposits in the Balkans. These target sediments are anticipated to extend laterally to the west-southwest where it is believed a more complete stratigraphic section is preserved under younger sedimentary cover.

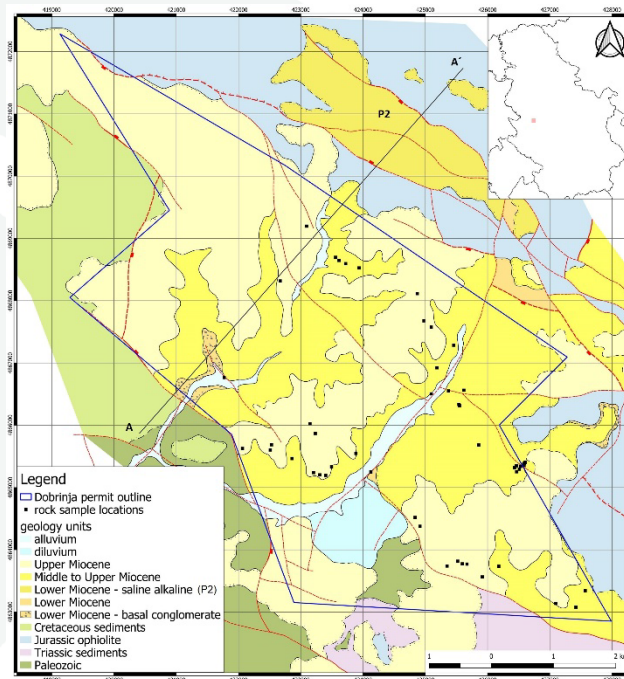


Figure 3 – Dobrinja project geology map

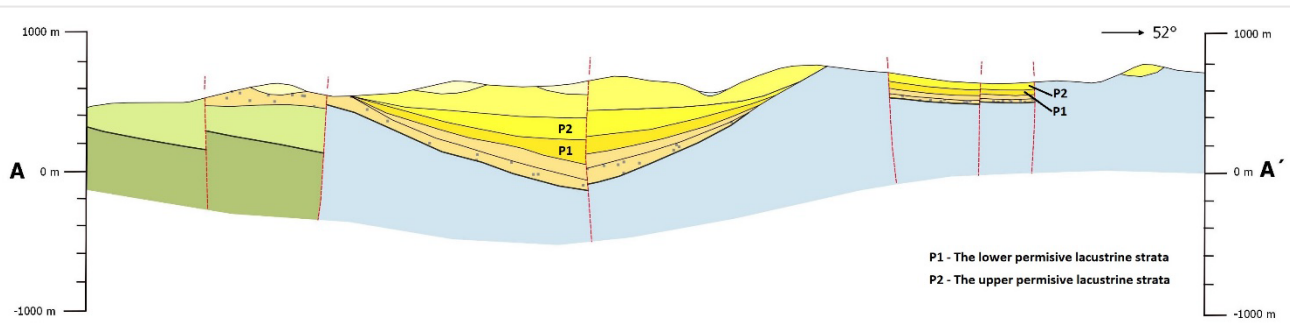


Figure 4 – Dobrinja cross section indication lateral extension of permissive lacustrine strata

Business Development

During the quarter, the Company continued to actively review potential opportunities and partnerships that are a strategic fit for the Company and that have the potential to be value accretive for Shareholders.

These activities resulted in the Company entering into an agreement to acquire Sandfire Resources Limited's (ASX: SFR) (Sandfire, Vendor) "Saski do" exploration permit application in Bosnia and Herzegovina. The acquisition would have strategically expanded the Company's Balkan portfolio of critical green metal assets and further highlighted the collaborative relationship with our major shareholder.

In late March 2022, Sandfire Resources Ltd advised that the Saski Do concession had been granted to a third party unrelated to its subsidiary company, Triassic Resources d.o.o. and that this condition precedent of the Saski do acquisition agreement was incapable of being satisfied prior to the condition precedent date of 31 March 2022. As a result, the Company was unable to proceed with the transaction.

Corporate

Environmental, Social and Governance ("ESG")

The Company, through its strong asset base and recent ASX listing, is well positioned to fast track its growth strategies. The Company recognises that to pursue these strategies sustainably it must have a solid and appropriate ESG strategy. To this end the Company has engaged ESG specialists, Parvate Collective to support the Company with the development and implementation of the Company's ESG strategy and governance framework.

The appointment of Parvate Collective will ensure that ESG is fully integrated into the way the Company does business, an increasingly essential requirement for all modern businesses that wish to prosper.

ESG integration will further provide an opportunity to develop enhanced operating and reporting systems and frameworks that add value and efficiency to our business and demonstrate the Company's position on climate, community engagement and corporate governance.



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Change of Office

On 3 February 2022, the Company moved its office to Level 9, 182 St George's Terrace, Perth Western Australia 6000.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter is submitted separately.

The Company had a cash balance of \$4.05M as at 31 March 2022. Exploration expenditure during the quarter totalled \$47k.

Use of Funds

A comparison of the Company's actual expenditure since admission to the Official List of ASX to 31 March 2022 against estimated expenditure in the Use of Funds statement in the Prospectus dated 25 May 2021 (Prospectus) is set out below:

| Use of funds | Prospectus estimate (2 years) | Use until 31 Mar 22 |
|--|----------------------------------|------------------------|
| Serbian project exploration | 3,391,000 | 679,000 |
| Project evaluation | 500,000 | 110,000 |
| Administration Costs | 1,354,000 | 580,000 |
| Repayment of Intercompany facility agreement | 277,000 | 285,000 |
| Expenses of the Public Offer | 527,000 | 638,000 |
| Working capital | 451,000 | 157,000 |
| Total | 6,500,000 | 2,449,000 |

Use of funds variance explanations are outlined below:

- Variances on operational expenditures are as a result of higher than estimated operational expenditures including insurances and the Company being only listed for 8.5 months into the 2 year prospectus estimate.
- Since estimating the balance of the Intercompany Facility as set out in the Prospectus, the Company borrowings increased by an additional \$152k, of which \$76k was applied to Expenses of the Public Offer, \$60k utilised for Serbian project expenditure and \$16k utilised for administration costs and repaid \$8k of interest.
- Variances in expenses of the offer relate to higher than estimated audit fees, investigating accountant fees and legal fees.

Related Parties

As outlined in Section 6 of the attached Appendix 5B, during the March quarter approximately \$99k in payments were made to related parties and/or their associates as director's remuneration.



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Capital Structure

The Capital Structure at the end of the March quarter is as follows:

- 46,050,000 Ordinary Shares on issue;
- 4,000,000 Unlisted Options on issue; and
- 2,100,000 Performance Rights on issue

There have not been any changes to the Company's capital structure during the quarter.

BMM's exploration tenement interests

| Project | Tenement ID | BMM Indirect Interest |
|------------|-------------|-----------------------|
| Rekovac | | |
| - Rekovac | 2224 | 100% |
| - Ursule | 2429 | 100% |
| - Siokovac | 2430 | 100% |
| Pranjani | 2427 | 100% |
| Dobranja | 2428 | 100% |

* BMM's interest in these tenements are held indirectly through its subsidiary corporate structure. These tenements are held by Balkan Istraživanja d.o.o, BMM's Serbian subsidiary.

ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX

| | |
|-----------|--|
| 31-Jan-22 | Quarterly Activities/Appendix 5B Cash Flow Report |
| 21-Jan-22 | Dobrinja Sampling Assays Yield Encouraging Results |
| 10-Dec-21 | Initial Gravity Surveys Interpretation Completed at Dobrinja |
| 23-Nov-21 | 121 EMEA Conference Presentation |
| 15-Nov-21 | Gravity & Magnetic Survey Complete Over Entire Rekovac Project |
| 10-Nov-21 | Appointment of Technical Consultant |
| 01-Nov-21 | Gravity and magnetic geophysics completed at Rekovac |
| 29-Oct-21 | Quarterly Activities/Appendix 5B Cash Flow Report |
| 07-Oct-21 | Corporate Presentation |
| 06-Oct-21 | Completion of Sampling at Dobrinja Lithium-Borate Project |

These announcements are available for viewing on the Company's website under the Investors tab. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements above.



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ABOUT BALKAN MINING AND MINERALS

Balkan Mining and Minerals is an ASX listed company focused on the early-stage exploration through to development of borate and associated lithium in the Balkans. The Company's Projects comprise the Rekovac, Dobrinja and Pranjani Lithium-Borate Projects which are located within the Republic of Serbia.



Figure 5 – Balkan Mining and Minerals Project Locations

For further information please contact:

Ross Cotton
Managing Director
Tel: +61 8 6109 6684
E: Ross.Cotton@balkanmin.com

Authorised for release by the Board of Balkan Mining and Minerals Limited

-ENDS-



Balkan
Mining and Minerals Limited

ASX ANNOUNCEMENT

29 April 2022

Compliance Statement

This quarterly report contains information on the Rekovac, Dobrinja and Pranjani Projects extracted from ASX market announcements dated, 20 August 2021, 6 October 2021, 7 October 2021, 11 October 2021, 29 October 2021, 1 November 2021, 15 November 2021, 23 November 2021, 10 December 2021 and 21 January 2022 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code) and available for viewing at www.balkanmin.com. BMM confirms that it is not aware of any new information or data that materially affects the information included in any original ASX market announcement.

Forward-looking Statements

Certain statements included in this release constitute forward-looking information. Statements regarding BMM's plans with respect to its mineral properties and programs are forward-looking statements. There can be no assurance that BMM's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that BMM will be able to confirm the presence of additional mineral resources, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of BMM's mineral properties. The performance of BMM may be influenced by a number of factors which are outside the control of the Company and its Directors, staff, and contractors.

These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of exploration sample, mapping and drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves and resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the company's prospects, properties and business strategy.

There is continuing uncertainty as to the full impact of COVID-19 on BMM's business, the Australian economy, share markets and the economies in which BMM conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on BMM's business or the price of BMM securities.

Except for statutory liability which cannot be excluded, each of BMM, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. BMM undertakes no 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 other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statement.

Appendix 5B

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

Name of entity

Balkan Mining and Minerals Limited

ABN

67 646 716 681

Quarter ended ("current quarter")

31 March 2022

| 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 | (78) | (213) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (145) | (403) |
| (e) administration and corporate costs | (107) | (610) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | (8) |
| 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 | (330) | (1,234) |

| | | |
|--|------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | (2) | (65) |
| (d) exploration & evaluation | (45) | (147) |
| (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 | - | - |
| | (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 | (47) | (212) |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 6,500 |
| 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 | - | (562) |
| 3.5 | Proceeds from borrowings | - | 40 |
| 3.6 | Repayment of borrowings | - | (430) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 5,548 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,480 | 1 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (330) | (1,234) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (47) | (212) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 5,548 |

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 | (51) | (51) |
| 4.6 | Cash and cash equivalents at end of period | 4,052 | 4,052 |

| 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 | 4,052 | 4,480 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,052 | 4,480 |

| 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 | 99 |
| 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) | (330) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (45) |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (375) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 4,052 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 4,052 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 10.8 |
| <p><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></p> | | |
| 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? | |
| | <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> Answer: </div> | |
| 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? | |
| | <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> Answer: </div> | |
| 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? | |
| | <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> Answer: </div> | |
| <p><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></p> | | |

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 2022

Authorised 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.

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