

Quarterly Activity Report End 30 June 2020

Lotus Resources Limited (LOT) (Lotus or the Company) is pleased to provide its activities report on the Kayelekera Project (**Project**) and the Company's corporate affairs for the June quarter 2020.

HIGHLIGHTS

- **Care and maintenance operating cost guidance at the Kayelekera Project reduced by 75% to an annualised cost of US\$1.2M from the original 2019 budget estimate of c.US\$5M.**
 - A safe and environmentally responsible approach has been followed that complies with all statutory regulations.
 - Number of full-time employees onsite reduced to 16 (down from 116).
 - Diesel fuel price reductions negotiated.
- **The Company has developed a five-stage approach, focussed on an optimal production restart from the current care and maintenance state.**
 - Developing the work programs and cost estimates required to bring the existing plant back into production.
 - Undertaking a study to re-engineer the front-end of the circuit to include additional processing steps to upgrade ore prior to milling and leaching.
 - Reviewing potential process improvements that could be implemented in the main circuit.
 - Undertaking a feasibility level restart study that incorporates the results of the foregoing programs along with a new production plan.
 - Proceeding with a front-end engineering study (FEED) to further work up the optimal level of engineering from the feasibility study.
- **Review undertaken of a vast exploration dataset resulted in the Company setting an exploration target of between 7-14Mlb of U3O8 at a grade of 300-600ppm U3O8**
 - Lotus has defined exploration targets for near-mine and brownfield exploration regions.
 - Four priority regional targets identified for exploration.
 - Identification of high-grade rare earths and rutile close to the Kayelekera Project, including up to 8.5% critical REO (Pr, Nd, Tb, Dy, and Y oxides), averaging 2.9% across all samples collected.
- **Appointment of a highly experienced team with significant experience across the nuclear fuel cycle and an independent non-executive chair.**
 - Former Uranium One's Chief Executive Officer, Mr Eduard Smirnov was appointed Managing Director of the Company.
 - Mr John Sibley was appointed as Non-Executive Chairman of the Company. John was previously Executive Vice President and General Counsel of Uranium One.
 - Mr Grant Davey and Mr Stuart Mc Kenzie were appointed as Non-Executive Directors of the Company.
- **The Company had cash of \$16.4m as at the end of the June 2020 (see section 8 of Appendix 5B).**
- **Subsequent to the end of the quarter, an additional \$1.035m was raised through the exercise of options. All options had more than 2 years before expiry (September 2022 and March 2023).**
 - Major global uranium fund Sachem Cove has exercised 17.8m options, increasing its stake in Lotus to 7.8%.



CARE AND MAINTENANCE

During the quarter, Lotus undertook a comprehensive review of all activities and associated costs at the Project. The purpose of the review was to optimise site related programs and care and maintenance costs. The review determined that site activities ought to be targeted at the following core functions:

- Maintaining a high level of security and safety at site;
- On-going maintenance of the plant and critical equipment; and
- Ensuring compliance with all regulatory requirements.

Following the review, annual care and maintenance operating costs are now forecast to be US\$1.2M. Additional costs associated with in-country General and Administration costs include insurance premiums, tenements fees and are approximately US\$0.14M for the year ended 30 June 2021. The Company has also identified a number of other areas that could see further cost reductions implemented. These initiatives are currently being further investigated.

A revised budget, which has been prepared from first principles to deliver these core functions, has now been developed. Key features of the revised budget and reduced costs include:

Labour

- Voluntary retrenchment packages were offered to staff, with 99 employees having accepted the offer.
- Currently there are 16 full-time local employees and 2 expatriate employees onsite.
- Plans are in place to manage the impact of Covid-19, with no reported cases reported at the Project site to date.

Diesel

- Extensive negotiations with a supplier have resulted in a 20% reduction in the price of diesel, with prices to be revised on a monthly basis, subject to changes in the global petroleum market.
- An opportunity to reduce annual consumption of approximately 625,000 litres post water treatment has been identified.
- As diesel represents approximately 35% of onsite operating costs, this is a significant saving.

Camp

- Camp occupancy has been significantly reduced with only eight residents now remaining in the onsite camp.

RESART STUDY

The Company is well advanced with the scoping of a work program that will be used to support a restart study. The purpose of the restart study is to position the Kayelekera Project for rapid and cost-optimal production restart as the uranium price environment improves.

Refurbishment of Existing Plant

The planned work program will identify the activities and costs required to bring the existing Kayelekera plant back into production, specifically:



- Assessment of processing plant (crushers, mills, resin pulp tanks, dryers, etc)
- Acid plant inspection and refurbishment requirements
- Geotechnical studies on plant foundations
- Nanofiltration inspection / review
- Tailings dam inspections
- Dams and surface water infrastructure inspections
- Mobile equipment requirements
- Re-commission camp
- Consideration of future staffing requirements

These will be incorporated into a stand-alone report with a timeline and capital cost estimate. The work program will be conducted with the support of qualified external technical consultants.

Figure 1 – Kayelekera Process Plant Layout



Re-engineering Processing Circuit Front-end

The planned review of the front-end of the processing circuit will focus on developing a process that will allow lower grade ores to be economically treated and will consider the following:

- A review of potential improvements to material handling to better handle wet and sticky ores
- Use of upgrading processes including ore sorting, dense media separation and size/gravity separation
 - a key consideration is upgrading the uranium content and the rejection of high acid-consuming gangue minerals



- Applicability of low-grade stockpiles to the upgrading process
- Defining a revised feed ore protocol for subsequent use in the mine plan and production scheduling

This will result in a stand-alone report with recommendations for the preferred upgrading process and associated capital and operating cost estimates. Qualified external technical consultants will be retained to assist with the review.

Main Circuit Potential Process Improvements

The review of the process plant and associated infrastructure undertaken as part of our previous due diligence work indicated a number of potential improvements that could be implemented in the main circuit, including:

- Process improvements around acid recovery and process efficiency
- Resin in pulp studies
- Power studies to reduce diesel consumption including investigation of alternatives
- Yellow cake dryer study

These potential improvements, including timelines and capital cost estimates, will be further investigated with the support of qualified external technical consultants.

Decisions on the timing of the plant refurbishment study, the review of the front-end of the processing circuit and the review of potential main circuit process improvements will be made following completion of cost and schedule estimates which are currently underway.

Restart Feasibility Study

The feasibility study as currently envisaged is to commence following completion of the above-listed studies and reviews and will include the following work packages.

- Geotechnical studies for pit design
- Hydrology and hydrogeology studies along with a revised site water balance
- Tailings dam capacity requirements based on revised schedules
- Process modelling
- Updated mine design and scheduling
- Production scheduling optimisation to determine the optimal throughput and production rates based on the upgrading attributes and performance of stockpile materials
- Incorporation of the refurbishment and front-end redesign to overall project capital
- Execution methodology and schedule
- Operating, sustaining and working capital requirements
- Developing discounted cashflow models to define project economics

Front-end Engineering Design (FEED)

Front-end engineering design work is planned to follow the completion of the feasibility study. This would focus on progressing the level of engineering from the feasibility study such that a Class 3 (or Class 2) cost estimate could be generated to ensure project cost control moving forward.



In parallel with this work, the Company will also start developing an operational readiness program designed to ensure a successful transition from engineering through the plant and mining infrastructure upgrades and start-up into commissioning, ramp-up and steady-state operations. A critical part of this work will be to ensure alignment with operational personnel and effective risk management as the project progresses.

EXPLORATION TARGET

Following a review of a substantial quantity of exploration data from the Project site, the Company reported an exploration target of 6-21 Mt at a grade of between 300 and 600ppm U₃O₈ which was derived from the near-mine and brownfield exploration regions. This indicates a potential metal endowment of between 7 and 14MLb of U₃O₈ (ASX announcement 2 April 2020).

Table 1: Lotus Malawi Exploration Target

Tenement	Project	Tonnage Range		Grade Range		Contained Metal		
		Min	Max	Max	Min	Max	Min	Max
		Mt	Mt	ppm	U ₃ O ₈ Kt	U ₃ O ₈ Kt	U ₃ O ₈ MLb	U ₃ O ₈ MLb
ML 152	Kayelekera	1	5	1,200	1.2	2.0	2.6	4.4
EPL417	Mpata	2	9	400	0.8	1.8	1.8	4.0
EPL418	Livingstonia North	3	8	450	1.4	2.4	3.0	5.3
	Total	6	21	600	3	6	7	14

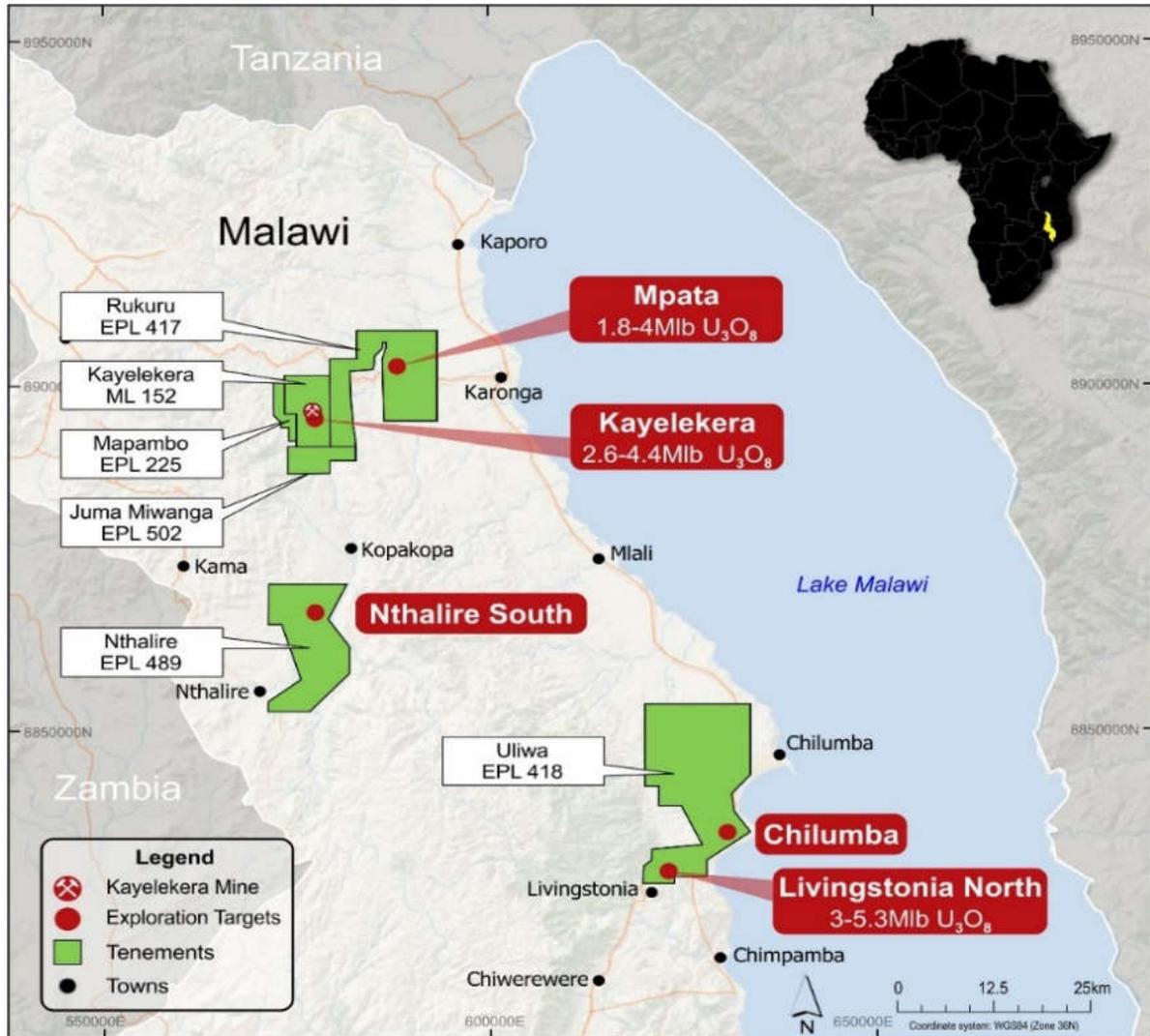
An exploration target is not a mineral resource. The potential quantity and grade of an exploration target is conceptual in nature and there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of an additional mineral resource.

The data review considered approximately 1,780 drill holes for 120,000m and 98,500 1m composite eU₃O₈ samples, 3D modelling of available data, and analysis of nearby deposits adjoining Lotus' tenements. The exploration target is shown in Table 1 above.

This target was determined through the identification of five key target regions based upon a review and analysis of previous field work including airborne and ground-based geophysics, mapping, drilling and trenching. These five key target regions consist of the Kayelekera, Mpata, Nthalire South, Chilumba, and Livingstonia North Projects. The location of each of these regions is highlighted in Figure 2 below.



Figure 2: Kayelekera Location Map and Exploration Targets

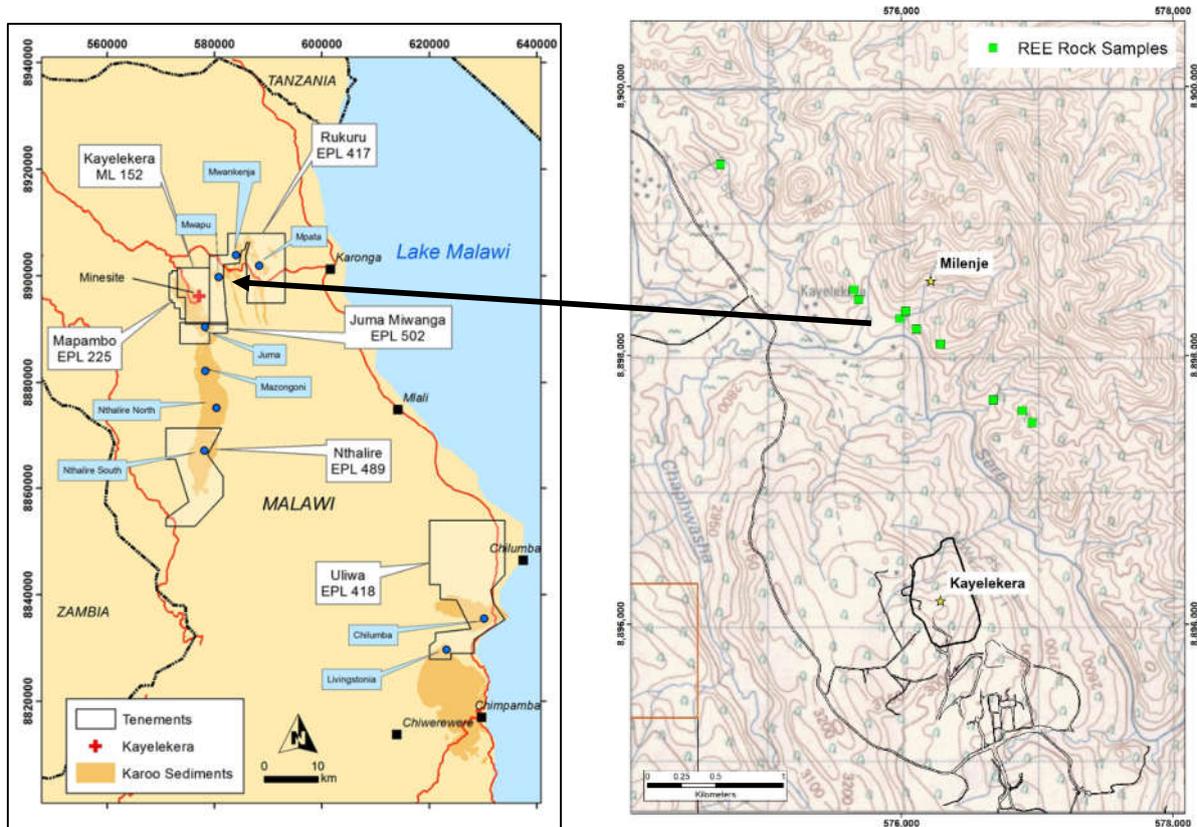


RARE EARTHS AND RUTILE

Early-stage field work on licences in close proximity to the Kayelekera Project identified high-grade Rare Earth Elements (REE) and rutile-bearing granitoids at the Milenje Hills Prospect, approximately 2km north of the Kayelekera resource area (Figure 3).



Figure 3: Kayelekera Tenements and Milenje Project



The Milenje Hills prospect was discovered through ground surveys and mapping in 2014 during exploration for uranium mineralisation adjacent to the Kayelekera uranium resource. Preliminary (and never released) surface and trench grab samples have returned significant REE and TiO₂ (predominantly from rutile) results from granitoid gneiss float material and sub crop. Significant, hand samples returned grades up to 38% total rare earth oxides (ASX announcement 8 April 2020).

The mineralisation is interpreted to be associated with allanite-rich pegmatite dykes and associated fluid alteration within associated granitoids, which have been emplaced into the host Ubendian gneisses and granites. Both the pegmatite material and granitoids exhibit high REE and TiO₂ grades (up to 38% total Rare-Earth Oxides).

Importantly, the rare-earth assemblage identified includes significant portions of the high-value critical rare earth oxides of Neodymium (Nd), Europium (Eu), Terbium (Tb), Dysprosium (Dy), Yttrium (Y), and Praseodymium (Pr): averaging 2.9% across all samples and up to 8.5%. Of this, Neodymium oxide makes up on average 73% of the endowment: averaging 2.1% across the samples, and up to 6.3%.

Lotus believes the Milenje Hills prospect contains potential for significant REE mineralisation and aims to test the prospect through systematic exploration including soil sampling, surface mapping and trenching in the upcoming dry season.



For further information on the rare earths and rutile exploration opportunity at Kayelekera, see ASX announcement dated 8 April 2020.

CORPORATE

Cash at the end of the Quarter

At the end of the June Quarter Lotus held cash of \$16.4m, which is inclusive of both restricted and unrestricted cash. Following the end of the Quarter, the Company received an additional \$1.04 million associated with the exercise of unlisted options. A number of institutional option holders have indicated an intention to exercise their options during the September Quarter. See section 8 of the Appendix 5B.

Board Changes

During the quarter Messrs Eduard Smirnov, John Sibley, Grant Davey and Stuart McKenzie were appointed to the board of directors and Messrs Tim Kestell, James Eggins, Mark Millazzo Simon Andrew and Andrew Mirco resigned from the board of directors. The appointments significantly strengthen the Company's capability in the uranium industry, the resources sector and Africa.

Mr Sibley was formerly the Executive Vice President and General Counsel of Uranium One and for more than 10 years played a leading role in that company's growth and development into a global uranium producer, which had a market valuation of \$3 billion on its 2013 public going private transaction. Mr Sibley has extensive public and private company board and senior management experience, with a particular focus on mining and financial services.

Mr Smirnov served as Uranium One's Chief Executive Officer from 2016 to 2019 and Manager of its Corporate Development and Corporate Projects Divisions from 2013 to 2016. At Uranium One, he was responsible for uranium exploration, development and production in eight countries around the world and for the growth and management of the company's global nuclear utility order book. Prior to that, he held various senior positions at Royal Bank of Canada's Strategy and Transformation Group and at KPMG's Corporate Finance Group.

Mr Davey is a mining engineer with over 30 years of senior management and operational experience in the construction and operation of gold, uranium, base metals, platinum and coal mines in Africa, Australia, North and South America and Russia. More recently, he has been involved in venture capital investments in several exploration and mining projects and he has been instrumental in developing the Panda Hill niobium opportunity, the Honeymoon Uranium Project, as well as the Pick Lake Zinc and Cape Ray Gold Projects.

Mr McKenzie is a senior executive with extensive experience in the African resources industry. He was Company Secretary for over six years with Anvil Mining Limited where he was an integral part of the senior management team that saw Anvil's market capitalisation grow from C\$100 million in 2005 to C\$1.3 billion upon takeover by Minmetals in 2012 and has held senior positions with Graphex Mining Limited, Indiana Resources Limited and Ok Tedi Mining Limited.

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ABOUT LOTUS RESOURCES

Lotus Resources Limited (LOT:ASX) is a minerals exploration and development company. The Company recently acquired a 65% interest in the Kayelekera Uranium Project in Malawi. The project is held via a 76.5% holding in Lily Resources Pty Ltd. Kayelekera hosts a high-grade resource with an existing open pit mine and demonstrated excellent metallurgical recoveries (87.5%) having historically produced over 10.9Mlb of uranium between 2009 and 2014. The March 2020, JORC 2012 compliant Mineral Resource for Kayelekera is shown below.

For more information, visit www.lotusresources.com.au

Annexure 1. Kayelekera Mineral Resource March 2020¹ (Reported above a 300ppm U₃O₈ lower cut-off for in situ material; and a 200ppm U₃O₈ lower cut-off for the low-grade stockpiles).

	Mt	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M Lb)
Measured	0.7	1,010	0.7	1.5
Measured - RoM Stockpile ²	1.6	760	1.2	2.6
Indicated	18.7	660	12.3	27.1
Inferred	3.7	590	2.2	4.8
Total	24.6	660	16.3	36.0
Inferred - LG Stockpile ³	2.4	290	0.7	1.5
Total All Material	27.1	630	17.0	37.5

¹ The information in this announcement that relates to the Mineral Resource at Kayelekera was announced on 26 March 2020. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 26 March 2020 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in that announcement of continue to apply and have not materially changed.

² RoM stockpile has been mined and is located near mill facility.

³ Low-grade has been mined and placed on low-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this option.

Figures have been rounded. Grade has been determined from a combination of XRF and downhole logging derived eU₃O₈ grades. In situ Mineral Resources are depleted for mining to 31 December 2013, when mining ceased, with stockpiles depleted to the end of processing in June 2014. Metal content is based on contained metal in the ground and takes no account of mining or metallurgical recoveries, mining dilution or other economic parameters. An in-situ bulk density of 2.29g/cm³ was applied for Arkose material and 2.20g/cm³ for mudstone material to all blocks within the model.



Appendix 5B

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

Name of entity

Lotus Resources Limited

ABN

38 119 992 175

Quarter ended ("current quarter")

30 June 2020

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 (if expensed)	(2,608)	(3,209)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(145)	(444)
	(e) administration and corporate costs	(385)	(1,349)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	7
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)	44	44
1.9	Net cash from / (used in) operating activities	(3,092)	(4,951)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities ⁽¹⁾	-	(2,000)
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation (if capitalised)	-	-
	(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 (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) ⁽¹⁾	14,558	11,365
2.6	Net cash from / (used in) investing activities	14,558	9,362
<p>(1) The Company acquired a \$14.56 million cash backed environmental performance bond as part of the acquisition of the Kayelekera Uranium project. This is restricted cash that cannot be used to fund operations whilst the environmental performance bond is in place. The Company is currently working with its bank and insurance company to put insurance in place that would allow the Company to access the funds currently restricted by the bond. The first tranche of the repayment of the environmental performance bond to the vendor from the Company was US\$4 million. The vendor has offset US \$2 million against this payment for agreed funding provided by them for planned site restorations.</p>			
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	9,800
3.2	Proceeds from issue of convertible debt securities	-	501
3.3	Proceeds from exercise of options	1,997	2,285
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(479)
3.5	Proceeds from borrowings	-	501
3.6	Repayment of borrowings	-	(651)
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	1,997	11,957
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,978	73
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,092)	(4,951)

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 (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	14,558	9,362
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,997	11,957
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	16,441*	16,441*

* Included in the cash balance above is \$14.56 million environmental performance bond (restricted cash). The Company is currently working with its bank and Lombards Insurance company to put insurance in place that would allow the Company to access part of the funds currently restricted by the bond. Subsequent to the end of the quarter the Company also received \$1.04 million in cash from the conversion of options which is not included in the cash balance. The company is in discussions with shareholders to accelerate the exercise of approximately a further \$1.00 million in issued options. The company would raise capital between the end of 2020 and early 2021 if it is unable to access part of its environmental bond.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,883	2,978
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	14,558*	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,441	2,832

* US\$10M environmental performance bond (restricted cash).

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
-
145

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

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	-	-
	-	-
	-	-
	-	-

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)	(3,092)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,092)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	16,441*
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	16,441*
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5.3*

* Included in the cash balance above is \$14.56 million environmental performance bond (restricted cash). The Company is currently working with its bank and Lombards Insurance company to put insurance in place that would allow the Company to access part of the funds currently restricted by the bond. Subsequent to the end of the quarter the Company also received \$1.04 million in cash from the conversion of options which is not included in the cash balance. The company is in discussions with shareholders to accelerate the exercise of approximately a further \$1.00 million in issued options. The company would raise capital between the end of 2020 and early 2021 if it is unable to access part of its environmental bond.

- 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: The budgeted cost for the 3rd quarter is \$1.85 million and is significantly less than the 2nd quarter.

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 advanced in investigating options to insure its environmental bond requirements so that it is able to access the available cash or portion of the \$14.60 million collateral that is in place. Further to this the company has commitments from option holders of exercising approximately \$ 1.00 million of options at 4 cents and as of 31st July 2020 has received a further \$1.04 million subsequent to the end of the second quarter of options exercised by shareholders.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes based on 1 and 2 above.

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 2020

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.