

Quarterly Activity Report for the Period Ending 31 December 2021

Highlights

- Drilling of the Perth basin appraisal well, Walyering-5, successfully completed during the Quarter
- Walyering-5 confirms the presence of a high quality, low CO₂ (<1%), conventional gas accumulation at the Walyering gas field
- Walyering-5 predrilling expectations exceeded with a higher quality reservoir observed, and 2 additional net gas pays encountered
- Gurvantes XXXV Environmental Impact Assessment commenced during the December Quarter and lodged after Quarter's end
- \$1.67M received from the exercise of options during the Quarter
- \$6.72M cash on hand as at 31 December 2021

Talon Energy Ltd ("Talon" or "Company") is pleased to provide its Quarterly Activities Report for the Quarter ending 31 December 2021.

Talon's Executive Director, Matt Worner, commented: "The December Quarter saw the Company achieve a number of significant milestones. The most significant among these was the gas discovery made at the Walyering-5 appraisal well in the onshore Perth Basin, Western Australia, which we look forward to commence testing in the near term.

In addition to the drilling success at Walyering, strong progress was made at the Gurvantes XXXV Coal Seam Gas project in Mongolia, where the final phase of the Environmental Impact Assessment (EIA) was undertaken. With the EIA now lodged with the Mongolian authorities for review, government approval is expected in late January- early February 2022, and we expect the commence field work in the first quarter of 2022."

Perth Basin Exploration Program EP447: Walyering (45% Interest)

Walyering is an existing discovery which was flow tested at 13.5MMCFD in the Walyering-1 well in the early 1970s. It is ideally located within proximity to the Pamela Gas Pipeline (which transports gas from the Perth Basin oil gas field to a mix of retail and industrial users).

During the December Quarter drilling of the Walyering-5 appraisal well was safely and successfully completed, with the well intersecting 4 high quality gas reservoirs. The well, initially targeting 2 known reservoirs, the A and B sands, intersected an additional 2 reservoirs (C1 and C2 Sands) below the B sands. Mud logs, drilling logs and wireline logging tools were used to evaluate the four high quality, blocky, coarse grained, conventional gas charged sands throughout the Jurassic aged Cattamarra Coal Measures. These sands are interpreted to be the regional A, B and C Sands seen in the historical Walyering wells and nearby Jurassic gas discoveries such as Gin Gin, Red Gully and Ocean Hill.



Drilling in progress at Walyering-5 in the Perth Basin

During drilling well pressure was measured at approximately 4,386 psia with permeabilities of 274 mD. With gas samples indicating very low CO₂ of ~0.69%, Walyering should be one of, if not the cheapest, gas to market projects in the Perth Basin. The condensate/gas ratio is measured to be lower than expected, at around 2.84 bbls per mmscf, which is viewed as a positive due to the production stream supporting a lower development cost and faster to market profile.

A summary of the Walyering-5 reservoir horizons, as announced by Operator, Strike Energy Limited (**STX**) on 6 December 2021, are shown in the table below:

Reservoir	Interval Top TVDss (-m)	Gross Thickness. (m)	Peak Porosity (%)	Average Porosity (%)	Net Pay (m)
A Sand	2,969	15	21.5	17.3	14
B Sand	3,045	69	18	14.5	10
C1 Sand	3,154	11	20.5	16.4	9
C2 Sand	3,212	22	16.6	13.9	18
Total	-	116	21.5	15.4	51

A porosity cut-off of 8% was used for the net pay calculation.

Based on strong results to date and subject to a successful production test, Walyering presents a low capital and fast to market development opportunity for the Joint Venture due to the following factors:

1. Proximity to the Parmelia Gas Pipeline (**PGP**), which links the field to WA's industrial gas market (refer graphic below)
2. Gas specification within PGP requirements
3. Reservoir pressure measured at 5x operating pressure of PGP
4. Very low impurities in measured gas samples (H₂S, Nitrogen & CO₂)
5. Location of gas field on freehold farming land

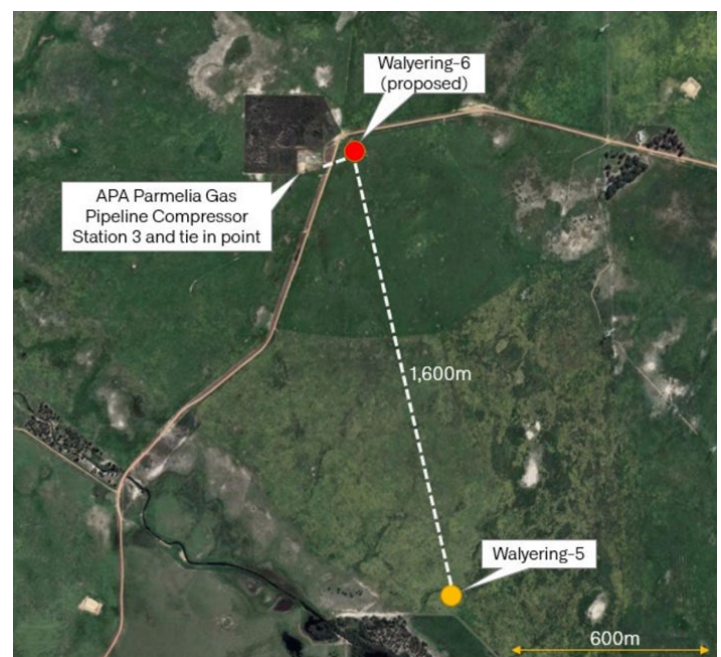
The simple profile of the Walyering gas accumulation should result in nominal downstream infrastructure requirements between the wellhead and the PGP tie in. As such, it is anticipated that minimal non-well capital expenditure will be required prior to commencing gas production and delivery to the PGP.

STX is investigating a concept design of a production system that could support up to 20 TJ/d, supplied by ~2 wells from the main lobes of the Walyering gas field. STX has commenced work to identify the location and design of the proposed Walyering-6 well (refer to the image to the right showing the location of the Walyering-5 well, and the proposed location of Walyering-6 well, and tie in point for the Parmelia Gas Pipeline).

Condor (Acquiring 100% subject to milestones)

The Condor Structure has been mapped by Talon as the Perth Basin's largest, untested wet gas structure within conventional Jurassic reservoirs.

Talon has completed an Airborne Electromagnetic, Transient Pulse (**AEM-PTP**) survey over the Condor Structure on SPA-0081, and which extends into EP494, located



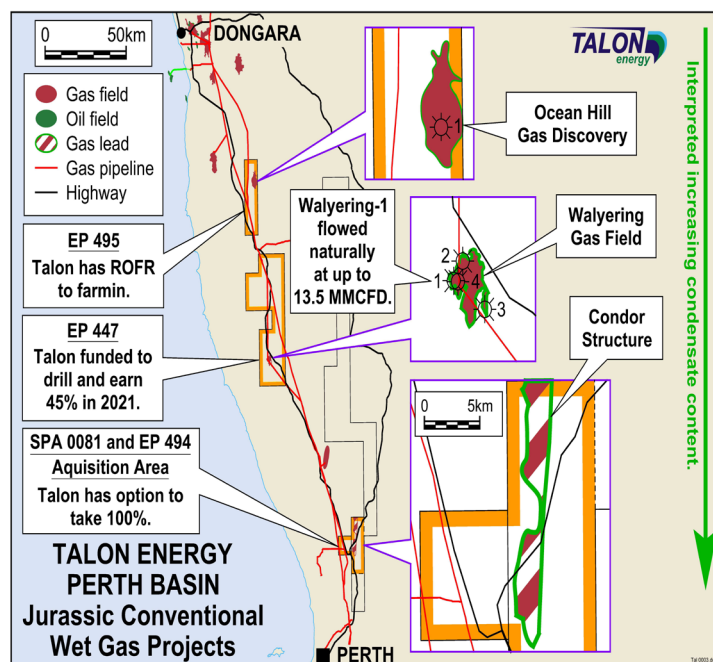
in the Perth Basin, and operated by the Macallum Group Limited (**MGL**). The Company is continuing work on analysing the data acquired via this survey to better delineate the Condor Structure, and to help plan the next stage of exploration work for the Prospect. The acquisition of the AEM-PTP survey satisfied the work program requirement for SPA-0081, which provides Talon with an option to convert, in due course, to a longer tenure Exploration Permit, with Talon working alongside MGL in this regard.

Condor Structure Un-risked Prospective Resources Talon – 100%						
Permit	Low (P90)		Best (P50)		High (P90)	
	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)
EP494	9.5	202	20.2	408	39	710

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For more information on the above Prospective Resources, refer to ASX announcement dated 17 March 2021. Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

The success of the recently drilled Walyering-5 well on EP447 is expected to have positive implications for Condor, with both plays targeting conventional Jurassic reservoirs. In Talon's view, the success at Walyering-5 has resulted in a material upgrade to the resource potential of Condor.

Of significance for Condor, the reservoirs could be up to 1,500m shallower than at Walyering with the beneficial effect being both improved reservoir quality and reduced drilling and completion costs. Condor's moderate drill costs, low CO₂ and proximity to key transport and pipeline infrastructure, mean that it is ideally placed for commercial development in the event of exploration success.



Perth Basin Locality Map

In addition to Walyering and Condor, Talon also has a Right of First Refusal over an interest in EP495 which contains the Ocean Hill conventional Jurassic gas discovery (currently held 100% by Strike Energy Ltd). Ocean Hill has a 360 BCF 2C Contingent Resource¹.

¹ Refer TPD ASX Announcement dated 24 July 2020 entitled 'Perth Basin Resource Numbers' for more information on the Ocean Hill Contingent Resource. Other than the success seen at the Walyering-5 well, Talon confirms that it is not aware of any new information or data that materially effects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates have not materially changed and continue to apply

Mongolia – Gurvantes XXXV CBM Project (earning 33%)

Talon is party to a Farm-in Agreement with Telmen Resource LLC (**Telmen**) to acquire a 33% Participating Interest in the Gurvantes XXXV coal bed methane Production Sharing Agreement (**PSA**).

The Gurvantes XXXV PSA covers a significant area of 8,400km² and is situated in what is considered one of the most prospective coal bed methane basins globally. Gurvantes XXXV is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed for future gas sales to satisfy both local Mongolian, as well as Chinese, energy requirements.

During the Quarter, Telmen continued to progress work on the Environment Impact Assessment (**EIA**) required to seek approval to commence infield exploration activities, culminating with lodgement of the EIA with the Mongolian Ministry of Nature, Environment and Tourism in January 2022. Approval of the EIA is expected in late January – early February, which will facilitate the commencement of infield exploration work in the current March 2022 Quarter, with the drilling program to include the completion of 4 fully tested core holes, which will be used to assess the Coal Seam Gas potential of the Coal resources in the Nariin Sukhait area of the South Gobi Basin. Preparations for the drilling program are well advanced and on schedule



Preparation of Gas desorption laboratory in Mongolia

Gurvantes XXXV Coal Seam Gas Project Gross (100%) Prospective Gas Resources (TCF)

Region	Un-risked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	1.30	2.02	3.38	1.17	1.82	3.04
Lead Area	6.89	17.94	38.24	1.95	4.14	8.21
Total	8.19	19.96	41.62	3.12	5.96	11.25

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure basis.

Talon's net (33%) Prospective Gas Resources (TCF)*

Region	Un-risked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	0.43	0.66	1.12	0.39	0.60	1.00
Lead Area	2.28	5.92	12.62	0.64	1.37	2.71
Total	2.71	6.58	13.74	1.03	1.97	3.71

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure basis.

*Subject to completion of Farmout and transfer of 33% participating interest in Gurvantes XXXV to Talon

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For more information on the above Prospective Resources, refer to ASX announcement dated 18 August 2021. Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

UK North Sea Portfolio

The Company continues to hold a number of licences in the UKCS and is in the process of undertaking a review of potential opportunities that the tenement package presents, with talks with interested parties continuing throughout the Quarter.

Green Flame Energy (60%)

In August 2021 Talon executed a Shareholder Agreement (**SHA**) with Applied Vapor Solutions LLC (**AVS**) in respect of a 60% shareholding in GreenFlame Energy Pty Ltd (**GreenFlame**).

GreenFlame holds an exclusive IP licence for the application of a zero CO₂ emissions Superheated Steam Technology process developed by AVS, that simultaneously enhances recovery of hydrocarbons (methane) from coal seams whilst sequestering CO₂, and producing hydrogen. AVS has granted GreenFlame an exclusive licence for the Superheated Steam Technology for Australia, India, Indonesia, Mongolia, New Zealand and South Africa (Tier 1); along with Argentina and Colombia.

As previously announced, GreenFlame and Strike 96 Pty Ltd had entered into an agreement whereby GreenFlame was to acquire a 67% interest in PEL96 in the South Australian Cooper Basin but have terminated that agreement after they were informed by the South Australian Department for Energy and Mining (**DEM**) that upon the transfer of an interest to GreenFlame, the PEL96 Joint Venture would be required to provide a cash deposit equal to the full amount of the estimated PEL96 restoration work program. As such, that agreement had become materially different to that which was originally contemplated. During the Quarter Talon and AVS held discussions around how best to approach the use of GreenFlames' licensed IP into the future.

Corporate

Talon remains well funded to pursue its exploration activities in Australia and internationally with a cash balance as at December 31 of \$6.72M. The Company continued to receive inflows of funds from the exercise of its \$0.004 priced options, with ~\$1.67M of exercise funds received during the December Quarter.

On 31 December 2021, Talon's Managing Director and CEO, Mr David Casey, transitioned to a Non-executive role with the Company and continues to be involved in the strategic decision making process, which will enable the Company to capitalise on its existing projects. The Company has commenced the process of identifying suitable candidates to fill the Chief Executive position and have identified a number of candidates. Talon anticipates filling the role in Q1 the current year.

Tenement Holdings

In accordance with Listing Rule 5.4.3 Talon provides the following information in relation to its oil and gas tenements:

Oil and Gas blocks held at the end of the Quarter:

Project	Location	Tenement/ Blocks	Status	Beneficial Interest
Walyering	Perth Basin	EP447	Granted	45%
Vantage	North Sea	12/26a & 12/27a	Granted	100%
Chisum	North Sea	19/5a	Granted	100%
Bluestring/White Bear	North Sea	20/2a	Granted	100%
Carnaby	North Sea	28/8a	Granted	100%
Subject to earn-in conditions				
Gurvantes XXXV	Mongolia		Farming-In	0% ¹
Condor	Perth Basin	Blocks 7977, 8049 and 8121 (with in EP494)/SPA-0081	Acquisition subject to satisfaction of various conditions precedent	0% ²
Ocean Hill	Perth Basin	EP495	Granted	FROR ³

1. Talon executed a binding agreement dated 30 January 2021 with Telmen to earn a 33% interest in the Gurvantes XXXV Production Sharing Agreement. At the end of the reporting quarter no interest, other than the contractual earn-in right, had been earned by Talon.
2. In January 2021 Talon entered into a non-binding agreement for the option to acquire 100% of blocks 7977, 8049 and 8121 located within EP494, and SPA-0081 from Macallum Group Limited. This transaction is subject to a number of Conditions Precedent, at Talon's discretion, which had not been satisfied at the end of the Quarter.
3. As part of the Walyering farm-in agreement executed with Strike Resources Limited, Talon also has a first right of refusal over EP495.

No tenements were disposed of, or acquired, during the December Quarter.

In accordance with Sections 1.2, 6.1 & 6.2 of the December 2021 Quarter Appendix 5B, Talon provides the following information:

Section	Description	\$A'000
1.2	Expenditure for exploration & evaluation, production, staff and administrative corporate costs	\$428
6.1 & 6.2	Payments made to related parties and their associates including Directors fees and corporate costs.	\$154

--Ends--

This Announcement has been authorised for release by the Board of Directors.

For further information, please contact:

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Talon Energy Ltd

David Lim
Company Secretary
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Competent Persons Statement (Perth Basin) The information in this report that relates to Prospective Resources as set out in this document related to the **Perth Basin Projects** (Walyering and Condor) is based on information compiled by Mr John Lamberto and Mr John Begg who are geoscientists each with over 30 years of industry experience and both consultants to the Company. This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/ American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Competent Persons Statement (Gurvanties XXXV): The information in this report that relates to Prospective Resource information for the **Gurvanties XXXV Project** is based on information compiled by Mr. John Hattner, an employee of Netherland, Sewell & Associates Inc, and who is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE). This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Appendix 5B

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

Name of entity

TALON ENERGY LIMITED (ASX CODE: TPD)

ABN

88 153 229 086

Quarter ended ("current quarter")

31 DECEMBER 2021

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	9
1.2	Payments for		
	(a) exploration & evaluation (expensed)	(156)	(359)
	(b) development	-	-
	(c) production	-	(35)
	(d) staff costs	(200)	(653)
	(e) administration and corporate costs	(72)	(642)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	14
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	(425)	(1,666)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-

Mining exploration entity and 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
	(d) exploration & evaluation (inc. farm-in)	(4,242)	(5,294)
	(e) investments	-	-
	(f) other non-current assets	-	-
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	(4,242)	(5,294)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of options	1,670	4,391
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(26)	(404)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (refund of unmarketable parcel share)	-	-
3.10	Net cash from / (used in) financing activities	1,644	8,987

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,701	4,658
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(390)	(1,631)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,242)	(5,294)

Mining exploration entity and 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
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,644	8,987
4.5	Effect of movement in exchange rates on cash held	2	(5)
4.6	Cash and cash equivalents at end of period	6,715	6,715

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	6,705	9,691
5.2	Call deposits	10	10
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)	6,715	9,701

6.	Payments to directors 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	154
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
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 and oil and gas exploration entity quarterly cash flow report

7.	Financing facilities available <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>	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 financial facilities		
7.5	Unused financial 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.		
NIL			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(425)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(4,242)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,667)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,715
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	6,715
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.44

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

- 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 December quarter included farm-in costs for the Walyering well, to which two thirds was funded by Talon up until \$6M. As drilling is now completed, the March quarter will not incur this level of cash outflows relating to exploration.

- 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: At 31 December, Talon has a number of options that remain in the money. 233,850,000 \$0.004 options are expiring 28 February to which could lead to a cash injection of \$935,400 if all are converted to ordinary shares. In addition, the Board will consider financing options upon success of the Walyering-5 test results.

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

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: 28 January 2022

Authorised by: The 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.