



# WINCHESTER

ENERGY LIMITED

ACN 168 586 445

ASX: WEL

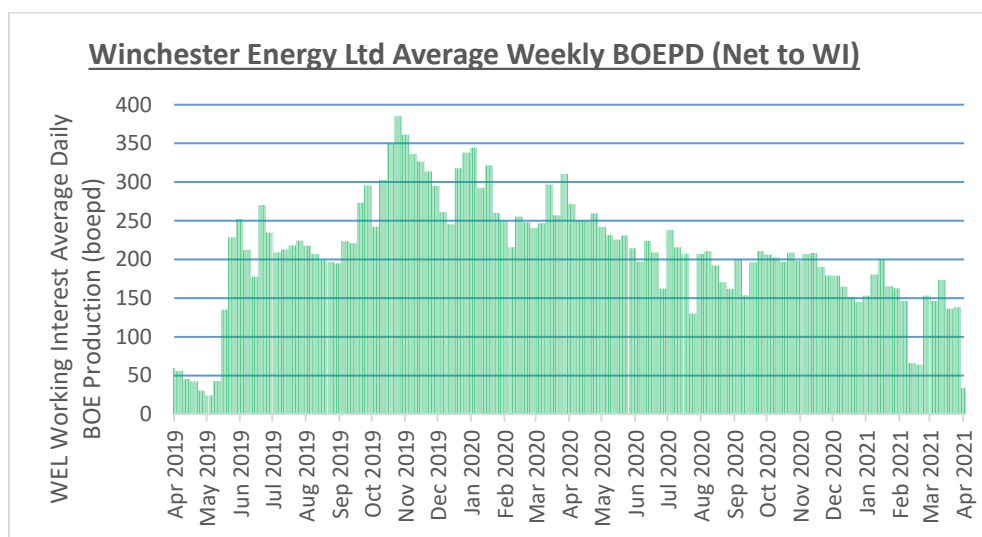
## QUARTERLY REPORT

For the period ending 31 March 2021

### HIGHLIGHTS

- Net oil & gas revenue in the reporting period was AUD\$527,831<sup>1</sup>.
- Production during the March 2021 quarter averaged 144 barrels of oil equivalent per day<sup>2</sup> (boepd) net to Winchester's Working Interest (WI).
- Independent audit estimates 496 mboe of 3P reserves and a combined 11.1 mmboe in Contingent and Prospective Resources net to Winchester as of 31 December 2020:
  - 3P Reserves of 496 mboe
  - Contingent Resources ('Best Estimates') of 4.35 mmboe
  - Prospective Resources\* ('Best Estimates') of 6.75 mmboe
- The April 2021 workover and fracture stimulation of the Bast 1 well has produced 35 barrels of oil with 143 barrels of load water (frac fluid) in the first 23 hours on pump – production is expected to improve as the well unloads.
- Operations to be undertaken in the June and September 2021 quarters include the drilling of the Bast Deep Prospect and a further Mustang Oil Field well, as well as several workovers (significant frac jobs) of existing wells.

\*Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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.



<sup>1</sup> Using exchange rate 1 AUD = 0.78 USD

<sup>2</sup> boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The conversion ratio is based on energy equivalency and does not represent value equivalency. Estimates are rounded to the nearest boe.

## PRODUCTION SUMMARY

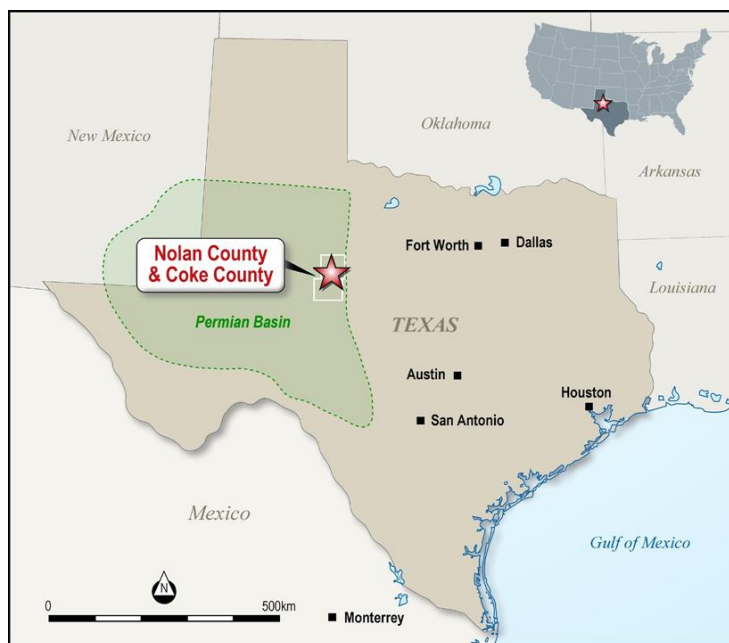
Winchester Energy Limited's (Winchester; ASX:WEL) gross and net Working Interest (WI) oil and gas production for the quarter ended 31 March 2021 is shown below:

Oil Production (bo/boe)*	March Quarter 2021 (boe)	December Quarter 2020 (boe)	September Quarter 2020 (boe)	June Quarter 2020 (bo)	March Quarter 2020 (bo)
<b>Gross Oil Production</b>	<b>17,661</b>	23,206	23,932	28,108	34,269
<b>WEL WI Share**</b>	<b>13,055</b>	17,184	17,706	20,576	24,855

\* Figures show oil production only to June Quarter 2020; thereafter showing combined oil and gas production in barrels of oil equivalent. \*\*Winchester is entitled to its Working Interest share of revenue after royalty payments to the oil and gas mineral rights owners.

Winchester's average daily WI production in the March 2021 quarter was 144 boepd, comprised of 74% oil<sup>3</sup>.

To the end of the March 2021 quarter, Winchester's Permian Basin wells in Nolan County, Texas have produced a total gross 538,314 barrels of oil and 270 million cubic feet of gas.



**Figure 1: Location of the Company's acreage position in Nolan and Coke Counties, Texas, USA**

<sup>3</sup> boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.

## REVENUE SUMMARY

Total WI oil and gas sales revenue for the March 2021 quarter was A\$527,831<sup>4</sup> (US\$411,708), an increase on the previous quarter. The average sale price per barrel of oil was US\$56.99.

During the quarter, West Texas Intermediate (WTI) oil prices continued to rise appreciably, with WTI oil currently selling at over US\$60 per barrel (Figure 2), bolstering sales revenue for the Company.



**Figure 2: West Texas Intermediate (NYMEX) crude oil price over 1 year<sup>5</sup>**

<sup>4</sup> Using exchange rate 1 AUD = 0.78 USD

<sup>5</sup> Source: macrotrends.net

## EXPLORATION & DEVELOPMENT OPERATIONS

### Mustang, Lightning and Bast Well Summary

Well ID	Drilled	Formation	WEL WI	Status
<b>Mustang Oil Field</b>				
White Hat 2002	Apr 2017	Strawn	50%	Producing
White Hat 2003	Mar 2019	Strawn	75%	Producing
White Hat 2005	Aug 2019	Strawn	75%	Producing
White Hat 3902	Dec 2019	Strawn	50%	Producing
White Hat 2006	Jan 2020	Strawn	75%	Producing
<b>Lightning Oil Field</b>				
Arledge 1602	Jul 2019	Cisco Sands	100%	Producing
McLeod 1703	Dec 2019	Cisco Sands	100%	Producing
<b>Bast Oil Field</b>				
Bast 1	1985	Strawn	92%	Re-work Underway - Producing
Bast 2	1985	Strawn	94%	Producing
Bast A-1	1985	Strawn	93%	Producing

Following a full review of its Nolan County assets in the east Permian Basin, Winchester Energy has recommenced field operations.

The initial program will span the June and September 2021 quarters and will comprise of a “high-impact” exploration well, a development well at the Company’s Mustang oil field and a number of workovers at existing producing oil wells.

### Bast Deep Prospect Drilling (Winchester 100% WI and Operator)

Following detailed analysis and review, the Company has identified a number of Cambrian-age structural traps situated within its lease holdings.

The thick, porous, widespread Cambrian Sands reservoir has produced in excess of 23 million barrels of oil from fields along the nearby Fort Chadbourne fault trend - just 10 miles to the east.

All prospects identified in the Cambrian Sands are structural closures mapped on high quality 3D seismic with the seal comprised of the thick overlying, largely tight Ellenburger dolomite.

Drilling will first test the Bast Deep Prospect which presents in 3D seismic as an attractive four-way closure with a calculated gross prospective Resource (High Estimate P10) of 2.34 million barrels of oil equivalent (mmboe). Drilling to a total depth of approximately 7,700 feet will cost approximately US\$800,000 to drill and complete. This well is a potential game-changer for the Company as success will unlock the potential for over 4.5 million barrels of oil equivalent (Prospective Resources - P50 Best Estimate\* (see table below)) across WEL’s acreage.

**Cambrian Prospects – Prospective Resources\***

Prospect	Gross Prospective Resource (Best Estimate; P50)	Gross Prospective Resource (High Estimate; P10)
<b>Bast Deep</b>	0.95 million boe	2.34 million boe
<b>Meteor</b>	1.94 million boe	4.69 million boe
<b>El Dorado</b>	1.36 million boe	3.52 million boe

\* The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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.

In an added bonus, all Cambrian Prospects have associated Ellenburger, Odom and Strawn targets that can be tested subsequent to the primary Cambrian Sands play.

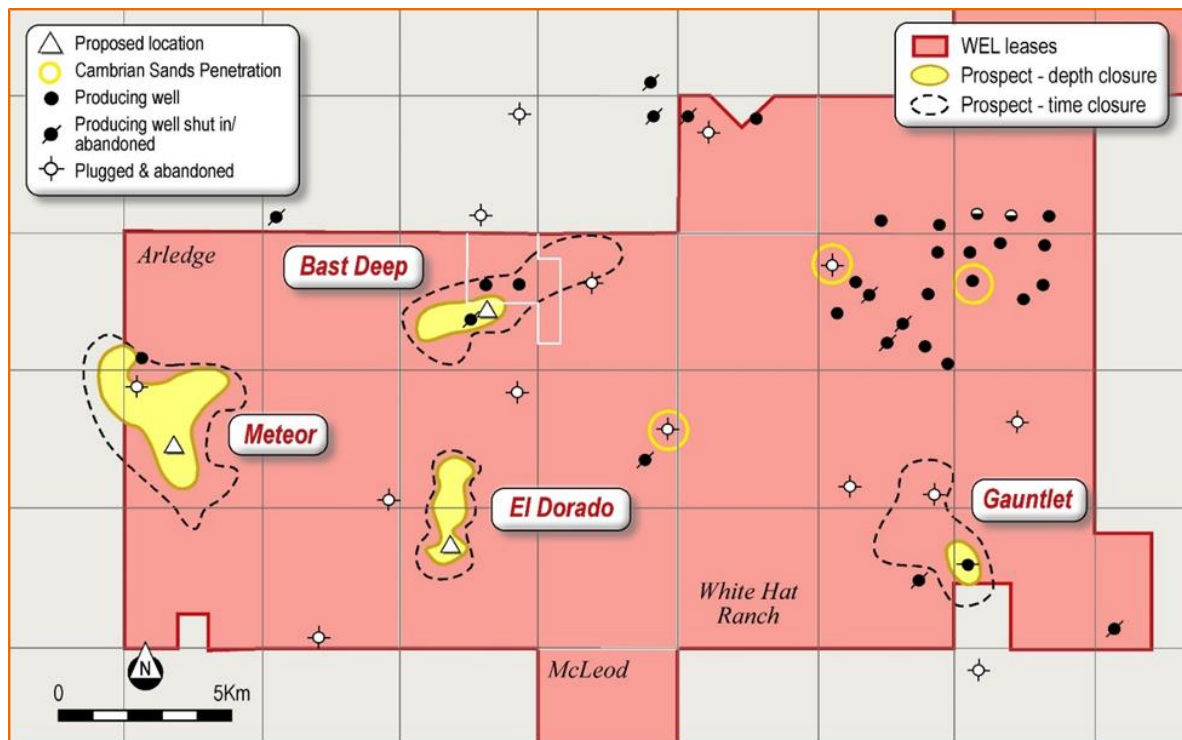


Figure 3: Cambrian targets within WEL leases – Bast Deep Prospect first to be drilled

**Mustang Oil Field (Winchester 75-100% WI and Operator)**

Additional development drilling is planned in the September 2021 quarter in the Company's Mustang Oil Field.

The proposed White Hat 2106 well will target the Fry Sand in the south-eastern sector of the Mustang Oil Field. Projected total depth is 7,200 feet, with an estimated cost of US\$700,000 to drill and complete.

### Workover Program (Winchester 92% - 100% WI and Operator)

Winchester has identified several relatively low-risk well recompletions designed to generate additional oil and gas from the Cisco Formation (Cisco Sands).

The Bast #1 well was recompleted and fracture stimulated in the Upper Cisco Formation on April 13, 2021. The stimulation was significantly larger than those previously implemented by Winchester in Nolan County and was undertaken successfully.

After a short swabbing program, the well was put on pump. The fluid level in the borehole remained high during the swabbing program, indicating good pressure support.

The first full day of production was April 24<sup>th</sup>, with the well producing 35 barrels of oil, 143 barrels of load water and minor gas over a 23-hour interval. Further improvement is expected as pumping continues and more load water is drawn down.

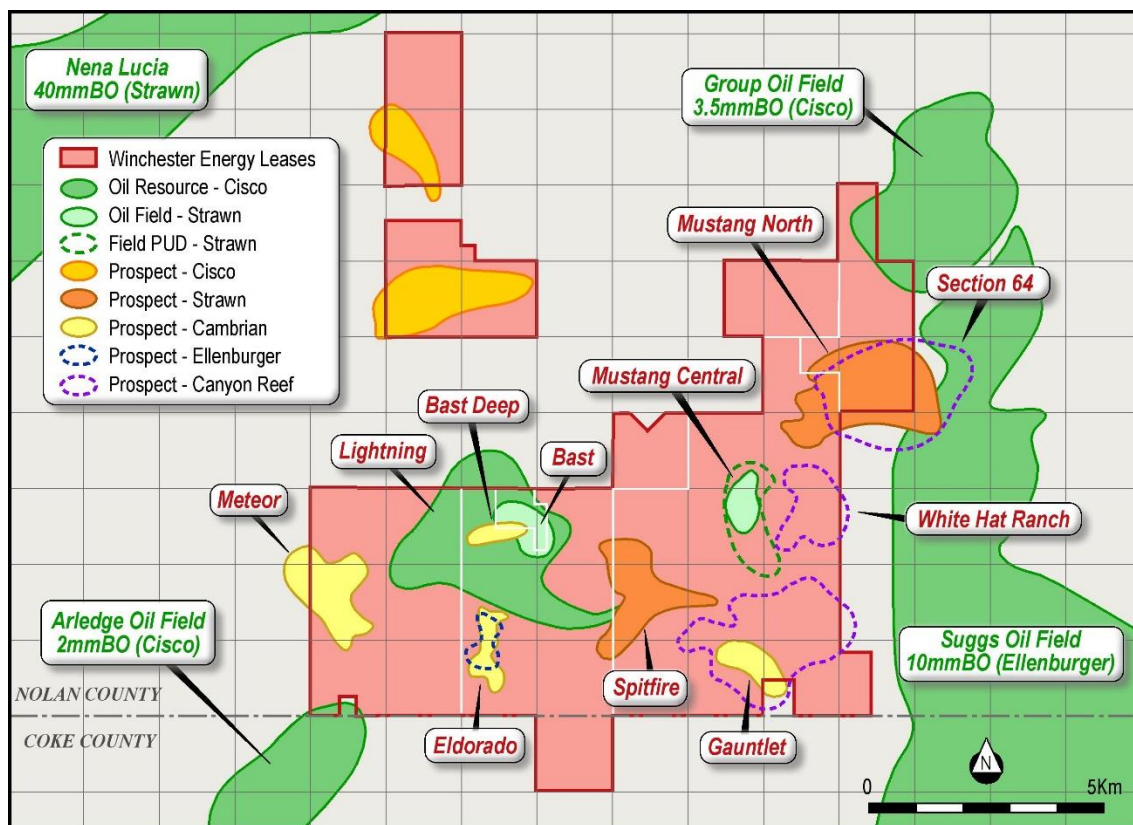


Figure 4: Winchester Leases, Prospects and Fields

## EXPLORATION POTENTIAL

The Eastern Shelf of the Permian contains several vertically-stacked oil productive units (vertical pay). The recent results from the Strawn and the Cisco Formations have proven that the Winchester leases hold significant potential at several formation levels.

As well as the Strawn and Cisco Formations, other prospective units include the, Wolfcamp ‘D’ high total organic carbon shale intervals, Three Fingers Shale, Lower Penn Shale and several intervals within the Canyon Sands package as well as the Odom sands and carbonates.

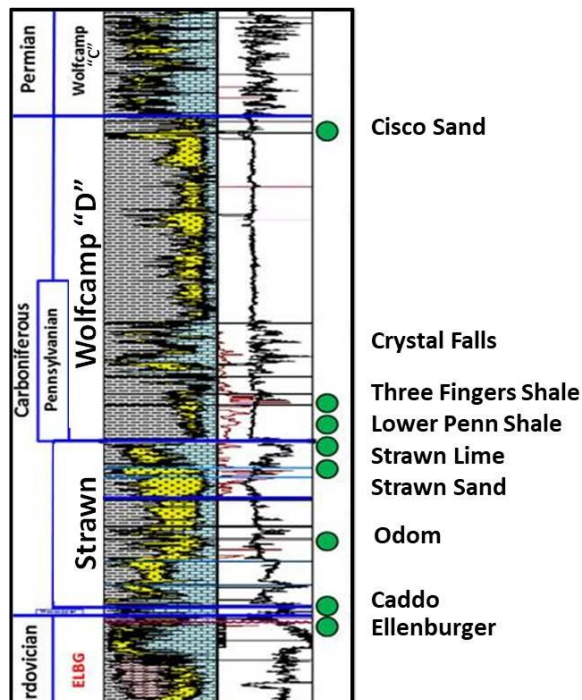


Fig 5: Stratigraphic Column – East Permian

Winchester has identified, from both 3D seismic and well control, the Mustang and Lightning Oil Fields as well as the Spiffire and El Dorado prospects in the Strawn, Ellenburger and Cisco formations. Furthermore, Winchester has numerous additional locations identified for potential future exploration.

More recently, the Company has also identified a number of Cambrian-age structural traps situated within its leaseholdings. This thick, porous widespread reservoir has produced in excess of 23 MMBO from fields along the nearby Fort Chadbourne fault trend - just 10 miles to the east of Winchester's holdings. Bast Deep has been selected as the first prospect to be drilled targeting the Cambrian Sands play.

The Winchester technical team continues to review and assess new project/play opportunities. Winchester is progressing several discussions and will inform the market if and when any transaction is completed.

## RESERVES AND RESOURCES

Following an independent Reserves and Resources Estimate undertaken during the quarter, Winchester Energy Limited's (Winchester or WEL) share of petroleum Reserves and 'Best Estimate' or P50 Resources in its lease position in the East Permian Basin, Texas - as at 31 December 2020 - has been assessed at 496 thousand barrels of oil equivalent (mboe) of 3P reserves and a combined 11.1 million barrels of oil equivalent (mmboe) in Contingent and Prospective Resources.

The Reserves and Resources Reports were commissioned by Winchester and conducted by Texas-based independent consultant Kurt Mire of Mire Petroleum Consultants (MPC), in

accordance with the definitions and guidelines set out by the United States Securities and Exchange Commission (SEC) and the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers.

Table 1 (following) provides MPC's Reserve and Resource estimates of Winchester's net interests in its Nolan County, Texas acreage.

<b>Reserves - WEL Net Interests - Nolan County, 31 December 2020</b>			
Category	Net Reserves		BO equiv.
	Oil (mBO)	Gas (mmscf)	(mboe)
Proved Developed Producing (PDP)	67.3	165.7	94.9
Proved Developed Not Producing (PDNP)/Shut In	0.0	0.0	0.0
Proved Undeveloped (PUD)	56.0	65.0	66.8
<b>Total Proved Reserves (1P)</b>	<b>123.3</b>	<b>230.7</b>	<b>161.8</b>
Probable Undeveloped	106.9	161.5	133.8
<b>Total Proved &amp; Probable Reserves (2P)</b>	<b>230.2</b>	<b>392.2</b>	<b>295.6</b>
Possible Undeveloped	153.7	279.6	200.3
<b>Total Proved, Probable &amp; Possible Reserves (3P)</b>	<b>383.9</b>	<b>671.8</b>	<b>495.8</b>

*Table 1a – WEL Net Reserve Estimates*

<b>Contingent Resources - WEL Net Interests - Nolan County, 31 December 2020</b>			
Category	Net Contingent Resources		BO equiv.
	Oil (mBO)	Gas (mmscf)	(mboe)
Contingent Resources (Low Estimate; 1C)	1,472	2,828	1,944
Contingent Resources (Best Estimate; 2C)	2,923	8,572	4,352
Contingent Resources (High Estimate; 3C)	5,625	24,969	9,787

*Table 1b – WEL Net Contingent Resources Estimates*

<b>Prospective Resources - WEL Net Interests - Nolan County, 31 December 2020</b>			
Category	Net Prospective Resources		BO equiv.
	Oil (mBO)	Gas (mmscf)	(mboe)
Prospective Resources (Low Estimate; P90)	2,584	1,704	2,868
Prospective Resources (Best Estimate; P50)	5,994	4,554	6,753
Prospective Resources (High Estimate; P10)	13,512	11,969	15,507

*Table 1c – WEL Net Prospective Resources Estimates*

Notes:

- Reserves are stated net to Winchester's working interest and after deductions for royalty payments.
- All reserves estimates were prepared using a combination of deterministic and probabilistic methods. All resource estimates were prepared using probabilistic methods. All reserves aggregation was performed by arithmetic summation. All resource aggregations was performed probabilistically.
- Cautionary note: the aggregate 1P estimate may be a very conservative estimate and the aggregate 3P estimate may be very optimistic due to the portfolio effects of arithmetic summation.



- "bbl(s)" means barrel(s); "bopd" or "boepd" means barrels of oil per day and barrels of oil equivalent per day, respectively
- "boe" means barrels of oil equivalent. Winchester reports boe using a gas to oil conversion based on equivalent thermal energy, i.e. 6000 cubic feet of gas = 1 barrel of oil
- "m" prefix means thousand; "mm" prefix means million; "scf" means standard cubic feet
- Production quantities are measured at the leases via a sales meter (gas) or in oil storage tanks.
- The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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.

## CORPORATE

As of 31 March 2021, Winchester Energy had 691,044,887 ordinary shares on issue and cash reserves of approximately AUD\$1.58 million<sup>6</sup>.

During the March 2021 quarter, USD\$115,000 was paid to related parties and their associated entities. USD\$103,000 was paid in fees and salaries. Rent of \$12,000 was paid to TRL Operating Services, a shared services company owned by Neville Henry and Hugh Idstein.

### Oil and Gas Leases Held as at 31 March 2021

Winchester's lease holding at the end of the March 2021 quarter was 16,650<sup>7</sup> acres.

	WEL Interest	Lease/Prospect	Location
<b>Held at end of quarter</b>			
	75%	White Hat Ranch	Nolan County Texas
	100%	McLeod	Nolan County Texas
	100%	Arledge	Nolan County Texas
	100%	Coke	Coke County Texas
	92%	Bast	Nolan County Texas
	100%	Whiteside	Nolan County Texas
<b>Acquired during the quarter</b>	-	-	-
<b>Disposed during the quarter</b>	100%	Thomas Ranch	Nolan County Texas

<sup>6</sup> Using exchange rate 1 AUD = 0.76 USD

<sup>7</sup> The Company's net acreage position varies modestly in accordance with earned interests in drilling units of the current operations.

## FORWARD-LOOKING STATEMENTS

*This report contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Winchester, the Directors and management of Winchester. These risks, uncertainties and assumptions could cause actual results to differ materially from those expressed in any forward-looking statements. Winchester has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by law. Winchester cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.*

## COMPETENT PERSON'S STATEMENT

*The information in this report is based on information compiled or reviewed by Mr Keith Martens, consulting geologist/geophysicist to Winchester Energy. Mr Martens is a qualified petroleum geologist/geophysicist with over 45 years of Australian, North American and other international executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.*

## Appendix 5B

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

Name of entity

WINCHESTER ENERGY LIMITED (ASX CODE: WEL)

ABN

21 168 586 445

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (..3.months) \$USD'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	412	412
1.2 Payments for		
(a) exploration & evaluation	(232)	(232)
(b) development	(43)	(43)
(c) production	(189)	(189)
(d) staff costs	(244)	(244)
(e) administration and corporate costs	(104)	(104)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(401)</b>	<b>(401)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(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 \$USD'000	Year to date (..3.months) \$USD'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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(31)	(31)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(31)</b>	<b>(31)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,610	1,610
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(401)	(401)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(31)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (..3.months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held	-	
<b>4.6</b>	<b>Cash and cash equivalents at end of period \$USD'000</b>	<b>1,177</b>	<b>1,177</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	1,177	1,610
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,177</b>	<b>1,610</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$USD'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	115
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>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$USD'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(401)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(401)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,177
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,177
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.9
<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>	
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: Item 8.7 is greater than 2 quarters	
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: Item 8.7 is greater than 2 quarters	

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

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: Item 8.7 is greater than 2 quarters

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: .....30 April 2021.....

Authorised by: .....Board of Directors.....  
(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.