



## ASX Announcement

30 January 2026

### Quarterly Activities Report – December 2025 Quarter

**Kanyika Niobium Project – Short term funding secured, debt eliminated, construction commenced.**

#### Highlights

- A\$8.67 million raised (before costs) via a two-tranche private placement to strategic investors Avocado Trading Limited and Suitable Pioneer Limited.
- Debt reduced and fully extinguished through loan conversions and repayments, achieving a debt-free position as of 23 December 2025.
- Construction has commenced at the fully permitted Kanyika Niobium Project, transitioning Globe from feasibility into execution. Early works, starting from January 2026, support Bankable Feasibility Study (**BFS**) finalisation and Mining Development Agreement (**MDA**) obligations, under an agreement with Sinomine International (Zambia) Engineering Company Limited, which brings direct substantial local construction execution experience.
- Cash at bank at the end of the December 2025 quarter was \$5.76 million (30 September 2025: \$0.31 million).

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**Globe Metals & Mining Limited** (ASX: GBE) (**Globe** or **Company**) is pleased to announce its Appendix 5B cashflow report for the quarter ended 31 December 2025 (Q2 FY26), together with the following operational update.

This quarter marked a defining step in Globe's development trajectory. Over the period Globe has materially strengthened its balance sheet, secured strategic funding, eliminated debt, and commenced construction and early works at the Kanyika Niobium Project in Malawi. This transition underscores our move from feasibility to an active project execution phase.

#### **Globe's Interim Chief Executive Officer, Charles Altshuler, commented:**

*"During the quarter, Globe made significant strides in strengthening its balance sheet, securing strategic funding, eliminating all outstanding debt, which positions us well for the execution phase at Kanyika. Achieving a debt-free position while advancing early works reflects a disciplined and deliberate approach to project development."*

*The commencement of construction and early works shortly after quarter end marks a significant inflection point for the Company. With Kanyika being fully permitted, we are now validating construction, cost and execution assumptions on the ground under a structured Early Contractor Involvement framework, while retaining full ownership and commercial control.*

*Our focus remains on capital discipline, execution certainty and preserving long-term flexibility as we progress toward finalising the Bankable Feasibility Study and advancing the Project toward full construction and first oxide production.”*

## **Corporate and Financing Update**

During the quarter, the Company executed a structured capital and balance-sheet program intended to fund early execution activities at the Kanyika Niobium Project while materially strengthening the Company’s financial position and reducing refinancing risk. The period commenced with the announcement on 7 October 2025 of firm commitments for a two-tranche A\$8.67 million private placement, priced at A\$0.051 per share and accompanied by free-attaching options exercisable at A\$0.069 and expiring on 1 December 2026, to strategic investors Avocado Trading Limited (**Avocado**) and Suitable Pioneer Limited (**Suitable Pioneer**).

Settlement of Tranche 1 of the placement was completed on 24 October 2025, with Globe receiving A\$6.96 million in proceeds and issuing 136,500,000 fully paid ordinary shares to Avocado under the Company’s placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A. Tranche 2 of the placement was approved by shareholders at the Company’s Annual General Meeting held on 27 November 2025 and subsequently settled on 9 December 2025, resulting in the issue of 33,500,000 fully paid ordinary shares to Suitable Pioneer and raising an additional A\$1.71 million. Following shareholder approval, Globe also issued a total of 190,000,000 free-attaching options, comprising 152,560,000 options to Avocado and 37,440,000 options to Suitable Pioneer, on the basis of approximately 1.12 options per placement share.

In conjunction with the placements, Globe executed a series of debt-reduction initiatives. During the period, the Company repaid Director and major shareholder, Mr Bo Tan’s USD-denominated loan facility in cash, being USD \$1,568,027 inclusive of accrued interest to 30 November 2025, equivalent to approximately A\$2.45 million based on an assumed USD: AUD exchange rate of 1:1.56. This repayment materially reduced Globe’s outstanding debt and near-term financial obligations.

Following this, Ms Jennifer Ping elected to convert 100% of her outstanding convertible loan balances into equity at A\$0.051 per share, consistent with the pricing of the October 2025 placement and the most favourable terms available under the relevant loan agreements. The conversion related to two notes totalling USD \$565,101 (including accrued interest) and resulted in the issue of 17,063,845

fully paid ordinary shares, fully extinguishing the associated debt and further strengthening the Company's balance sheet.

Subsequently, and following shareholder approval at the Annual General Meeting under ASX Listing Rule 10.13, Globe completed the equity repayment of Mr Bo Tan's A\$2.3 million shareholder loan facility. On 23 December 2025, the Company issued 56,192,373 fully paid ordinary shares to Mr Tan at an issue price of A\$0.051 per share, representing A\$2,865,811 in value and satisfying the majority of the principal outstanding and capitalised interest under that loan. As at that date, the remaining balance of A\$146,882 was repaid in cash using Globe's working capital.

Upon completion of the above transactions, Globe achieved a fully debt-free position as of 23 December 2025, materially strengthening its capital structure for advancing Kanyika Niobium Project into the execution phase.

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### Post-Quarter-End Construction commenced and early works underway

Subsequent to quarter end, construction has officially commenced at the Kanyika Niobium Project in Malawi, reflecting a shift from feasibility and permitting into active execution.

Early works were mobilised from January 2026 under a binding pre-development agreement incorporating an Early Contractor Involvement (**ECI**) framework with Sinomine International (Zambia) Engineering Company Limited, which is currently constructing the Kitumba Copper Mine in Zambia and brings recent, relevant construction execution experience in Southern Africa.

The early works program includes access road upgrades, bulk earthworks, drainage, site establishment and defined land-clearing activities. In addition to physical works, Sinomine will help to produce refinery-grade niobium and tantalum oxide samples and provide detailed cost, execution, procurement and scheduling inputs for incorporation into the BFS (targeted for March 2026).

These activities are designed to:

- validate construction methodologies, logistics and execution sequencing through on-site delivery;
- support finalisation and cost confidence of the BFS; and
- satisfy Globe's obligations under its MDA and Large-Scale Mining Licence, which require demonstrable on-ground development activity.

The agreement is structured on a cost-reimbursable basis with a fixed monthly management fee, ensuring capital discipline while leveraging Sinomine's technical and operational expertise. Importantly, Globe retains 100% ownership, control and

offtake rights over the Project, preserving long-term strategic and commercial flexibility as the Project advances toward full construction and first oxide production.

### Quarterly Market Update – Niobium, AI and Commercial Positioning

During the quarter, the global niobium market has remained structurally tight, with supply continuing to be dominated by a small number of producers and jurisdictions.

Demand remains concentrated in high-strength low-alloy (HSLA) steels, while higher-value demand for niobium oxide continues to grow in aerospace, defence, superconductors, medical imaging, advanced electronics and AI-related infrastructure.

The rapid expansion of AI and high-performance computing (HPC) is driving increased demand for:

- High-purity materials used in superconducting magnets, power management systems and advanced electronics
- Data-centre infrastructure requiring improved energy efficiency, thermal stability and materials performance

Niobium-based materials play a supporting role in these applications, particularly in superconducting and specialised alloy systems.

- Governments and strategic industries, particularly in the United States, have continued to emphasise supply-chain resilience and diversification for critical minerals, including niobium. This focus is increasingly linked to AI, defence and advanced manufacturing competitiveness, supporting engagement from institutional investors, trading houses and strategic counterparties seeking non-Brazilian supply exposure.
- China remains a dominant force across the niobium value chain, both as a producer and a major consumer. Chinese groups continue to seek secure long-term access to niobium resources to support industrial, technological and AI-enabled manufacturing growth, including through offtake, pre-shipment financing and development partnerships.
- The European Union and United Kingdom are increasingly aligning with U.S. critical-minerals policy, with growing emphasis on materials that underpin AI, digital infrastructure and strategic industries, alongside traceability, ethical

sourcing and supply diversification. This has driven increased interest from European funds and strategic investors in advanced, permitted projects.

- During the quarter, Globe continued to actively market the Kanyika Project to institutional investors, strategic counterparties and trading houses, with discussions focused on:
  - The project's fully permitted status
  - Progress toward a construction-ready BFS
  - The niobium oxide product pathway
  - Kanyika's position as a potential new, globally significant non-Brazilian niobium source supporting advanced technologies, including AI-related applications
- Engagement with brokers and institutional investors in the United States has remained focused on investor education, reflecting the niche nature of niobium and its emerging relevance to AI, defence and advanced manufacturing supply chains.
- Discussions with trading houses and strategic counterparties have continued to centre on offtake, pre-shipment financing and broader strategic partnerships, rather than short-term equity financing.
- Globe has deliberately maintained commercial flexibility, avoiding exclusive arrangements that could constrain future funding or market access, while progressing negotiations that support near-term execution certainty.
- Overall market conditions during the quarter have remained supportive of advanced, de-risked niobium projects, particularly those offering:
  - Supply diversification
  - Near-term development timelines
  - Clear pathways to high-purity niobium oxide production
  - Exposure to long-term growth drivers including AI, defence and digital infrastructure

### Cash position

At the end of the December 2025 quarter, the Company had no debt (included accrued interest) (30 September 2025: \$5.7 million) and held cash of \$5.76 million (30 September 2025: \$0.31 million).

### ASX additional information

ASX Listing Rule 5.3.1: There were no substantive mining exploration activities during the quarter. Work was confined to evaluation. The Company expended approximately \$228,000 on evaluation activities (refer section 2.1(d) of Appendix 5B).

ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the quarter.

ASX Listing Rule 5.3.5: A total of \$106,000 was paid to related parties during the quarter comprising Non-Executive Directors' fees (including superannuation).

### Shareholding information

At 31 December 2025, shares on issue totalled 937,909,228.

The number and distribution of holders at 31 December 2025 was:

Holding Ranges	Holders	Holding	% IC
above 0 up to and including 1,000	46	2,369	0.00%
above 1,000 up to and including 5,000	36	116,472	0.01%
above 5,000 up to and including 10,000	58	475,051	0.05%
above 10,000 up to and including 100,000	277	12,450,251	1.33%
above 100,000	138	924,865,085	98.61%
<b>Totals</b>	<b>555</b>	<b>937,909,228</b>	<b>100.00%</b>

### Top 20 holders at 31 December 2025

Position	Holder Name	Holding	% IC
1	APOLLO METALS INVESTMENT COMPANY LIMITED	351,405,158	37.47%
2	AVOCADO TRADING LIMITED	136,500,000	14.55%
3	TRIPLE TALENT ENTERPRISES LTD	125,621,035	13.39%
4	AO-ZHONG INTERNATIONAL MINERALRE SOURCES PTY LTD	118,143,062	12.60%
5	SUITABLE PIONEER LIMITED	33,500,000	3.57%
6	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	17,440,683	1.86%
7	MS JENNIFER CHING PING	17,063,845	1.82%
8	PATRAS CAPITAL PTE LTD	14,000,000	1.49%
9	MR COLIN ROBERT SEARL & MRS CYNDA SEARL	12,349,888	1.32%
10	CITICORP NOMINEES PTY LIMITED	12,065,722	1.29%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	10,242,853	1.09%
12	BNP PARIBAS NOMS PTY LTD	6,064,146	0.65%

13	BENRET PTY LTD <COLIN SEARL FAMILY A/C>	5,373,888	0.57%
14	C & CR SUPERCO PTY LTD <C & CR SEARL SUPERFUND A/C>	4,431,295	0.47%
15	MR RICHARD ULRICK & MRS WENDY ULRICK <ULRICK SUPER FUND A/C>	3,934,439	0.42%
16	GOENG INVESTMENTS PTY LTD <GOENG PENSION FUND A/C>	3,858,697	0.41%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,039,844	0.32%
18	GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	2,822,400	0.30%
19	MR KELLY PETER BODMAN	2,520,562	0.27%
20	MR BAHRAM REZAEI	2,500,000	0.27%
	<b>Total</b>	<b>882,877,517</b>	<b>94.13%</b>
	<b>Total issued capital</b>	<b>937,909,228</b>	<b>100.00%</b>

### Schedule of mineral tenements at 31 December 2025

Country	Project	Type	Status	Tenement	Interest held by Globe Africa	
					31 December 2025	30 September 2025
Malawi	Kanyika	Mining Licence	Granted	LML0216/21*	100%	100%

There were no tenements acquired or disposed of during the quarter.

\* Pursuant to the Mines and Minerals Act, the Malawi Government is entitled to a 10% free equity interest in LML0216/21 subject to formally notifying Globe Africa of its desire to take up its entitlement. As at the date of this report, neither the Company nor Globe Africa has received any such notice.

### Authorisation for release

This report was authorised for release by the Board of Directors.

For further information, please contact:

#### Globe Metals & Mining Limited

**Charles Altshuler**

Interim Chief Executive Officer

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## About the Kanyika Niobium Project

The Kanyika Niobium Project is located in central Malawi, approximately 55km northeast of the regional centre of Kasangu and is secured by Large-Scale Mining Licence No. LML0216/21 which grants the Company security of tenure and the right to mine niobium, tantalum, zirconium and other minor metals.

Drilling programs totalling 33.8 kilometres of percussion and core drilling have defined the extent of mineralisation. Structured and progressive engineering studies have resulted in the current (JORC 2012) Mineral Resource Estimate (refer below) and given rise to significant improvements and simplifications in the process flowsheet.

The Kanyika Project will be developed in phases, substantially de-risking the project. The project will be fully integrated on the mine site – Mining, Concentration and Refining, to produce high-purity, high-value Niobium and Tantalum oxides for direct export to international markets.

A Mineral Resource Estimate for the Kanyika Niobium Project under the 2012 JORC guidelines was reported to ASX on 11 July 2018 as follows:

Table 1: MRE for KNP using a 1,500 ppm Nb<sub>2</sub>O<sub>5</sub> lower cut

Category	Resource (Mt)	Nb <sub>2</sub> O <sub>5</sub> (ppm)	Ta <sub>2</sub> O <sub>5</sub> (ppm)
Measured	5.3	3,790	180
Indicated	47	2,860	135
Inferred	16	2,430	120
<b>TOTAL</b>	<b>68.3</b>	<b>2,830</b>	<b>135</b>

Table 2: MRE for KNP using a 3,000 ppm Nb<sub>2</sub>O<sub>5</sub> lower cut

Category	Resource (Mt)	Nb <sub>2</sub> O <sub>5</sub> (ppm)	Ta <sub>2</sub> O <sub>5</sub> (ppm)
Measured	3.4	4,790	220
Indicated	16.6	4,120	160
Inferred	2.8	4,110	190
<b>TOTAL</b>	<b>22.8</b>	<b>4,220</b>	<b>190</b>

### Mineral Resource Estimates

The information in this report that relates to Mineral Resources is extracted from the report titled “Kanyika Niobium Project – Updated JORC Resource Estimate” released to the Australian Securities Exchange (ASX) on 11 July 2018 and available to view at [www.globemm.com](http://www.globemm.com) and for which Competent Persons’ consents were obtained. Each Competent Person’s consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 11 July 2018 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original ASX announcement.

Full details are contained in the ASX announcement released on 11 July 2018 titled “Kanyika Niobium Project – Updated JORC Resource Estimate” available to view at [www.globemm.com](http://www.globemm.com).

## Appendix 5B

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

Name of entity

<b>GLOBE METALS &amp; MINING LIMITED</b>
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ABN

33 114 400 609
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Quarter ended ("current quarter")

31 December 2025
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(239)	(471)
(e) administration and corporate costs	(474)	(829)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
(a) Exploration and evaluation payments for assets disposed	-	-
(b) Insurance recoveries	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(713)</b>	<b>(1,301)</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	(3)	(3)
(d) exploration & evaluation	(228)	(381)
(e) investments	-	-

## 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 (6 months) \$A'000
	(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 - funds from joint ventures	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(231)</b>	<b>(384)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,670	8,670
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	(23)	(23)
3.5	Proceeds from borrowings	255	818
3.6	Repayment of borrowings	(2,519)	(2,519)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – operating lease payments	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,383</b>	<b>6,946</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	318	496
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(713)	(1,301)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	(384)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,383	6,946

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'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</b>	<b>5,757</b>	<b>5,757</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances (includes cash from assets held for sale)	5,757	318
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,757</b>	<b>318</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Payments relate to Director's fees and their associates</p>		

## 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 \$A'000</b>	<b>Amount drawn at quarter end \$A'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>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(713)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(228)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(941)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,757
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,757
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	6.1
<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: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<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>	

## 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 January 2026.....

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.