



**Middle Island**  
RESOURCES LIMITED

Middle Island Resources Limited  
ACN 142 361 608

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## QUARTERLY REPORT

For the period ended 30 September 2019

### HIGHLIGHTS

**Middle Island Resources Ltd**  
ACN 142 361 608

**ASX Code: MDI**

**Office:**

Suite 1, 2 Richardson Street  
WEST PERTH WA 6005  
Western Australia

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**Capital Structure:**

796 million shares  
38,300,000 options

**Board Members:**

**Peter Thomas**

Chairman

**Rick Yeates**

Managing Director

**Beau Nicholls**

Non-Executive Director

**Dennis Wilkins**

Company Secretary

- Aggregated cash and liquid investments as at 30 September 2019 of A\$602,000.
- Takeover Offer for adjoining Sandstone gold play, Alto Metals Limited (Alto) was extended to 29 November 2019 and, subsequent to quarter's end, broadened to include Alto shortfall shareholders and Offer.
- Current Offer for Alto comprises an all scrip, off-market Offer of 6 Middle Island ordinary shares for every 1 Alto ordinary share.
- The MDI Directors strongly believe the combined Middle Island-Alto gold assets in central WA offer shareholders of both entities a substantial growth opportunity via low start-up cost, near-term gold production, utilising Middle Island's existing Sandstone processing plant, along with significant, proximal resource and exploration upside.
- Discussions were progressed on possible alternative transactions with three other proximal third parties, with each presenting similar (or improved) economic outcomes to the proposed Alto takeover offer.
- Given the sustained higher gold price, subsequent to quarter's end, Middle Island initiated a high level review of the economics of recommissioning the Sandstone gold project on the basis of its current Mineral Resources.
- A further 12 exploration targets were prioritised for drilling at Sandstone and, subject to available funding, some or all of these programs are planned to commence during the remainder of FY20.
- Middle Island commenced research towards the making of tenement applications in a recently identified Australian greenfields terrain, highly prospective for gold and copper/gold deposits. Details on this opportunity will be shared once all applications are lodged and confirmed.



## **Operating Activities**

### **Corporate**

#### **Finances**

Aspiring WA gold project developer, Middle Island Resources Limited (**ASX:MDI, Middle Island or the Company**), held aggregated cash and liquid investments of A\$602,000 as at 30 September 2019, comprising A\$350,000 in cash and A\$252,000 in Tajiri Resources Corporation (TSXV:TAJ) ordinary shares.

#### **Takeover Offer by MDI for Alto Metals**

During the September quarter, Middle Island extended its Takeover Offer for fellow Sandstone regional gold play, Alto Metals Limited (**ASX:AME, Alto**), to 29 November 2019 (refer Sixth Supplementary Bidder's Statement of 23 September 2019) and, subsequent to quarter's end, broadened the Offer to include Alto shortfall shareholders (refer Seventh Supplementary Bidder's Statement of 8 October 2019). **The all scrip, off-market takeover offer comprises 6 Middle Island ordinary shares for every 1 Alto ordinary share.**

Alto's gold Mineral Resources are all located within 30km of Middle Island's Sandstone gold processing plant and are situated on, or proximal to, former haul roads that can be readily re-permitted. This offers the potential to economically mine, haul to and process the Alto gold deposits at Middle Island's Sandstone gold plant.

**The Middle Island Directors strongly believe the combined Middle Island-Alto gold assets offer a substantial growth opportunity for current and future shareholders of the Combined Group via low start-up costs and near-term gold production, utilising Middle Island's existing gold processing plant, along with the consolidation of significant gold resource upside and exploration potential within the combined entity's existing tenement footprint.**

Middle Island believes that consolidating MDI's and AME's resources under a combined gold entity makes **plain, commercial sense**, as it anticipates that this will:-

- Provide the critical mass of gold resources to underpin a decision to refurbish and recommission of the Sandstone gold plant.
- Unlock and deliver value from the collective resources to deliver a new, self-sustaining WA gold mining company.
- Facilitate rational, production-funded exploration for the residual gold endowment of the Sandstone greenstone belt.
- Result in a synergistic increase in market profile, market capitalisation and liquidity, all leading to improved access to capital markets to fund further growth opportunities.

#### **Tenure**

There were no changes in tenure comprising the Sandstone gold project during the September 2019 quarter.

Divestment of the Reo gold project in Burkina Faso, West Africa, was completed during the September quarter.



### ***Strategy***

The Company's activities during the September quarter 2019 continued to focus on the primary strategy, being to recommission its 100%-owned Sandstone gold processing plant at the earliest opportunity, via a dual approach as follows:-

- Progressing one or more of several possible consolidations of proximal third-party gold deposits within the broader Sandstone district in central WA.
- Exploring already permitted, close proximity, greenfields targets within MDI's existing Sandstone tenure in order to identify higher grade, low strip ratio, open pit deposits to enhance the front end of the proposed production re-start schedule.

Success with either or both of these approaches would likely serve to underpin a recommissioning decision. Subsequent to quarter's end, the Company initiated a high level, internal, preliminary review of the economics of a standalone recommissioning of its mill to augment, and consistent with, the above strategy. The consolidation route is currently preferred to the organic route, as it circumvents the time and cost required for exploration and resource definition, with such activities in the current challenging equity market being, in the Company's judgement, better funded from the proceeds of gold production.

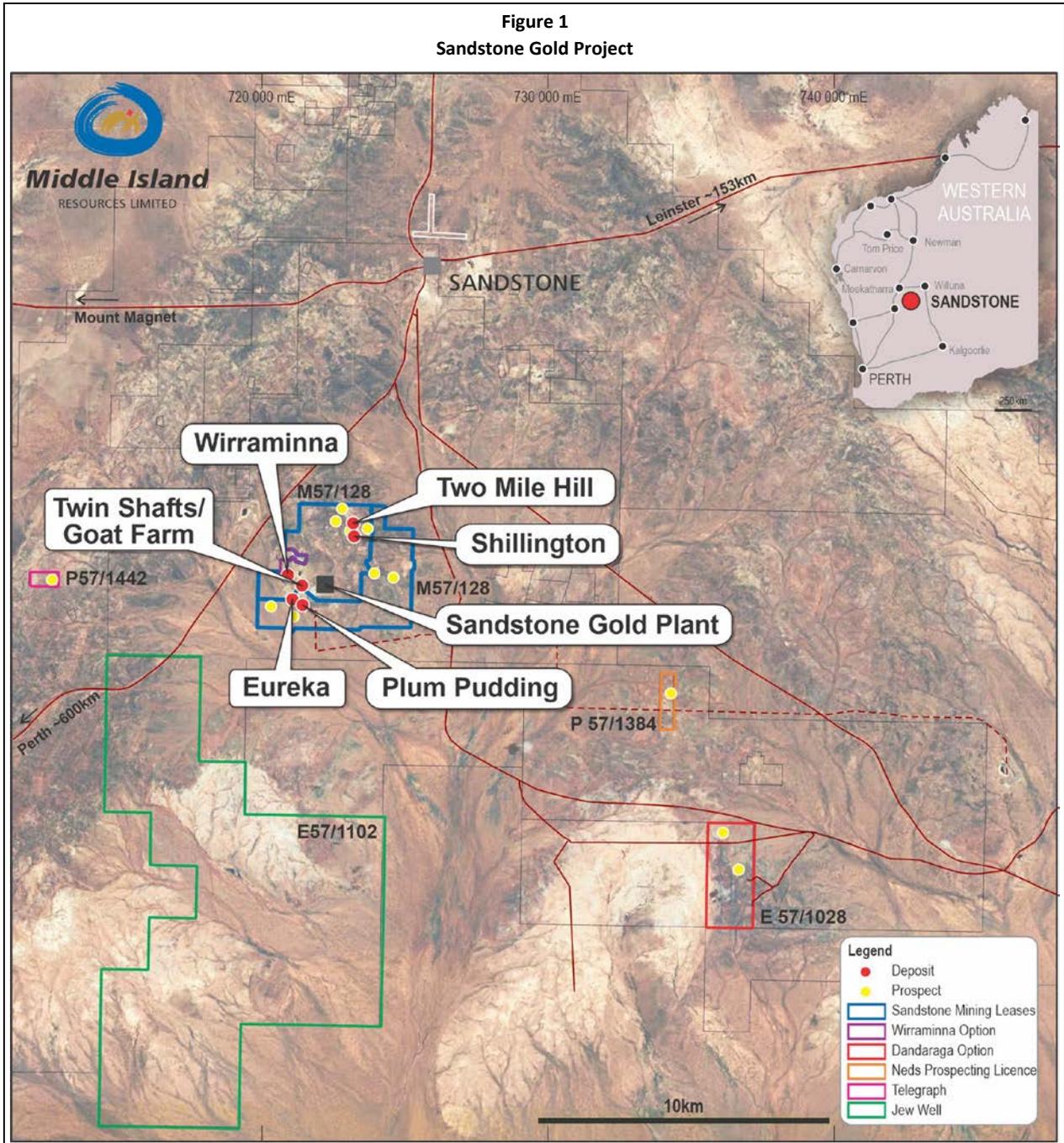
**The takeover offer for Alto is entirely consistent with this strategy and affords Alto shareholders an unambiguous opportunity to join in a realistic, pragmatic and commercially sensible journey, at a time of ongoing sustained gold price strength, with the potential to realise a considerable additional premium over and above that inherent in the share ratio the subject of the offer.**

In the event that the Alto takeover offer proves unsuccessful, Middle Island is continuing discussions with three other parties with gold deposits within a 100km radius of the Company's Sandstone processing plant. Although lacking the more immediate geographic and geologic synergies of the Alto takeover offer, due diligence (where completed) indicates that these alternative opportunities present similar or better economic outcomes to that represented by the takeover of Alto.



## **Sandstone Gold Project (100%) – Western Australia**

The Sandstone gold project is shown in Figure 1 below.



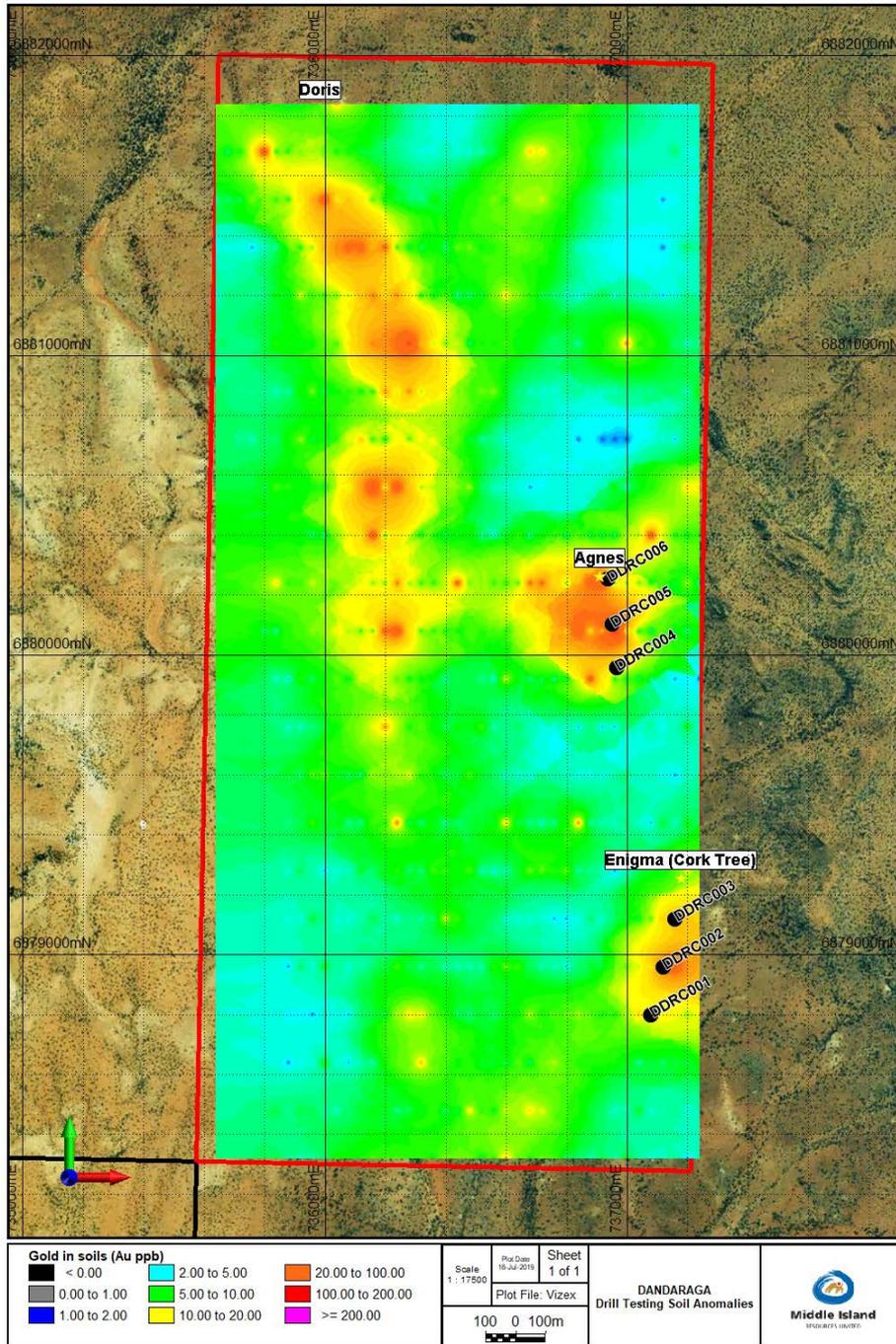
### **Reconnaissance RC Drilling - Dandaraga**

A limited program of reconnaissance RC drilling was completed over the Agnes and Corktree targets at the Dandaraga property, located 16km southeast of the Sandstone processing plant, during the June quarter. The program comprised 3 holes (126m) at the Agnes target and 3 holes (111m) at the Corktree target (Figure 2).

The Agnes and Corktree (Enigma) targets represent two of three cohesive gold anomalies defined by soil geochemical surveys at Dandaraga in 2018.



**Figure 2**  
Dandaraga property showing recently completed reconnaissance RC drilling superimposed on imaged gold soil geochemistry.



Assays relating to the reconnaissance RC drilling program completed during the June quarter were received during the September quarter. While far from a comprehensive assessment of these targets, none of the broadly spaced, individual holes encountered mineralisation of any economic significance.

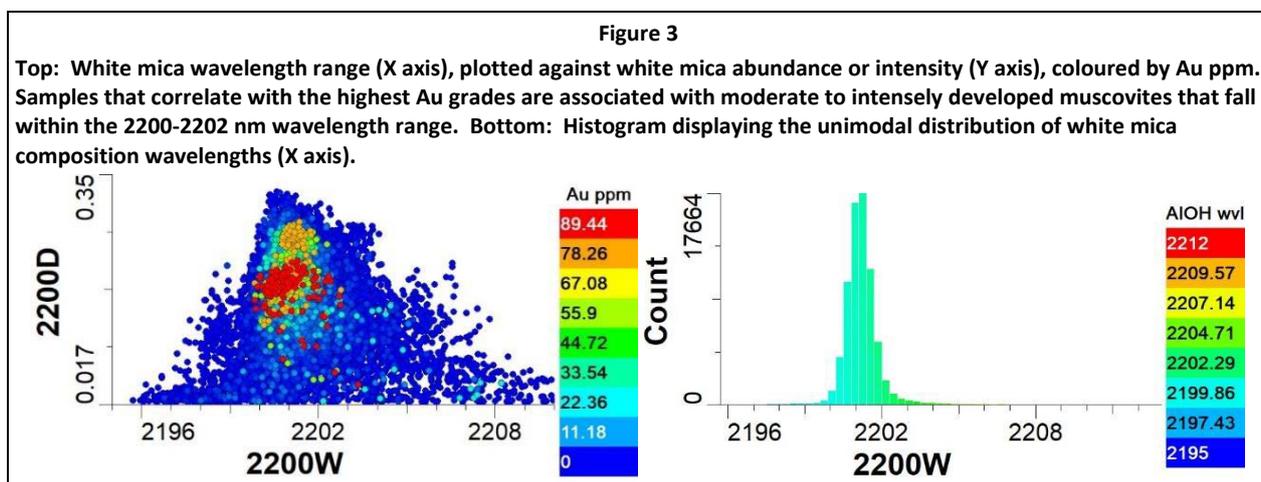


**Two Mile Hill Hyperspectral Study**

During the June quarter, Spectral Geoscience was contracted to carry out a review of the hyperspectral data collected from diamond drill hole MSDD156 by the Hylogger system at WA’s State core library. The aim of the hyperspectral review was to supplement the structural study by identifying targeting vectors for mineralisation, assist in resolving a para-genetic model for the Two Mile Hill tonalite deeps gold deposit and potentially discerning resource modelling constraints, based on alteration mineral assemblages not otherwise visible to the naked eye.

A draft report on the results was received from Spectral Geoscience during the September quarter, however no specific conclusions have been provided to date. While white mica alteration is rated moderate to intense throughout the entire primary Two Mile Hill tonalite, initial interpretation suggests that white micas with a wavelength of 2200-2202nm appear to demonstrate a close spatial relationship with higher gold values (Figure 3). This finding represents a possible, non-visual, vector to gold mineralisation that may inform the application of more robust resource modelling constraints.

Conclusions on the hyperspectral study will be finalised during the December quarter.



**Tribute Gold Production**

Limited tribute gold nugget production of 67.03oz was realised from M57/128 and M57/129 during the September quarter, of which Middle Island’s share is 37.95oz. Prospecting activities during the September quarter continued to focus around the Three Mile Hill area, at the north-eastern extremity of M57/129.

The tribute gold production agreement has been extended by a letter of variation to include the recently granted Jew Well exploration licence (E57/1102).

**Planned 2019 December Quarter Activities**

Activities planned at the Sandstone Project during the December quarter 2019 comprise:-

- Initial assessment and re-prioritising of the combined Middle Island-Alto gold assets at Sandstone, should the Company’s takeover offer prove successful.
- On-going evaluations and discussions on three alternative/additional consolidation opportunities.
- Re-optimisation of Middle Island’s own deposits, with a view to assessing the economics of recommissioning the processing plant on the basis of existing Mineral Resources.
- Subject to the outcome of re-optimisation studies, update the pre-feasibility study with a view to recommissioning.



**Subject to the outcome of the re-optimisation studies and any subsequent PFS update**, refocus on exploration of the following targets during the remainder of FY20:-

- Refine the definition of high grade basalt intercepts in the northeast quadrant of the Two Mile Hill open pit deposit, presenting the potential to deepen the optimum pit by up to 40m, significantly increasing the potential production inventory (POW approved).
- Aircore interface (palaeo-surface) geochemical drilling along western margin of Davis Prospect to define the full extent of the existing gold/arsenic anomalies (POW approved).
- RC drilling to test at least four palaeo-surface gold/arsenic geochemical anomalies at the Davis Prospect, located within 1km of the mill, with all having similar attributes to the proximal Goat Farm, Twin Shafts, Eureka & Plum Pudding deposits (POW approved).
- Aircore drilling to extend and close off the partially defined southern WoE palaeo-surface gold geochemical anomalies (POW approved).
- Reconnaissance RC drilling of three new WoE palaeo-surface gold geochemical anomalies, all within 2.5km of the mill (POW approved).
- Laterite aircore drilling of two defined targets proximal to the Wirraminna deposit (POW approved).
- Initial reconnaissance RC drilling of the modelled, shallower G2 & G3 gravity targets proximal to Two Mile Hill (in advance of deeper diamond drilling), which are interpreted to represent analogies to the substantial mineralised Two Mile Hill tonalite (POW approved).
- Possible EIS diamond drilling of one or more of the Two Mile Hill gravity targets (POW approved).
- Updated resource estimate and pit optimisation on the Two Mile Hill open pit deposit.

## **Reo Gold Project (divested 100%) – Burkina Faso, West Africa**

### **Divestment Update**

Divestment of the Reo gold project in Burkina Faso, West Africa, to Tajiri Resources Corp (**TSXV:TAJ, Tajiri**) was completed during the September quarter, with Tajiri paying the final option extension and exercise fees, aggregating US\$150,000.

In addition to 5 million Tajiri shares, Middle Island retains a 2% net smelter return royalty on any production from the Reo project, which royalty Tajiri may acquire at any time for US\$5 million in cash.

### **New Project Opportunities**

Divestment of the Company's Reo gold project during the September quarter afforded the opportunity to identify a new Australian-based project for Middle Island. To this end, the Company has deployed its technical resources in researching new greenfields gold and copper/gold exploration opportunities in less-traditional, yet highly prospective, terrains within Australia.

The work has involved the close monitoring of collaborative research projects being undertaken by State and Federal geological surveys active in identifying and modelling new exploration opportunities beneath relatively shallow basin cover, playing to one of Middle Island's key exploration strengths.



Of three regional-scale opportunities investigated, two were determined to be too mature. However, the third opportunity presented Middle Island with a first-mover advantage. Following a diligent prioritisation process, 12 Exploration Licence applications were lodged early in the December quarter. In very competitive circumstances, some of these applications have proved unsuccessful, while parts or all of other applications appear likely to be approved.

The outcome of this initiative will be advised to shareholders once current applications are confirmed and remaining applications are lodged during the December quarter.

## **Safety, Environmental & Social**

### **Health, Safety & Environment**

No injuries, safety or environmental incidents were recorded at the Company's projects and premises during the September quarter.

Rehabilitation of disturbed areas at the Sandstone gold project, primarily drill sites, is being progressively undertaken in accordance with POW and environmental audit requirements.

### **Social**

The Company continues to engage with the Shire of Sandstone, pastoralists, prospectors and the local community. This process includes the procurement of labour, materials and services locally, wherever practically possible, and sponsorship of various community events, most recently including the annual Sandstone Open golf tournament held in September 2019.

### **Comments by Managing Director, Mr Rick Yeates:**

*"The September quarter of 2019 saw Middle Island continuing to focus on advancing consolidation opportunities, primarily via the extended and expanded takeover offer for Alto, but also advancing possible alternative transactions that are anticipated to achieve a similar outcome.*

*"We have witnessed a significant recent increase in the gold price, which finally appears as though it may be more sustained than on previous occasions. As a consequence, the mid-tier ASX gold producers are again fully valued (some suggest over-valued). Despite this, investor interest in the near-term gold developers and junior explorers has remained subdued at best and mostly moribund. During the September quarter, however, there was some very selective re-rating of junior gold stocks on the basis of exploration success and a further escalation in the gold price, providing cause for cautious optimism.*

*"In more recent times, Middle Island (I believe entirely appropriately) elected to prioritise consolidation over exploration, seeing this as the more direct route to recommissioning the Sandstone gold project and generating a cash flow from which to fund exploration.*

*"Given the more sustained increase in the gold price, Middle Island intends to undertake a re-optimisation of its own deposits in order to assess the economics of re-commissioning the Sandstone project on the basis of its existing Mineral Resources. Should the re-optimisation outcome prove sufficiently positive, it is planned to update the PFS and progress discussions on financing.*



*“Alternatively, given that exploration success is finally starting to be rewarded by investors, subject to adequate funding, we have prioritised multiple exploration targets in our own right, as an alternative strategy to meet the same corporate objective and provide considerable optimism for shareholders.*

*“One higher risk target, which only indirectly matches the primary strategy, but justifiably offers considerable shareholder anticipation, is drill testing of the three gravity targets to discover what we anticipate could represent another gold-mineralised Two Mile Hill tonalite intrusive. Such a discovery could well prove a longer-term game-changer for the Sandstone project and your Company’s fortunes.*

*“Equally, divestment of the Reo project in Burkina Faso and a more recent hiatus in exploration at Sandstone have presented the opportunity to identify a new project for Middle Island, the details of which I look forward to sharing once finalised.”*

**COMPANY CONTACTS:**

Rick Yeates – Managing Director +61 (0)401 694 313

**MEDIA CONTACT:**

Kevin Skinner Field Public Relations +61 (0)8 8234 9555 / +61 (0)414 822 631

**WEBSITE:** [www.middleisland.com.au](http://www.middleisland.com.au)

**Forward Looking Statements**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs and other operating results, growth prospects and the outlook of Middle Island’s operations contain or comprise certain forward looking statements regarding Middle Island’s exploration operations, economic performance and financial condition. Although Middle Island believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties in foreign countries, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Middle Island undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today’s date or to reflect the occurrence of unanticipated events.

**Competent Person’s Statement**

Information in this report relates to exploration results that are based on information compiled by Mr Rick Yeates (Member of the Australasian Institute of Mining and Metallurgy). Mr Yeates is a fulltime employee of Middle Island and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Yeates consents to the inclusion in the release of the statements based on his information in the form and context in which they appear.



**Mining Tenements**

Middle Island Resources Limited advises the following information required under ASX Listing Rule 5.3.3 as at 30 September 2019.

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed during the quarter	Mining tenements held at the end of the quarter	Tenement location
Pouni II	-	100% divested	0%, subject to 2% royalty	Burkina Faso
Dassa	-	100% divested	0%, subject to 2% royalty	Burkina Faso
Didyr	-	100% divested	0%, subject to 2% royalty	Burkina Faso
Dassa Sud	-	100% divested	0%, subject to 2% royalty	Burkina Faso
Nebya	-	100% divested	0%, subject to 2% royalty	Burkina Faso
Gossina	-	100% divested	0%, subject to 2% royalty	Burkina Faso
M57/128	-	-	100%	Western Australia
M57/129	-	-	100%	Western Australia
P57/1384	-	-	100%	Western Australia
P57/1395	-	-	Option to acquire 100%	Western Australia
E57/1028	-	-	Option to acquire 100%	Western Australia
P57/1442	-	-	100%	Western Australia
E57/1102	-	-	100%	Western Australia

Visit [www.middleisland.com.au](http://www.middleisland.com.au) for further information and announcements.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Middle Island Resources Limited

### ABN

70 142 361 608

### Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11	11
1.2 Payments for		
(a) exploration & evaluation	(178)	(178)
(b) development	-	-
(c) production	-	-
(d) staff costs	(97)	(97)
(e) administration and corporate costs	(166)	(166)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(430)</b>	<b>(430)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	221	221
(c) investments	-	-
(d) 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 Net cash from / (used in) investing activities</b>	<b>221</b>	<b>221</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(12)	(12)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(12)</b>	<b>(12)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	565	565
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(430)	(430)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	221	221
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(12)	(12)
4.5 Effect of movement in exchange rates on cash held	6	6
<b>4.6 Cash and cash equivalents at end of period</b>	<b>350</b>	<b>350</b>

5. <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	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	309	524
5.2 Call deposits	20	20
5.3 Bank overdrafts	-	-
5.4 Other (bank guarantee deposit)	21	21
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>350</b>	<b>565</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

75

-

Item 6.1 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	20	20
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Other: consists of the unamortised balance of an insurance premium funding facility.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	83*
9.2 Development	-
9.3 Production	-
9.4 Staff costs	126
9.5 Administration and corporate costs	197
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>406**</b>

\* Subject to funding.

\*\* The Company is actively pursuing capital raising opportunities.

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	*Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Pouni II, Burkina Faso	Divested	100%	0%
	Dassa, Burkina Faso	Divested	100%	0%
	Didyr, Burkina Faso	Divested	100%	0%
	Dassa Sud, Burkina Faso	Divested	100%	0%
	Nebya, Burkina Faso	Divested	100%	0%
	Gossina, Burkina Faso	Divested	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

\*Subject to a 2% NSR royalty, which may (collectively) be acquired for US\$5M at any stage.

**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.

Sign here:



.....  
(Company secretary)

Date: 31 October 2019

Print name: Dennis Wilkins

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. By the Company signing this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
  - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
  - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
  - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.