

ASX ANNOUNCEMENT 29 APRIL 2022

MARCH 2022 QUARTERLY REPORT

HIGHLIGHTS

- Commencement of Lisa Wade, former Head of Digital Innovation & Sustainability at NAB, as Chief Executive to lead and accelerate the next stage of the Company's growth strategy
- Successful completion of Sell My Shares escrow period with unaudited revenues 17.9% above milestone target
- First Australian public company to convert cash at bank to an Australian dollar stablecoin as part of treasury management innovation
- Work commenced for ASIC regtech grant with early results indicating future commercial feasibility

DigitalX Limited (ASX:DCC, OTCQB: DGGXF) ('DigitalX' or 'the Company') is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 March 2022 along with the following operational update.

QUARTERLY OVERVIEW

A. Summary of Working Capital Position

DigitalX had cash, listed digital assets and liquid unlisted investments of over AU\$44.13m in value as at 31 March 2022.

Name	Value (\$AUD)
Australian Dollars ²	\$6,870,407
Bitcoin ³	\$13,126,732
Fund units ⁴	\$16,430,383
Human Protocol	\$7,017,500
Other liquid investments ⁵	\$687,153
Total	AUD\$44,132,175

¹ Since the end of the quarter, the Bitcoin price has decreased from AUD\$63,714 to AUD\$56,200 at the date of this report.

² Includes \$500,000 XAUD token which the company considers to be cash and cash equivalent.

³ Total Bitcoin in treasury at 31 March 2022 was 215.95.

⁴ Includes total units in the DigitalX BTC Fund and DigitalX Fund based on the respective NAV at 31 March 2022.

⁵ Total excludes amounts for tokens pending listing and/or for which an active market is not observable.

⁶ USD/AUD spot rate at the quarter ended 31 March 2022 was \$1.3337.

The Company saw a quarter-on-quarter decrease in the value of its cash, digital assets and fund units of \$7.4m (14.3%) from \$51.5m to \$44.1m. The decrease was primarily attributable to a softer digital asset market following a sustained period of heightened macro volatility due to rising interest rates and uncertainty from global conflict. This market has seen the value of the Company's Human Protocol tokens decline by ~42%. The current market price still represents a significant premium to DigitalX's effective entry price of ~\$0.05.

Total cash on hand decreased \$510k from \$7.38m to \$6.87m primarily due to operating cash outflows for the period of \$490k noted in the Appendix 4C.

Total cash receipts for the March quarter of \$644k were down on the previous quarter from \$724k (11% decrease) due to a one-off receipt in the previous quarter of \$126k. Underlying receipts from Sell My Shares and Funds Management were consistent quarter on quarter.

Expenditure incurred during the quarter was comprised predominantly of:

- Staff costs of \$504k - which represents an increase of \$125k on the prior quarter. This increase was in line with increased staff costs as the Company seeks to accelerate its growth through the expansion of the funds management team, commencement of new CEO, and new Head of Marketing to help drive product sales and new fund flows.
- Administration and corporate costs of \$228k - up \$49k on the prior quarter. A number of factors contributed to this increase including a number of annual license payments for funds management research platform and ESG reporting tool.
- Professional fees of \$211k - up on the prior quarter level of \$181k primarily due to payments made in the current quarter for audit fees relating to the period ended 31 December 2021.
- Marketing costs of \$192k - up \$9k on the prior quarter of \$183k. The expenditure primarily relates to online advertising expenses for Sell My Shares, funds management and Drawbridge.

In addition to the operating cash flows noted above, the Group incurred investing expenditure of \$20k for minor asset purchases.

In accordance with ASX Listing Rule 4.7C.3, \$57k was paid to related parties or their associates during the quarter, (down on the prior quarter level of \$59k), including Non-Executive Director remuneration and legal fees paid to Steinepreis Paganin (of which DigitalX Chair Mr Hicks is a Partner).

DigitalX continues to have a very close focus on cost management and solid financial discipline.

B. Business Activities

Overview

DigitalX's corporate objective is to generate a return for shareholders by growing the blockchain economy. In line with its strategy for achieving this, the Company has been continuing to execute on opportunities to deliver shareholder returns through both the development of new blockchain technologies and investment in digital assets as an emerging asset class.

The Company's Management and team continued to drive value for shareholders within the blockchain economy over the quarter through initiatives that included:

- Commencement of CEO, Lisa Wade, former Head of Digital Innovation & Sustainability at National Australia Bank to lead the DigitalX team in next stage of executing the Company's growth strategy
- Development of innovative new data analysis techniques as part of the Company's successful selection for the ASIC regtech challenge feasibility study.
- Growth in number of listed companies and users using Drawbridge with the first initial share sales through the app via its integration with Sell My Shares back office processes for buying and selling shares.

- Continued acceleration of the Company's Funds Management business through key new staff hires and further development of leading investment processes for digital assets.
- Enhanced management of treasury assets in addition to the Company's bitcoin, digital asset fund units and other listed cryptoassets, with the conversion of \$500k of cash at bank to an AUD stablecoin, XAUD. It should be noted that XAUD is in partnership with another DigitalX portfolio holding, XBullion, allowing the Company to maximise synergies within its strategic balance sheet investments.

DIGITAL ASSET FUNDS MANAGEMENT

DigitalX is the investment manager of digital asset investment products that provide qualified investors with a secure and traditional method to invest into the digital asset sector. The Company operates two professionally managed wholesale funds, the DigitalX Bitcoin Fund and the Digital Asset Fund, a diversified basket of leading digital assets. The DigitalX digital asset funds solve the technical and administrative challenges of investing in this emerging asset class.

Fund Performance

At the end of the quarter, funds under management had fallen from \$33.59m to \$31.46m representing a quarter-on-quarter decrease of 6.3% due to a fall in the digital asset market since 31 December 2021 following a sustained period of heightened macro volatility due to rising interest rates and uncertainty from global conflict. Despite the continued volatility net flows for the quarter remained positive with net flows of \$0.15m (0.47%) over the quarter. This is slightly ahead of the broader digital asset funds market which saw 0.11% based on YTD flows tracked by CoinShares¹.

The DigitalX Bitcoin Fund and the DigitalX Fund saw returns for the quarter, net of fees, of (4.14%) and (13.07%) respectively. Despite this, the DigitalX Fund continues to achieve superior returns in the longer term over the Eureka Crypto Hedge Fund (ECHF) Index despite having a lower-risk mega-cap, liquid investment strategy².

The Company continues to remain focussed on its funds management business through further investment in the team with the addition of a digital asset investment analyst and business development manager. These two key hires expand on the depth and skills of the investment team and also increase the distribution capability for the existing fund products with a focus on financial advisors and wealth platforms following the investment grade rating received by the DigitalX Bitcoin Fund last quarter.

PRODUCT DEVELOPMENT

DigitalX is growing a portfolio of digital and blockchain enabled financial products and services to transform the way its investors and listed company customers track, manage, and get the most out of their assets.

The Company's objective is to grow and expand its product portfolio through the development of new apps and solutions at the frontier of blockchain technologies.

The strategic aim is to leverage the strengths and leading expertise of the Company as a whole across both digital asset funds management and blockchain technology development, through services such as the tokenisation of data and assets for unlocking new opportunities for investors and listed companies.

¹ https://pd.coinshares.com/l/882933/2022-03-21/5ttwq/882933/1647883993luhr5r7P/Digital_Asset_Fund_Flows_weekly__22_.pdf

² 12 monthly performance of the Eureka Crypto Hedge Fund Index was 2.74% compared to DigitalX Fund 12 month performance of 18.25%

In addition to its funds management products, the Company's current digital products - Drawbridge and Sell My Shares - are well positioned for growth from the rising adoption of blockchain technologies within major financial securities markets such as the ASX.

Drawbridge

Drawbridge's products are focused on helping listed company customers achieve great corporate governance outcomes through the digitisation of asset data and compliance processes via technologies such as Synfini, the ASX's distributed ledger platform.

As announced to the market on 25 January 2022, the Company was selected for a competitive Federal Government grant to deliver a regulatory technology solution study for the Australian Securities Investment Commission (ASIC). Work on the grant commenced during the quarter to develop innovative data analysis techniques to assist with the efficient identification market disclosure risks for listed companies. This has led to the discovery of promising methods using social media and financial reporting data to highlight potential high-risk situations in the market. DigitalX retains ownership of intellectual property created as part of the project, with commercial pathways for developing this for use by global securities regulators as well as listed companies themselves. Two of the five selected grant recipients will receive further funding of up to \$1M to progress the technology solution to a proof of concept phase.

During the quarter, several new listed company clients and their workforces were onboarded onto the Drawbridge app for digitising internal share trading policies within listed companies. This saw a corresponding increase in the volumes of trade approval requests managed by Drawbridge on a day-to-day basis. Additionally, the increased volume of approval requests also led to the first live share trades being made through the Drawbridge app using its integration with Sell My Shares' back-office service for buying and selling shares. With the resulting feedback and user data from this process, the Company is now assessing ways to further refine and expand this feature as a key revenue driver for the app.

Sell My Shares

Sell My Shares is Australia's leading provider of share sale services for investors needing to complete a one-off trade without the hassle of opening an ongoing stockbroking account. Since acquiring the business in September 2021, the Company has continued executing on its growth strategy for the business, with unaudited revenue for the six month period since acquisition ahead of the milestone target by 17.9%.

The quarter has seen improvements completed to the customer onboarding experience of Sell My Shares, which have increased customer conversion rates by further reducing points of friction to the share sale process. Additionally, a review into the business's pricing model was also undertaken to ensure its value proposition remains attractive for customers and competitive in the market going forward.

The current development priority is focused on refreshing the business's back office systems and technology stack, so that share sales can be processed more efficiently by staff and result in an improved customer service offering. The scope of this work will further automate several key processes in critical areas such as customer identity verification. These improvements are designed to enable Sell My Shares to meaningfully grow share sale volumes by enabling it to expand into new customer segments.

Digital Finance Co-operative Research Centre (DFCRC)

Following the successful establishment of the DFCRC with over \$60M of grant funding, the Company has continued scoping and exploration of potential commercial opportunities for development within the centre.

Additionally, the Company has welcomed its first PhD research student through the DFCRC, who commenced working full-time within the DigitalX team to research and develop initiatives in key focus areas such as asset tokenisation strategies and emerging crypto-native governance models such as Decentralised Autonomous Organisations (DAOs).

Participation in this CRC also allows DigitalX to fulfill its goals of contributing to the broader Australian blockchain market ecosystem to drive shareholder returns via growing the blockchain economy.

BAM and xbullion

Bullion Asset Management Services Pte Ltd ('BAM') is a Singaporean bullion and digital asset business and the issuer of the xbullion products. DigitalX is a ~17.5% shareholder of BAM.

Xbullion products saw strong growth over the quarter as the market demand for physical metals reached decade highs in the face of global uncertainty and breakout inflation. Month-on-month volumes over the last six months have grown 116% per month. 12-month AUM growth was 86% for gold and 290% for silver.

Work has continued on the Xbullion OTC platform which is expected to be launched next catering to HNWs and Family Offices looking to access the largest markets for OTC physical commodities, coupled with custody solutions.

C. Corporate Activities

Conversion of treasury to XAUD

During the period the Company adopted leading stablecoin³, XAUD⁴, as part of its ongoing treasury & digital asset management solutions. The Company has converted an initial \$500,000 into XAUD.

As the blockchain economy evolves, XAUD provides native integration and settlement in the Web3 ecosystem and the Company is excited to be a part of this evolution.

Existing stablecoin products have focused mostly on US dollars with recent reports suggesting total supply of US dollar stable coins exceeding \$180bn⁵. The development of an Australian dollar stablecoin product provides the same level of functionality but without the foreign exchange risk of holding US dollars.

The XAUD token is issued, managed, and secured using blockchain technology, specifically the Ethereum blockchain. The tokens are built to the Ethereum ERC-20 standard for ease of integration with existing industry platforms and applications, whilst harnessing the advantages of Blockchain such as speed, accessibility, security of ownership and transparency.

XAUD is operated by TAU Pty Ltd. TAU, an Australian-based fintech company specialising in blockchain, asset tokenisation and finance. Developed by an experienced team that includes xBullion and Leonie Hill Ai,

³ A stablecoin is a digital currency that is pegged to a "stable" reserve asset like the U.S. dollar, Australian dollar, or gold. Stablecoins are designed to reduce volatility relative to unpegged cryptocurrencies like Bitcoin.

⁴ <https://www.xaudtoken.io/>

⁵ <https://coingecko.com/news/total-stablecoin-supply-hits-180-billion-report>

a technology focused firm which facilitates investments in digital assets, XAUD is an institutional grade Australian dollar stablecoin which will be audited on a regular basis.

XAUD is currently listed on a number of leading Australian digital asset exchanges such as Coinstash, Zipmex with a number of other exchanges expected to adopt XAUD over the next quarter.

Half-year accounts

During the quarter the Company released its [interim financial report for the period ended 31 December 2021](#). Pleasingly, the Company reported a 305% increase in revenue on the previous corresponding period due to growth in revenue from funds management, Sell My Shares, and Drawbridge.

Environment, Social, and Governance (ESG)

As part of its ongoing commitment to ESG the Company is pleased to provide an update on key initiatives during the quarter:

- The Company has begun to develop a methodology for quantifying the environmental impact of its bitcoin holding with the view to offsetting the carbon exposure with voluntary carbon offsets;
- Following recent key hires, the Company's gender diversity ratio has increased to 41%;
- Commenced purchasing voluntary offsets for any domestic and international air travel; and
- The Company has undertaken significant work on its internal systems to track information required under ESG disclosures.

Additional information, as well as the most up to date report, is available on the Company's website <https://www.digitalx.com/esg>.

Recovery actions

The Company has previously commenced proceedings in the District Court of Massachusetts to secure the rights to Bitcoin that has been recovered by liquidators of historical crypto exchange, Mt Gox.

In February 2014, prior to the Company acquiring its Bitcoin mining business and re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Mt Gox Bitcoin Exchange was shut down after it was hacked. As set out in the Company's Prospectus dated 12 May 2014 (**2014 Prospectus**), one of the subsidiaries acquired by the Company lost access to 351 Bitcoin as part of that hack. The Company became aware that Mr Alex Karis, a former Director of the Company, had lodged a claim with the bankruptcy trustee of Mt Gox for the 351 Bitcoin in his own name, despite Mr Karis having entered into an agreement to transfer the trading accounts to which those Bitcoin relate to a subsidiary of the Company (as referred to in Section 11.17 of the Company's 2014 Prospectus). This matter remains ongoing in the District Court of Massachusetts. The purpose of the proceedings is to seek confirmation of the Company's right to any dividend that is payable from the liquidators of the owners of the Mt Gox Bitcoin Exchange, should any dividend become payable. The Company understands that any dividend payable would be a portion of the 351 Bitcoin lost, not the total 351 Bitcoin. Due to the uncertainty no amount has been recorded on the Company balance sheet.

Recently, Mr Karis has now filed proceedings in the Federal Court of Australia claiming amounts he states are owing to him by the Company. The Company asserts that it does not owe any amount to Mr Karis and intends to defend these proceeds to the fullest extent.

The Company has engaged appropriate legal counsel in relation to each matter and will provide appropriate updates to the market at appropriate times.

D. Outlook

DigitalX Chief Executive Officer, Lisa Wade said: *“While the landscape for global markets in the current dovish environment remains challenging, we are seeing an unprecedented level of interest in the emerging thematic of blockchain and crypto investment from institutions and a proliferation of use cases for the technologies. This proves and provides a powerful foundation for the fundamentals of the sector, from which our funds business is well positioned for growth.*

I have many highlights for the quarter, firstly the integration of Sell My Shares with the additional features it has brought Drawbridge and the tireless Regtech work carried out by the team for the ASIC grant are both leading to new sources of revenue for the Company.

Secondly our support of XAUD is also an exciting move for us into stable coins which are essential market infrastructure for on-ramps into Web3.0. This allows us to continue our efforts in growing the blockchain economy and positioning ourselves as a Web3.0 leader.

We also continued our foundational work on uplifting ourselves as an ESG (environmental, social and governance) aware company - which we believe leads to long term shareholder value creation. A key highlight on this front is that we achieved our emissions measurement goals around the Bitcoin on our balance sheet as a step toward our overall sustainability goals.

Going forward as we work towards delivering our strategy refresh in June 2022, I am confident our team can deliver solid shareholder value and continue to drive towards being a leader in the Web 3.0 space. Whilst also focussing on short-term strategic goals of delivering shareholder value by getting the basics right, deepening our foundational strengths and continuing sharp focus on cost management whilst driving revenue growth”

- Ends-

Authorised by the Board of DigitalX Limited.

For further information, please contact:

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About DigitalX

DigitalX Limited (ASX: DCC, OTCQB: DGGXF) is a technology and investment company focused on blockchain consulting, digital asset funds management, and RegTech. DigitalX's consulting division designs and develops blockchain technology applications for business and enterprise organizations. Through its asset management division, DigitalX provides low-cost traditional asset management products for qualified investors looking to gain exposure to the growing alternative asset class of digital assets, including Bitcoin. DigitalX is currently commercialising Drawbridge, the Company's first RegTech solution that supports listed companies in better managing their compliance and corporate governance policies. With Drawbridge, companies can manage employee and director share trading approvals in order to safeguard their reputations.

www.digitalx.com | <https://digitalx.fund> | www.opendrawbridge.io | www.sellmyshares.com.au

APPENDIX 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DigitalX Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$AUD'000	Year to date (9 months) \$AUD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	644	1,433
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(192)	(437)
(c) leased assets	-	-
(d) staff costs	(504)	(1,223)
(e) administration and corporate costs	(228)	(778)
(f) professional fees	(211)	(618)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	23
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)	-	(68)
1.9 Net cash from / (used in) operating activities	(491)	(1,542)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(1,890)
(c) property, plant and equipment	(20)	(25)
(d) investments	-	-
(e) intellectual property	-	(161)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$AUD'000	Year to date (9 months) \$AUD'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(20)	(1,826)

3.	Cash flows from financing activities		
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	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,381	10,020
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(491)	(1,051)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(1,806)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	235

Consolidated statement of cash flows		Current quarter \$AUD'000	Year to date (9 months) \$AUD'000
4.5	Effect of movement in exchange rates on cash held	-	(17)
4.6	Cash and cash equivalents at end of period¹	6,870	7,381

Note 1: At the date of this report, the Group also holds Bitcoin, listed digital assets and other unlisted investments not included above but which are considered to be highly liquid and can be converted into cash when required as set out on page 1 of the Quarterly Activities Report.

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 \$AUD'000	Previous quarter \$AUD'000
5.1	Bank balances	6,370	7,381
5.2	Call deposits	500	-
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)	6,870	7,381

6.	Payments to related parties of the entity and their associates	Current quarter \$AUD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ²	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note 2: Amounts paid to related parties includes Executive Director salary, superannuation and payout of accrued entitlements, Non-Executive Director superannuation, and legal & consulting fees.

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

7.5 Unused financing facilities available at quarter end

-

7.6 Description of facilities

-

8.	Estimated cash available for future operating activities	\$AUD'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(491)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,870
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,870
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	13.99

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 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: Not applicable

8.6.2 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: Not applicable

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

Answer: Not applicable

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 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: 29 April 2022

Authorised by: Board of DigitalX Limited

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 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 standard applies 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.