

29 July 2025

Quarterly Activities Report & 5B Cashflow June 2025

- **Mt Edon**
 - **Heritage and Program of Work approvals secured, enabling future drilling**
 - **Research collaboration commenced with Edith Cowan University to assess rubidium extraction and purification using Mt Edon ore**

- **Mallina Project**
 - **Government co-funding secured for a ground gravity geophysics survey.**

- **Corporate**
 - **EGM on 2 May 2025 ratified share issues from December 2024 placement**

OVERVIEW

Morella Corporation Limited (ASX: 1MC “Morella” or “the Company”) is pleased to present its Quarterly Activities Report for the three months ending June 2025.

During the quarter, Morella focused on advancing its Australian projects while planning for future growth. It completed heritage and Program of Work approvals at Mt Edon, prioritised extraction and processing studies with Edith Cowan University (ECU) prior to initiating the next phase of drilling. The Company was also able to secure government co-funding for the Mallina Project gravity geophysics survey, as well as advancing its exploration and evaluation activities at the West Wodgina Project. All of these projects form part of Morella’s Joint Venture which is owned 51% Morella - 49% Sayona Mining Limited (Morella-Sayona JV). The Company also focussed resources in advancing several potential diversification opportunities in key base and critical minerals.

EXPLORATION AND PROJECT DEVELOPMENT

Mt Edon Project (Western Australia – Morella-Sayona Joint Venture)

The Mt Edon Project is located approximately 2 kilometres south of Paynes Find and approximately 420 kilometres north of Perth via the Great Northern Highway (Figure 1). The Project overlies the southern greenstone sequences of the Paynes Find Belt, a 5-kilometre-wide package of mafic, ultramafic and felsic volcanic rocks. Numerous pegmatite dykes/sills cut the greenstone stratigraphy and are the targets for Morella’s pegmatite mineral-focused exploration activities.

The recently announced Everest Metals Ltd (ASX: EMC) Rubidium Resource¹ which lies adjacent to Morella’s Mt Edon project tenement package is a positive development for the district, supporting the wider potential of the region beyond its extensive gold history.

Previous soil sampling programs and geochemical work indicate multiple prospective mineralised pegmatite targets across the Morella-Sayona JV tenure.

¹ ASX Release Everest Metals Ltd – EMC Delivers World-Class Rubidium Resource at Mt Edon Project, WA – 21 August 2024

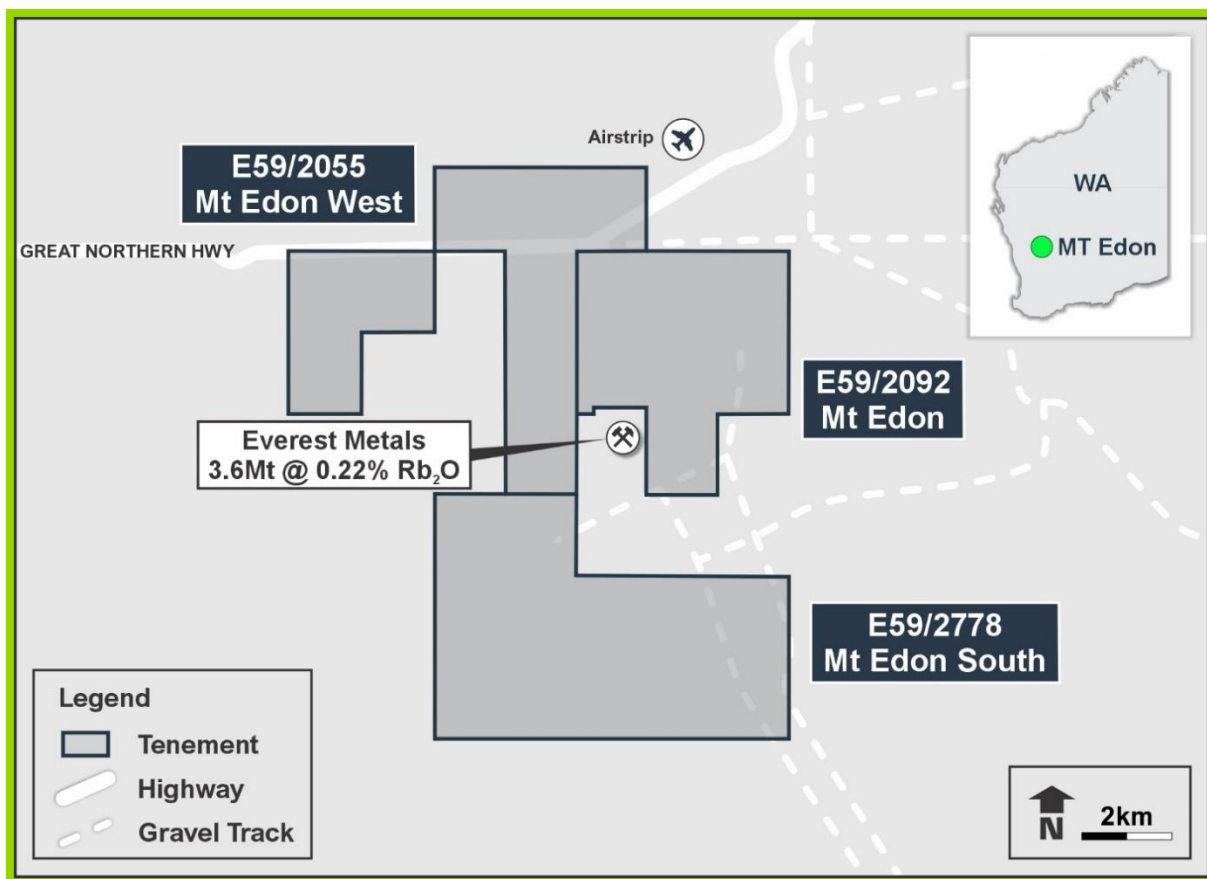


Figure 1: Mt Edon Project location

In 2024, a Reverse Circulation (RC) drill program intercepted pegmatite in 15 of the 17 drillholes, confirming rubidium and lithium mineralisation with assays up to 0.59% Rb₂O and 0.63% Li₂O (Figure 2). Highlights included 112 metres of continuous pegmatite in hole MER031 and significant intercepts at the Sophie, Miles, and June pegmatites, now considered primary targets for resource development. These results reinforce the broader potential of Mt Edon as a rubidium-focused development opportunity.

Research Collaboration with Edith Cowan University

To support downstream evaluation, Morella formalised a research agreement with ECU for the “Rubidium Extraction Feasibility Study: A Stepwise Approach for Enhanced Recovery and Purification”.

The study will assess extraction and purification techniques for rubidium — a strategic metal with growing demand in advanced electronics, biomedical imaging, and specialty materials — using ore from the Mt Edon project. This work reflects Morella’s broader focus on emerging critical minerals that sit outside traditional battery applications.

This research is funded by Morella and is facilitated by the provision of mineralised samples and ore characterization data to ECU’s Mineral Recovery Research Unit allowing Stage 1 to commence.

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Land Access and Operational Status

While commencement of on-ground activities has been impacted by scheduling delays associated with rainfall, land access and heritage clearance processes, the Company has maintained momentum in project development through strategic planning, data integration, and technical collaboration.

Heritage surveys with the Badimia people and Program of Work approvals from the WA Department of Energy, Mines, Industry Regulation and Safety are complete, securing all prerequisites for future drilling. While a resource drilling program remains a key objective, Morella has determined that ECU's extraction study will take priority, ensuring the drilling strategy is optimised to reflect processing pathways, recovery potential, and development options.

Exploration Results²

The Company's 2024 RC drill campaign successfully intersected pegmatites in 15 of 17 holes, confirming the presence of both rubidium and lithium mineralisation across multiple pegmatite systems:

- Assays returned grades up to 0.59% Rb₂O and 0.63% Li₂O.
- The standout intercept included 112m of continuous pegmatite from hole MER031; and
- New mineralised zones were identified in the northeast cluster (Miles and June pegmatites) and at the Sophie pegmatite, which is now a primary resource development target.

The Mt Edon project lies adjacent to Everest Metals Corporation's tenure, where a maiden JORC Inferred Mineral Resource of 3.6 million tonnes at 0.22% Rb₂O was recently declared³. This neighbouring discovery highlights the growing strategic relevance of rubidium in the region and supports Morella's continued focus on the Sophie Pegmatite as a priority target.

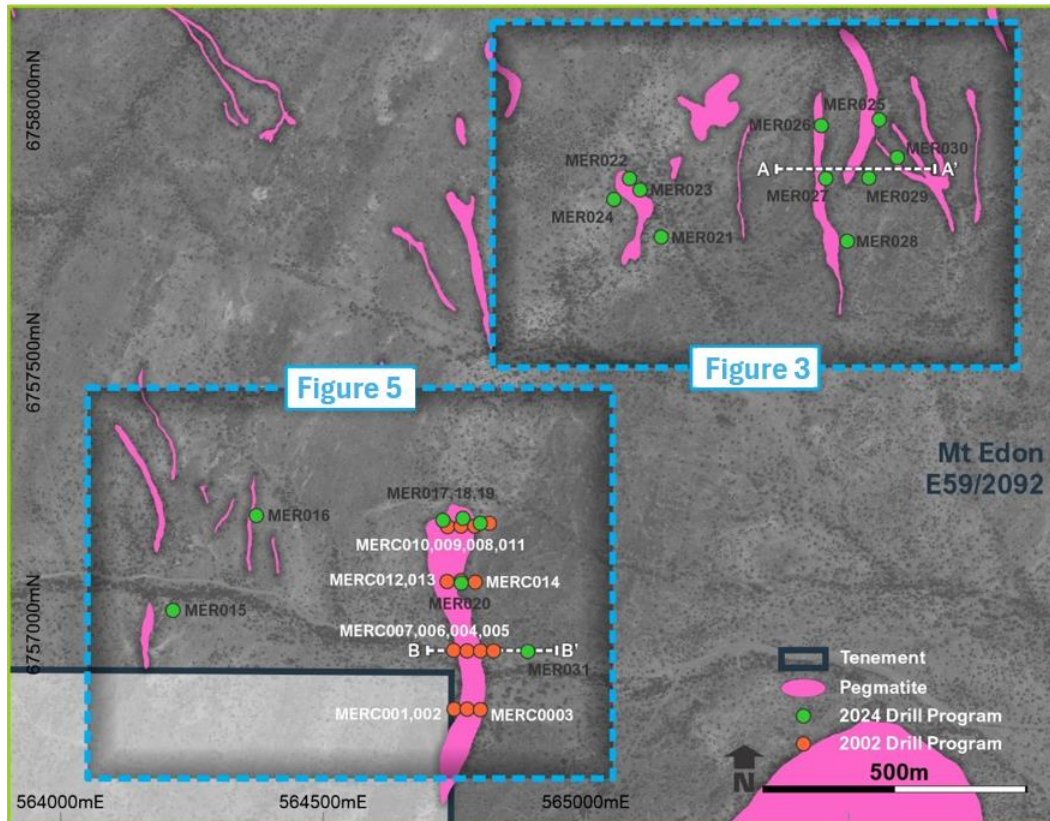


Figure 2: Mt Edon 2024 Drilling Program

² ASX: "Drilling at Mt Edon Reveals Rubidium Discoveries" dated 5 December 2024

³ ASX: "EMC Delivers World-Class Rubidium Resource at Mt Edon Project, WA" dated 21 August 2024

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The significant intercepts from the 2024 RC program are shown at the northeast cluster with the Miles and June pegmatites (Figure 3 and Figure 4) as well as the dramatic increase in the size of the mineralisation found in the Sophie pegmatite discovery (Figure 5 and Figure 6).

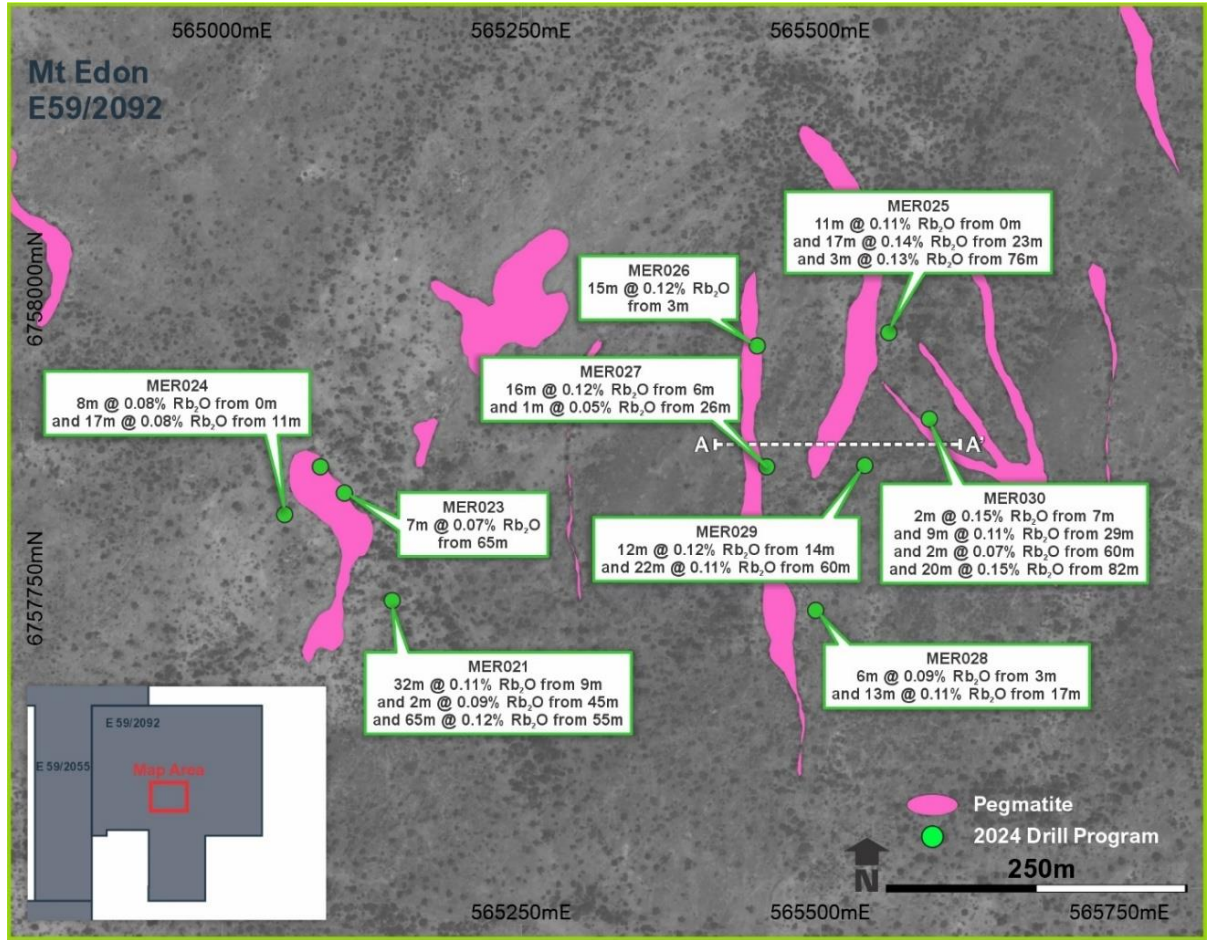


Figure 3: Northeast cluster hole plan showing significant grade intercepts

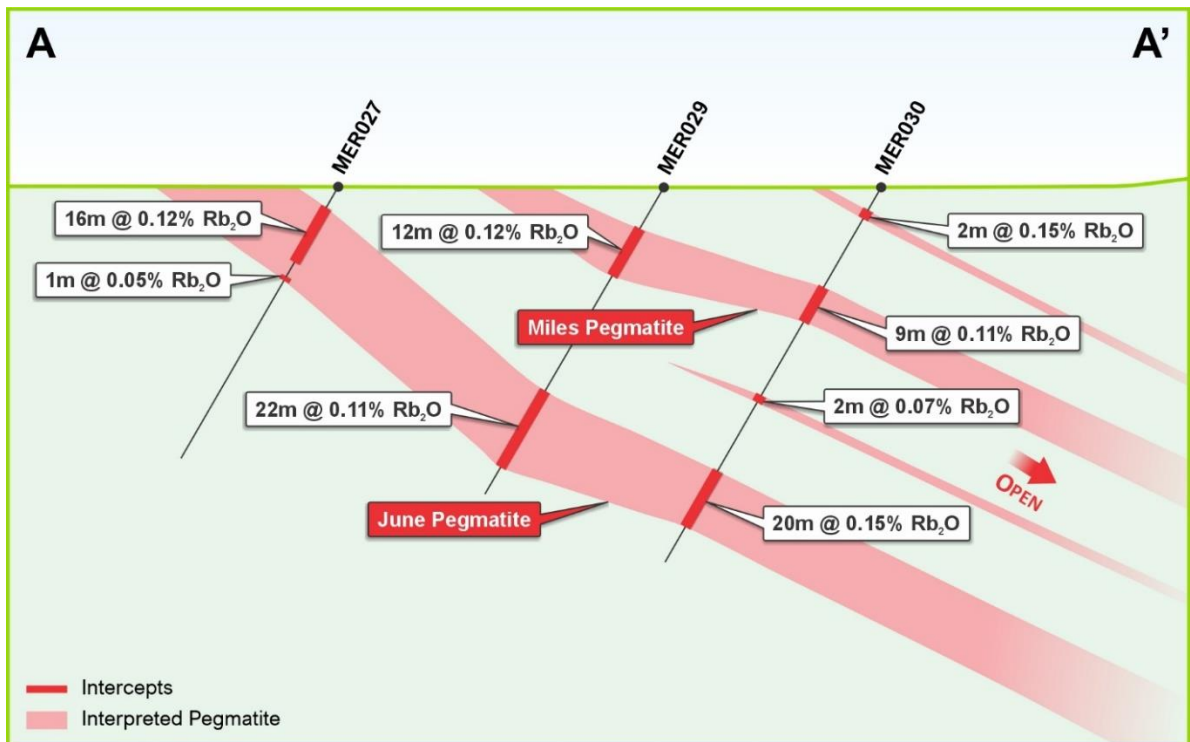


Figure 4: Section A-A' 6757870mN Miles and June Pegmatites

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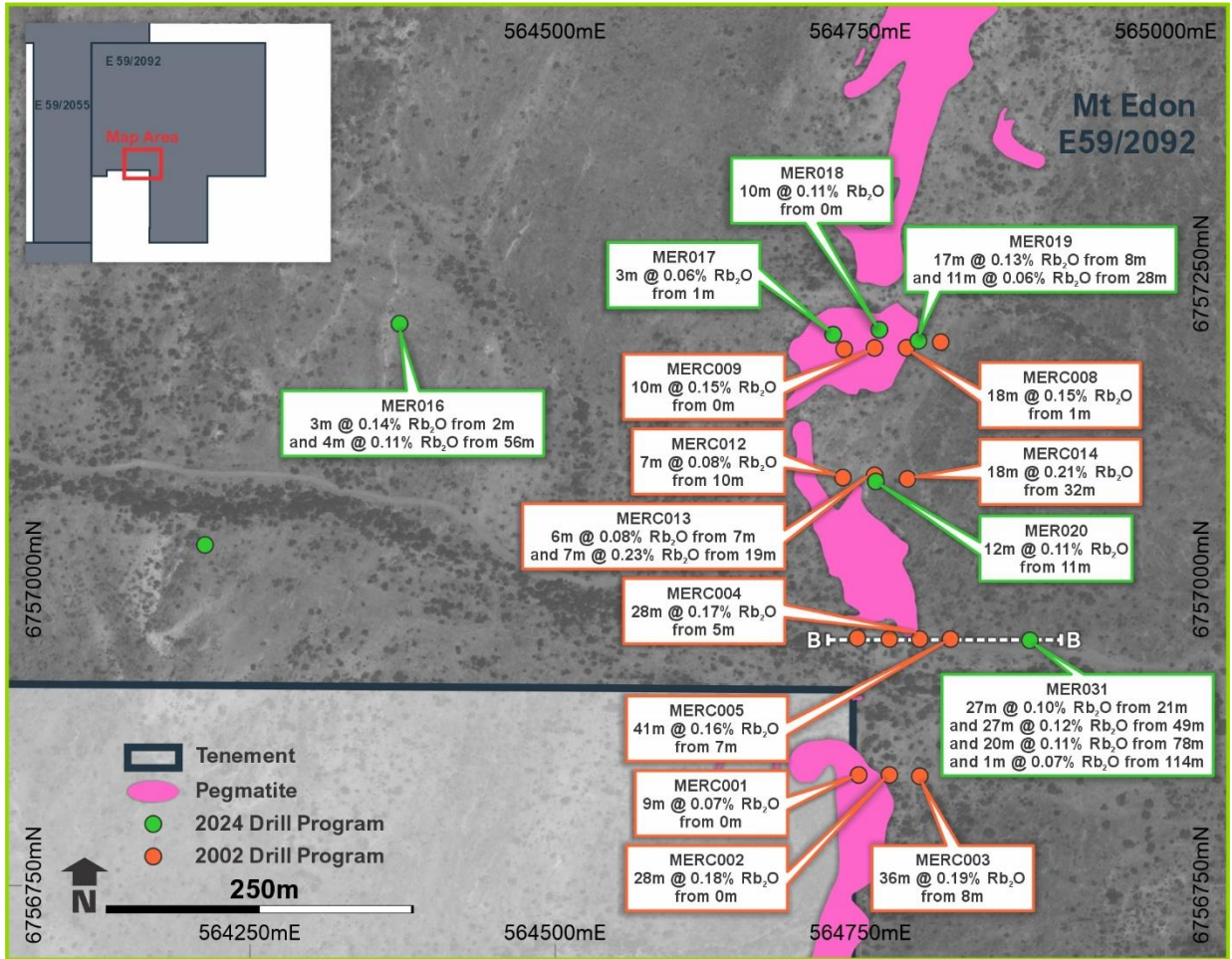


Figure 5: "Sophie" pegmatite area hole plan showing significant grade intercepts

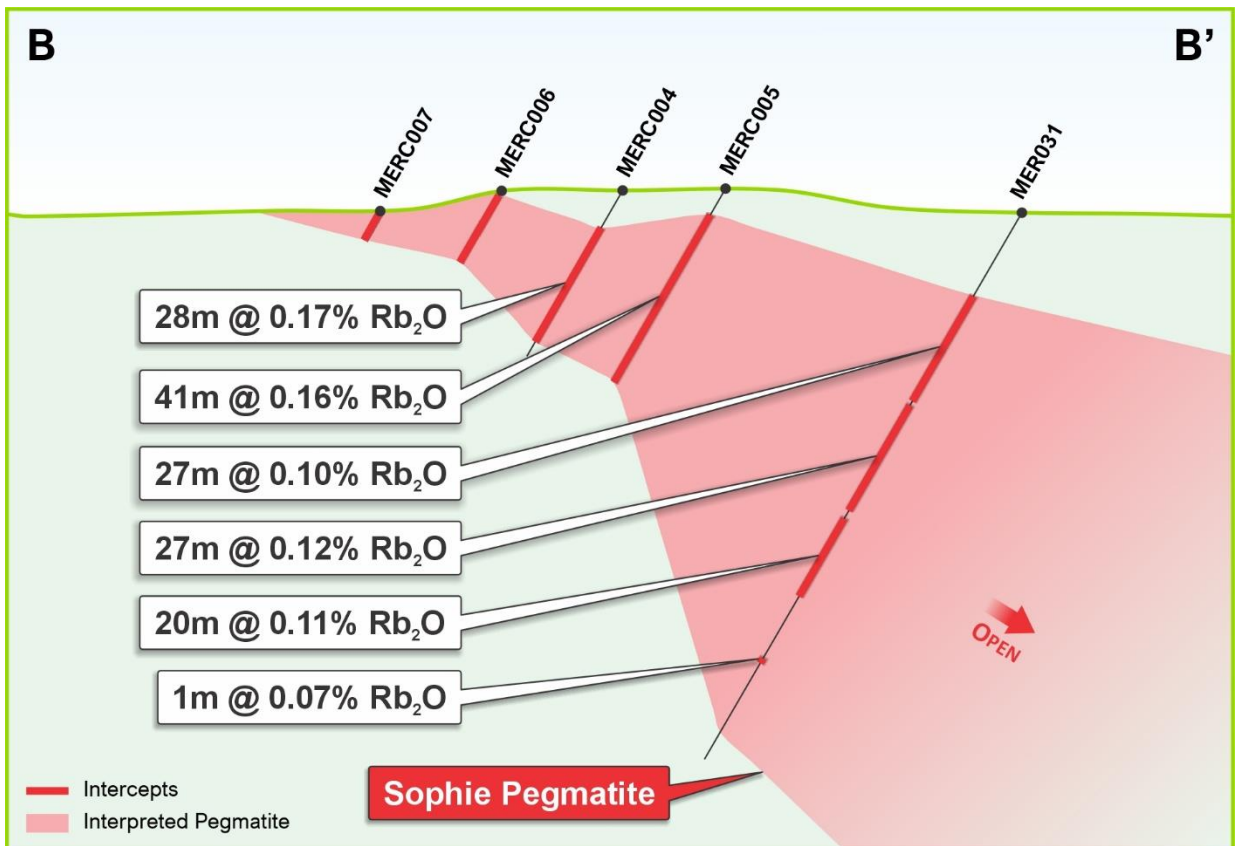


Figure 6: Section B-B' 6756950mN Sophie Pegmatite

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Outlook and Next Steps

With the ECU research underway and land access steps progressing, Morella remains confident in the long-term potential of Mt Edon.

The Company's processing and metallurgical strategy complements regional activity, including Everest Metals' recent success in producing rubidium-enriched concentrates through bench-scale beneficiation⁴. Morella's partnership with ECU aims to build on this momentum by testing flowsheets and evaluating purification efficiencies suited to Morella's Mt Edon's mineral profile.

Planning is already well advanced for the next phase of drilling, which will focus on:

- Extending known mineralised zones, and
- Delineating a maiden Mineral Resource at the Sophie Pegmatite.

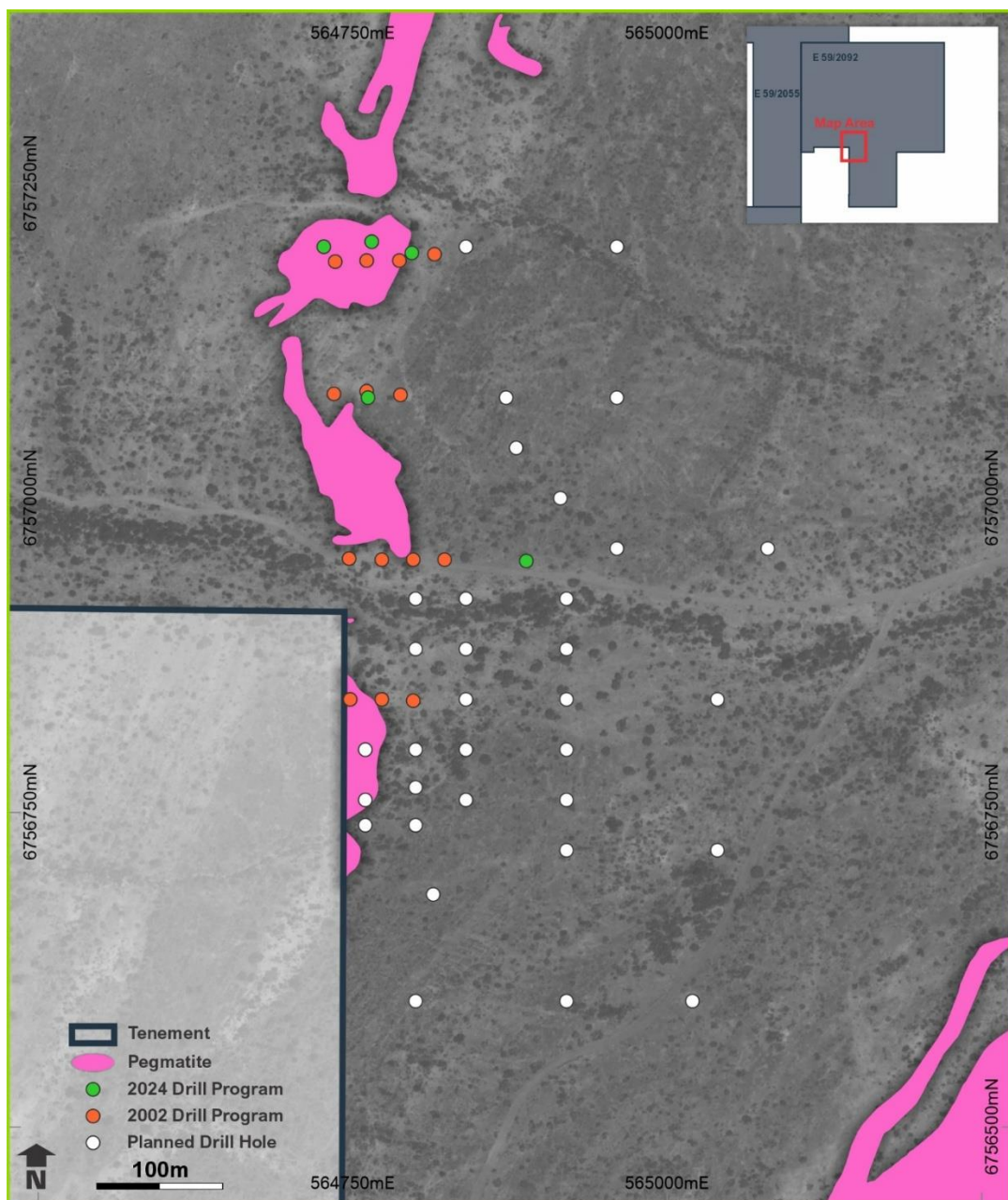


Figure 7: Development drilling plan

⁴ ASX: "EMC Advances Australian-First Rubidium Industry at Mt Edon, WA" dated 3rd June 2025

Mallina Project (Western Australia – Morella-Sayona Joint Venture)

The Mallina project is located 110 kilometres southwest of Port Hedland and is accessible via the Northwest Coastal Highway in Western Australia.

The Project is located within the 70-kilometre-wide Mallina Basin, a key corridor for rare-metal pegmatite systems that extends in an east-west orientation for almost 140km along the central Pilbara coast. There is limited bedrock exposure in the region, however historical exploration, mapping and study work indicates the presence of mineralised structures within the Project area.

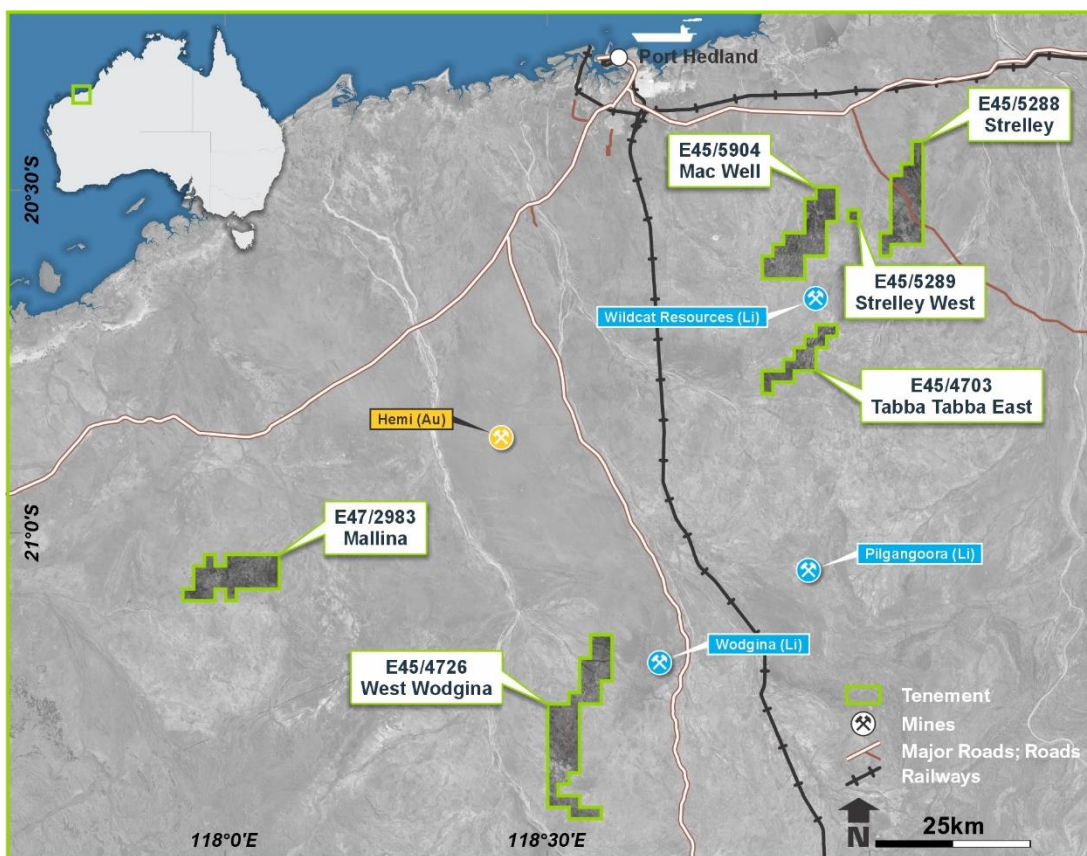


Figure 8: Mallina and other JV Project Locations

The spodumene-bearing dykes at Mallina are recognised as composite or hybrid intrusions of early monzogranite and latter aplite phases. These phases are typical late phase components of the Split Rock Supersuite, which is considered the fundamental control on the formation of rare-metal pegmatite systems across the region.

Historical mapping, sampling and drilling have confirmed multiple lithium-bearing pegmatite targets, several of which have been tested with a total of 149 Reverse Circulation (RC) drillholes and 4 Diamond drill holes. The most prospective target, Pegmatite 2 (Figure 9, 10, 11 and 12), has yielded intercepts up to 20m @ 1.12% Li₂O and remaining open along strike and depth.

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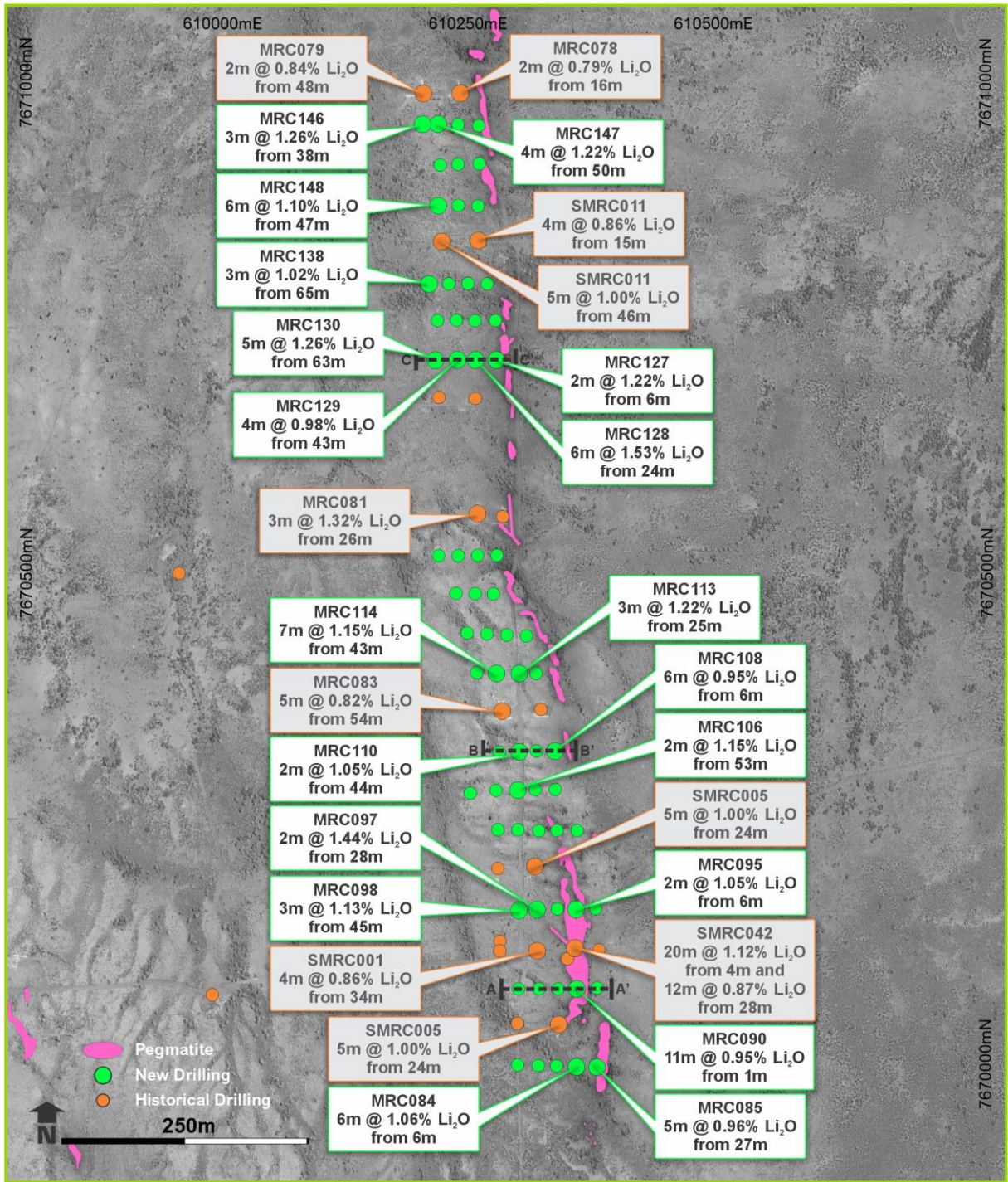


Figure 9: Pegmatite 2 hole plan showing significant grade intercepts

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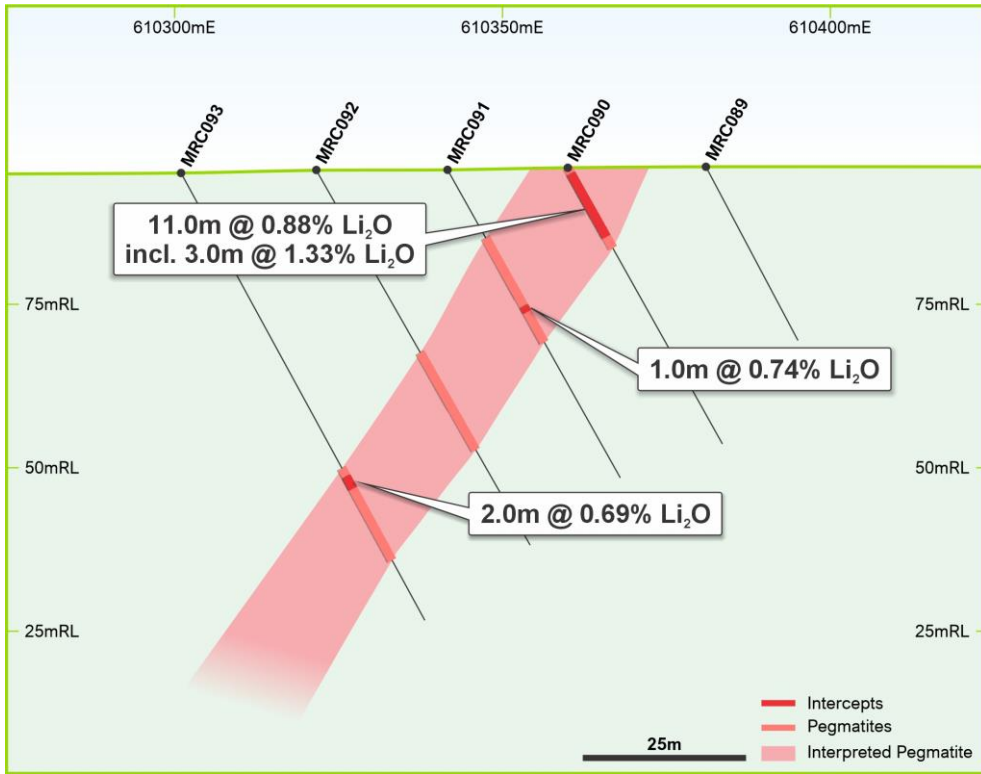


Figure 10: Section A - A' 7670080

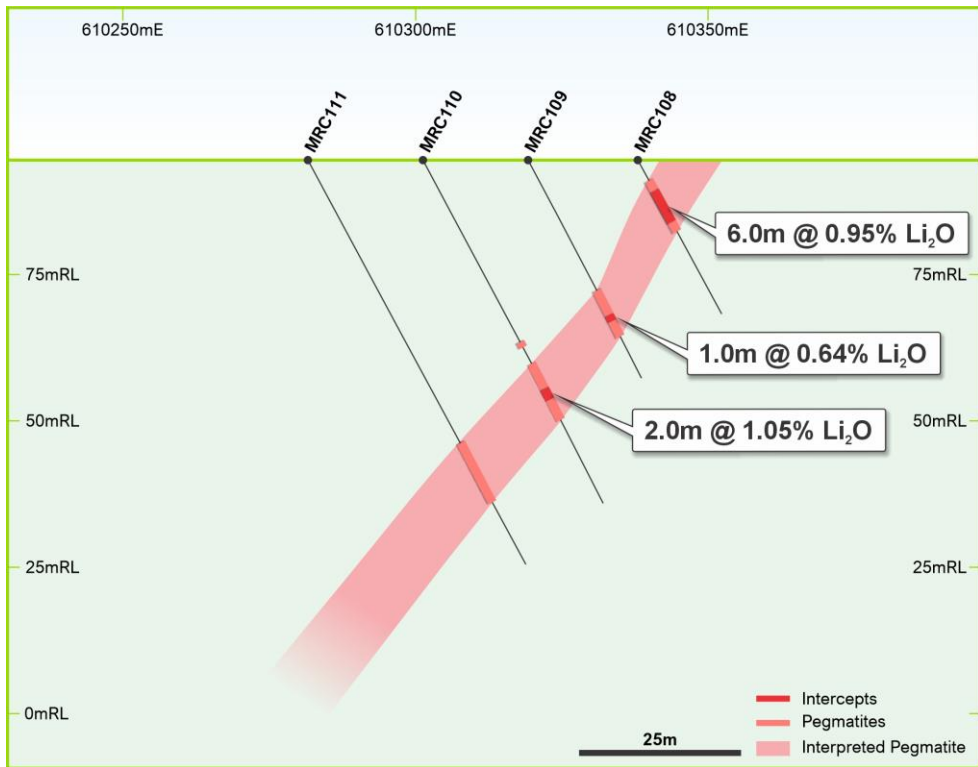


Figure 11: Section B - B' 7670320

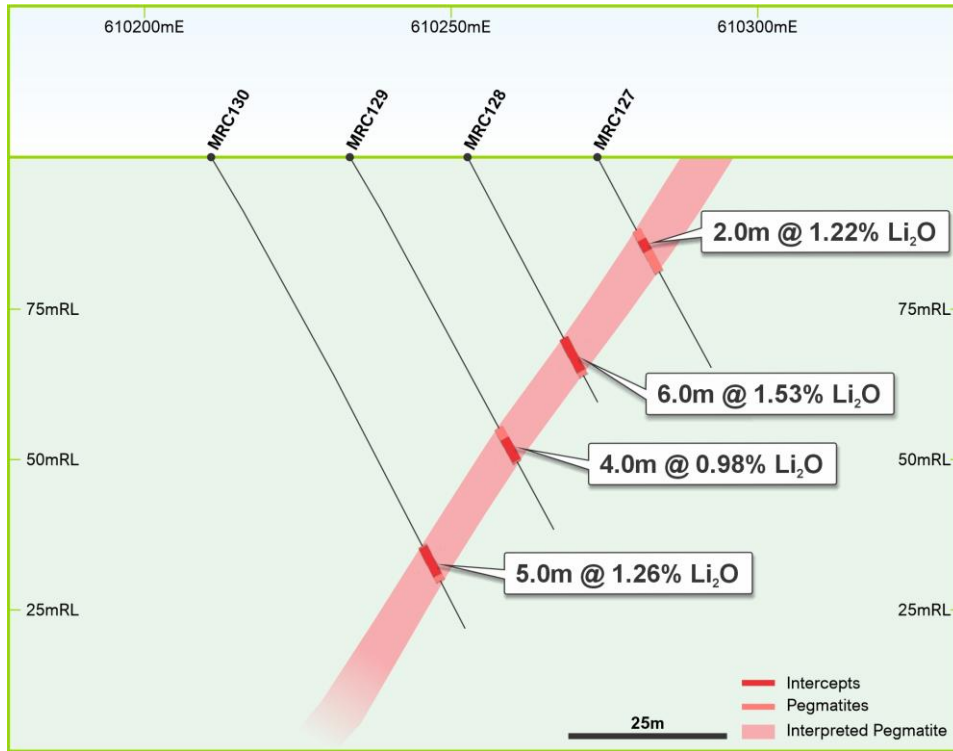


Figure 12: Section C - C' 7670720

Outlook and Next Steps

Future works are to begin with a ground gravity survey covering the central mafic unit (Figure 13). The purpose of which is to explore for large, fully concealed pegmatite units appropriate for testing with a targeted drill program.

Notification of success has been received for an application through the West Australian government under the Co-funded Geophysics Program (CGP) for partial funding of the survey with works scheduled for the September quarter.

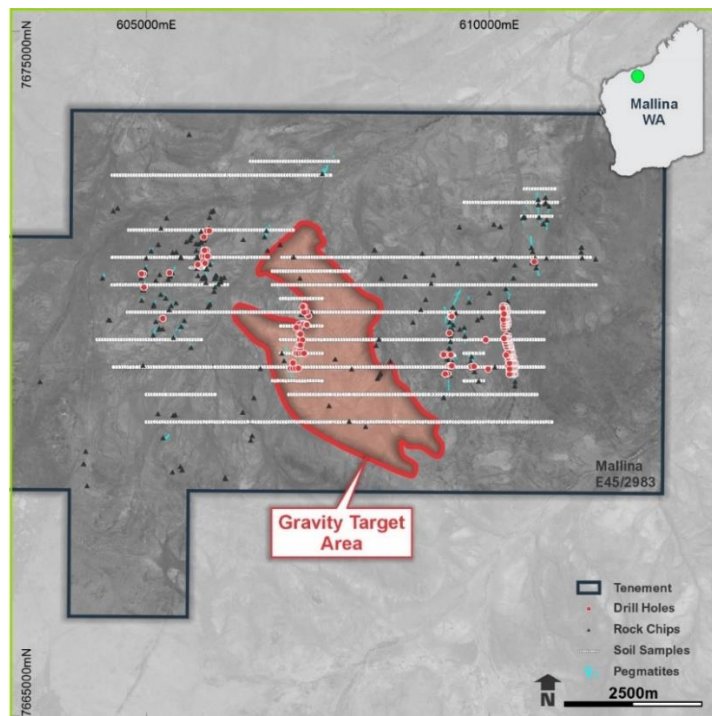


Figure 13: Targeted Ground Gravity Survey Area

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West Wodgina (Western Australia – Morella-Sayona Joint Venture)

The West Wodgina prospect is located 100 kilometres south of Port Hedland and 8 kilometres west of the world class Wodgina Lithium Operation (Figure 14). The Project forms part of the broader Morella JV with lithium producer Sayona Mining Limited.

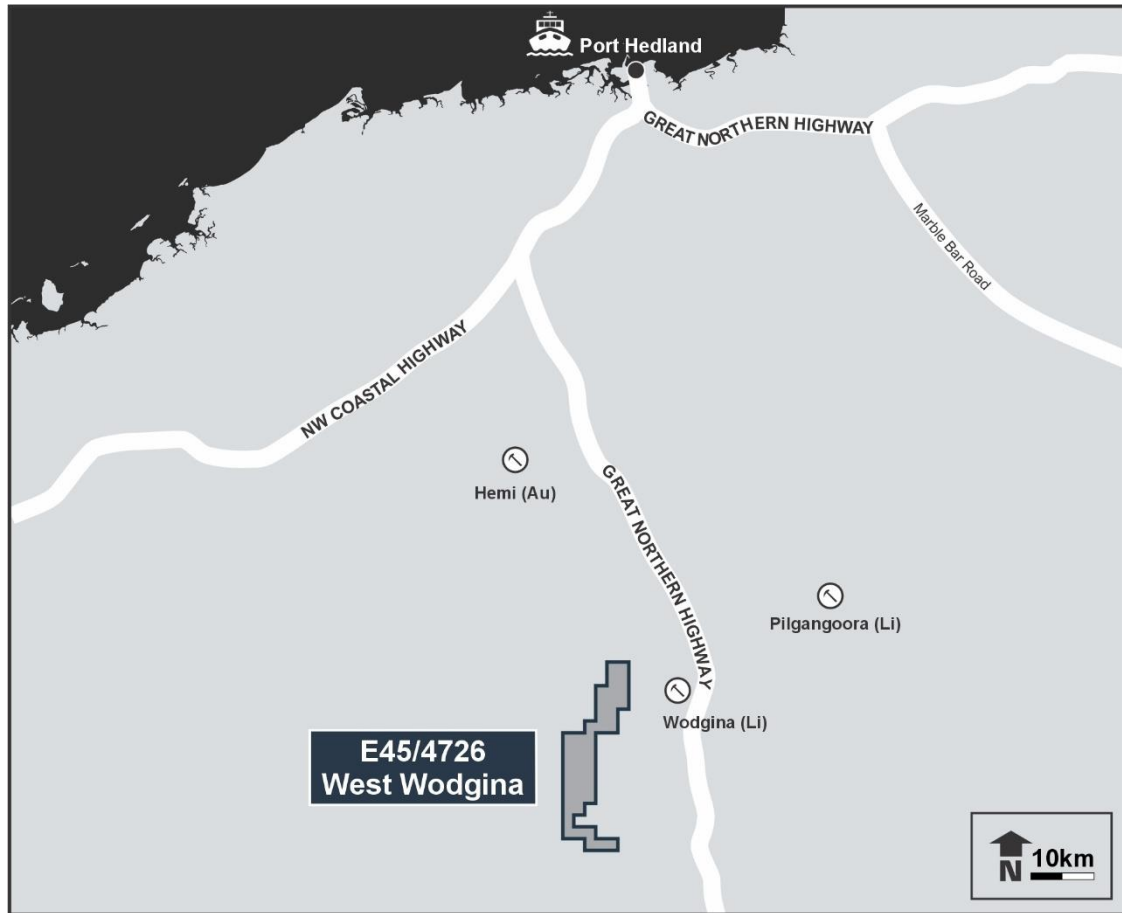


Figure 14: West Wodgina Project Location

Prior soil and rock chip sampling combined with airborne geophysical data have highlighted several targets with strong indications of mineralisation (Figure 15). A site visit is scheduled for the September quarter to refine geological interpretations and inform planning for any potential drilling.

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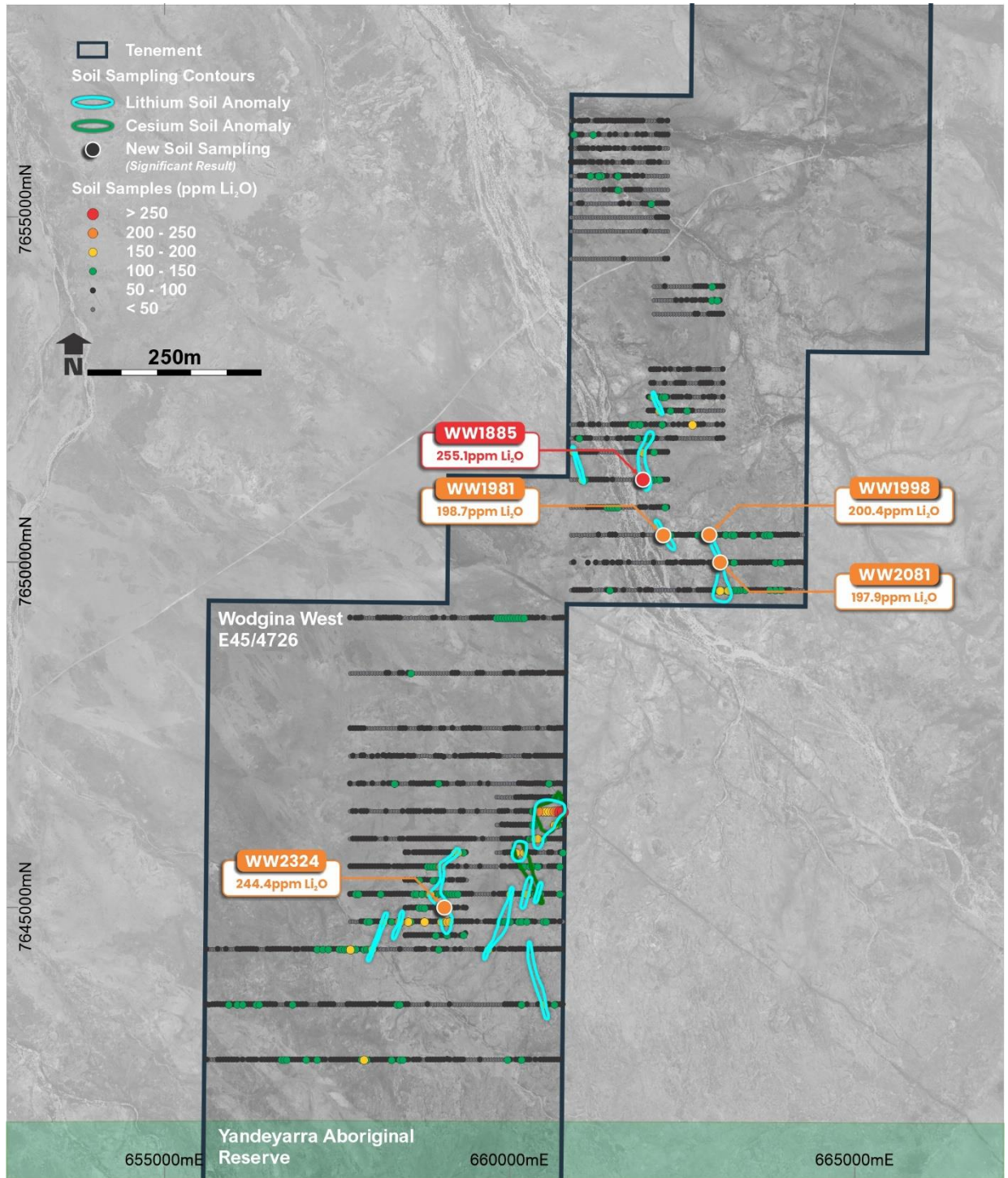


Figure 15: Wodgina West Soil anomalies and targets

These targets give strong indications of potential mineralisation within the underlying pegmatites, warranting further exploration.

US Projects (Nevada - Joint Venture)

Morella has conducted a review and assessment of exploration results to date, with a strategic review of its Nevada tenements to concentrate efforts on the highest-priority targets.

CORPORATE

Extraordinary General Meeting

In December 2024, the Company completed a share placement to institutional, sophisticated and professional investors, issuing 55,043,713 new fully paid ordinary shares (“New Shares”) at A\$0.026 per share to raise approximately A\$1.40 million (“Placement”). As part of the Placement, the Company’s Board of Directors committed to subscribe for approximately A\$725,000 in New Shares.

An Extraordinary General Meeting (EGM) of shareholders was scheduled for 2 May 2025, with the Notice of Meeting released on 24 March 2025. The resolutions sought to:

- Ratify the issue of the New Shares from the December 2024 Placement,
- Authorise the issue of shares to Directors (as related parties) under that Placement, and
- Approve the issue of an additional tranche of shares to Directors (Director Shares) in lieu of a portion of their 2025 fees.

The Board believes issuing Director Shares, rather than paying cash fees, is in the Company’s best interests as it preserves working capital for exploration and development while aligning Directors’ interests with shareholders. The ASX granted a waiver under Listing Rule 10.13.5 to allow these Director Shares to be issued more than one month after the meeting.

All resolutions were passed at the EGM on 2 May 2025. Shares relating to fees forgone by the Directors for the period 1 January 2025 to 31 March 2025 totalling 4,874,614 shares were issued on 9 May 2025.

A further 3,922,076 Shares were issued on 10 July 2025 in satisfaction of the Directors fees for the period 1 April to 30 June 2025.

During the period the Company issued 1,500,000 Shares to Canaccord Genuity Ltd in lieu of fees in relation to the Share Placement in December 2024.

Alongside its corporate initiatives, Morella continued advancing a broader diversification strategy, consolidating data and progressing technical and commercial due diligence across third-party opportunities in critical, base and precious metals. These initiatives reflect the Company’s commitment to building a more diversified and resilient commodity base.

Morella Managing Director James Brown said:

“The Board believes that the Company’s existing portfolio is very promising especially the new Rubidium discoveries at our Mt Edon Project. As a result, the Board believes that the Company is best served by maintaining its cash reserves so that Morella can spend more funds on in-ground exploration. Therefore, the Board has resolved to accept payment for their fees in scrip rather than cash, preserving capital for in-ground expenditure.”

“Our immediate priority at Mt Edon is completing ECU’s extraction and processing work, which will allow us to design a cost-effective, strategically aligned drilling program. Drilling remains an option, but by sequencing our efforts this way, we avoid unnecessary expenditure and optimise Mt Edon’s development path. At the same time, we are ramping up efforts to expand into gold and other specialty metals, ensuring Morella can deliver sustainable value and maintain flexibility through varied market conditions.”

Unmarketable Parcel Facility

The Company appointed Canaccord Genuity (Australia) Limited to facilitate the sale of the Unmarketable Parcels announced on 13 May 2024. The Shares under the Facility are being sold at market prices, subject to prevailing market conditions and available liquidity.

Price and volumes of Morella share sales since the commencement of the facility have meant that not all the shares have been sold. The Company continues to monitor the situation and is working towards finalising the sale of the large number of shares that have been realised under the Facility.

Shareholders whose shares are sold under the Facility will receive a proportionate share of the total proceeds of all the Shares sold under the Facility. Payment for Shares will be remitted by the Company's share registry as soon as practicable following the settlement of the sale of all the Shares sold through the Facility.

The Company will continue to act to get the best possible result for the participants in the Unmarketable Parcel Facility.

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties as follows:

- \$7,000 relating to the Directors fees for the Quarter.

This announcement has been authorised for release by the Board of Morella Corporation Limited.

Contact for further information.

Investors | Shareholders

James Brown

Managing Director

E: info@morellacorp.com

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Henry Thomas, who is a Member of the Australasian Institute of Mining and Metallurgy and is the Exploration Manager employed by Morella Corporation. Mr Henry Thomas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources'. Mr Henry Thomas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Geophysical Results at FLV complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Dr Jayson Meyers, a consultant to Morella and a Director of Resource Potentials Pty Ltd. Dr Meyers is a Fellow of the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Meyers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Dr Meyers does not hold securities in the Company.

About Morella Corporation Limited Morella is an ASX listed exploration and resource development company focused on lithium and battery minerals. Morella is currently engaged in exploration, resource definition and development activities with lithium projects strategically located, in Tier 1 mining jurisdictions in both Australia and the United States of America. Morella will secure and develop lithium raw materials to support the surging demand for battery minerals, critical in enabling the global transition to green energy.

Schedule of Tenements

The schedule below discloses the exploration tenements held by the Company at the end of the Quarter, none were sold or cancelled.

Location	Tenement Number	Interest beginning of Quarter	Interest end of Quarter
Mt Edon South	E59/2778	100%	100%
Four Corners Well	E59/2904	100%	100%
TabbaTabba East	E45/4703	51	51
West Wodgina	E45/4726	51	51
Strelley	E45/5288	51	51
Strelley West	E45/5289	51	51
Mac Well	E45/5904	51	51
Mallina	E47/2983	51	51
Mt Edon	E59/2092	51	51
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%	70%
	PT Suryaraya Cahaya Cemerlang	70%	70%
	PT Suryaraya Pusaka	70%	70%
	PT Kodio Multicom	56%	56%
	PT Marangkayu Bara Makarti	56%	56%
Catanduanes, Philippines	COC 182 (Area 3) – Catanduanes	100%	100%
Albay Region, Philippines	COC 200 (Area 4) – Rapu-Rapu	100%	100%
Bislig Region, Philippines	COC 202 (Area 17) – Surigao del Sur	100%	100%

The Following licence is the subject of the Joint Venture with Sayona. This licence is in the process of being transferred into Morella's name as is required under the Joint Venture Agreement

Location	Tenement Number
Mt Edon West	E59/2055

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Appendix 5B

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

Name of entity

Morella Corporation Limited

ABN

39 093 391 774

Quarter ended ("current quarter")

30 June 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	153	597
1.2	Payments for		
	(a) exploration & evaluation	(90)	(271)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(229)	(1,366)
	(e) administration and corporate costs	(225)	(1,167)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
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)		
	• Sundry income	27	59
1.9	Net cash from / (used in) operating activities	(364)	(2,147)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(11)	(33)
	(d) exploration & evaluation	(268)	(1,636)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) reimbursement from Tabalong Project partner.	755	1,298
	(c) property, plant and equipment	-	-
	(d) investments – Sale of shares on market	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Term deposit facility	-	-
2.6	Net cash from / (used in) investing activities	476	(371)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,166
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	-	504
3.6	Repayment of borrowings	(19)	(724)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	• Payments of lease liabilities	(12)	(48)
3.10	Net cash from / (used in) financing activities	(31)	2,898

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 (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period	81	380
4.1	Cash and cash equivalents at beginning of period	749	430
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(364)	(2,147)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	476	(371)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	2,898
4.5	Effect of movement in exchange rates on cash held	(26)	(6)
4.6	Cash and cash equivalents at end of period	804	804

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	804	749
5.2	Call deposits	-	-
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)	804	749

6. Payments to related parties of the entity and their associates

		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
	- Directors Fees paid in the Qtr	7
	- Interest paid on funding facility in the Qtr.	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities ⁽ⁱ⁾	3,403	3,403
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,403	3,403

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- (i) Morella has executed an unsecured facility with related entities to fund the Deed of Company Arrangement and initial working capital requirements. The facility maturity date is March 2027 with an interest rate of 8% pa. The facility can be converted into shares at the option of the lender whilst meeting the appropriate regulatory approvals.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(364)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	487
8.3 Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	123
8.4 Cash and cash equivalents at quarter end (item 4.6)	804
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	804
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.5

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.

8.8

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

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

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

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

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: 29 July 2025

Authorised by: Morella Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.