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CERVANTES CORPORATION LTD A.B.N. 79 097 982 235  
AND CONTROLLED ENTITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020



Corporate Directory

**Board of Directors**

Collin Vost

*Chairman*

Justin Vost

*Non-Executive Director*

Marcus Flis

*Non-Executive Director/Exploration Manager*

**Company Secretary**

Patrick O'Neill

**Registered Office**

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South Perth WA 6151

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**Solicitors**

Steinepreis Paganin

GPO Box 2799

Perth WA 6001

**Auditors**

Rothsay Auditing

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

**Share Registry**

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

**Stock Exchange Listing**

Australian Securities Exchange

(Home Exchange: Perth Western Australia)

ASX Code: Ordinary Shares - CVS

**Bankers**

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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**DIRECTORS' REPORT**

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the year ended 30 June 2020.

**Principal Activities and Significant Change in Nature of Activities**

The principal activities of the Group during the financial year were the exploration and evaluation of mineral resource projects.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

**Operating Results and Review of Operations for the Year**

**Operating Results**

The profit of the Group for the financial year after providing for income tax amounted to:

| Year ended<br>30 June 2020 | Year ended<br>30 June 2019 |
|----------------------------|----------------------------|
| \$<br>\$82,827             | \$<br>25,622               |

**Review of Operations**

The past 12 months have been quite positive in relation to the Company's progress and activities, together with the improving market conditions in relation to gold explorers and producers.

The company has struggled through a difficult capital raising period, prior to the gold price acceleration in past 6 months, which has attracted a number of groups and companies in relation to capital raising, joint ventures and or outright purchase of all or part of our assets, highlighting the optimistic view of the Company's assets.

Cervantes sold two of its exploration assets in Meekatharra during the first half of 2020, which resulted in the Company generating two consecutive years of positive net profits for the 2019, and 2020 financial periods.

Both assets were acquired for minimal sums of \$10,000 equivalent plus expenditures, and resulted in combined sales of \$1.33m in cash and/or shares in an ASX200 gold production company, (\$1.33m includes a deferred income of \$600,000 subject to gold production levels as outlined in previous ASX releases).

Those funds are currently being utilised to reduce liabilities and loans where required, and to continue development of the highly regarded Primrose Project in the Payne's Find Goldfield, only 410 km's from Perth on a main Highway. The project area covers some 704 hectares of prospecting and mining licences, free of native title claims, containing some 37 old historical gold mines, which produced gold from 1oz to 5oz's per ton.

A considerable amount of historical drilling and MMI exploration has been carried out on these tenements over the years by a number of explorers, as outlined in the exploration target release, followed up by more modern exploration since 2011. All data was attained in the acquisition, including numerous historical reports from those exploration pursuits.

Cervantes acquired the main group of licences that were available covering effectively 85% of the Payne's Find Goldfield in 2017 and settled the acquisition in 2019.

The Company has been collating and consolidating the available data, and supplementing that data with a series of drilling and surface exploration activities. This resulted in the 16 July 2020 release to the market, a defined Gold Exploration Target of 170,000 to 520,000 tonnes at grades of 2.2g/t to 4.55g/t. This target area only represents a very small portion of the project area under assessment.

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The Gold Exploration Target is now being advanced with the completion of an aerial survey and surveying of hole collars to assist in synchronising historical drilling and modern drilling results. Drilling programs have been designed and contractors engaged to commence the infill drilling.

Subject to the success of these infill drilling programs, the Company may be in a position to produce a JORC resource on two separate areas within the project. This will allow the board to revitalise discussions with nearby mills who have previously expressed an interest in working with the Company on developing the project area and processing the ore.

The board expect the drilling and assaying, together with reporting to be completed within a matter of weeks and look forward to bringing this information to the market expeditiously.

Whilst the ASX have not yet found it within their case by case formula, to allow Cervantes shares to be requoted, the board is hopeful they will reconsider their position as the Company progress its projects, as numerous companies continue to trade on the ASX with what the board believe to be considerably less activity and poorer financials than Cervantes, and inferior assets.

We look forward to that occurrence sooner rather than later to allow the Company shares to receive the appropriate market attention, and mark to market evaluation for the benefit of shareholders in this very strong gold market.

#### **ALBURY HEATH GOLD PROJECT**

The Albury Heath Gold Project sale, which included tenements P51/2937 and P51/2997 – 3001, to Big Bell Gold Operations Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, was completed 8 May 2020. Please refer to 23 April 2020 ASX release for details.

On settlement of the sale, Cervantes received \$700,000 in Westgold Resources Limited shares, an ASX200 Company. As the strong gold price continues, highest since 2011, Cervantes benefits from an increasing value in the Westgold shareholding. When the Albury Heath project development is commenced by Westgold, Cervantes is confident the project will be able to achieve two performance targets, as outlined in the 23 April 2020 ASX release, potentially providing Cervantes with an additional \$400,000 and further \$200,000 of cash or Westgold shares.

#### **PRIMROSE PROJECT**

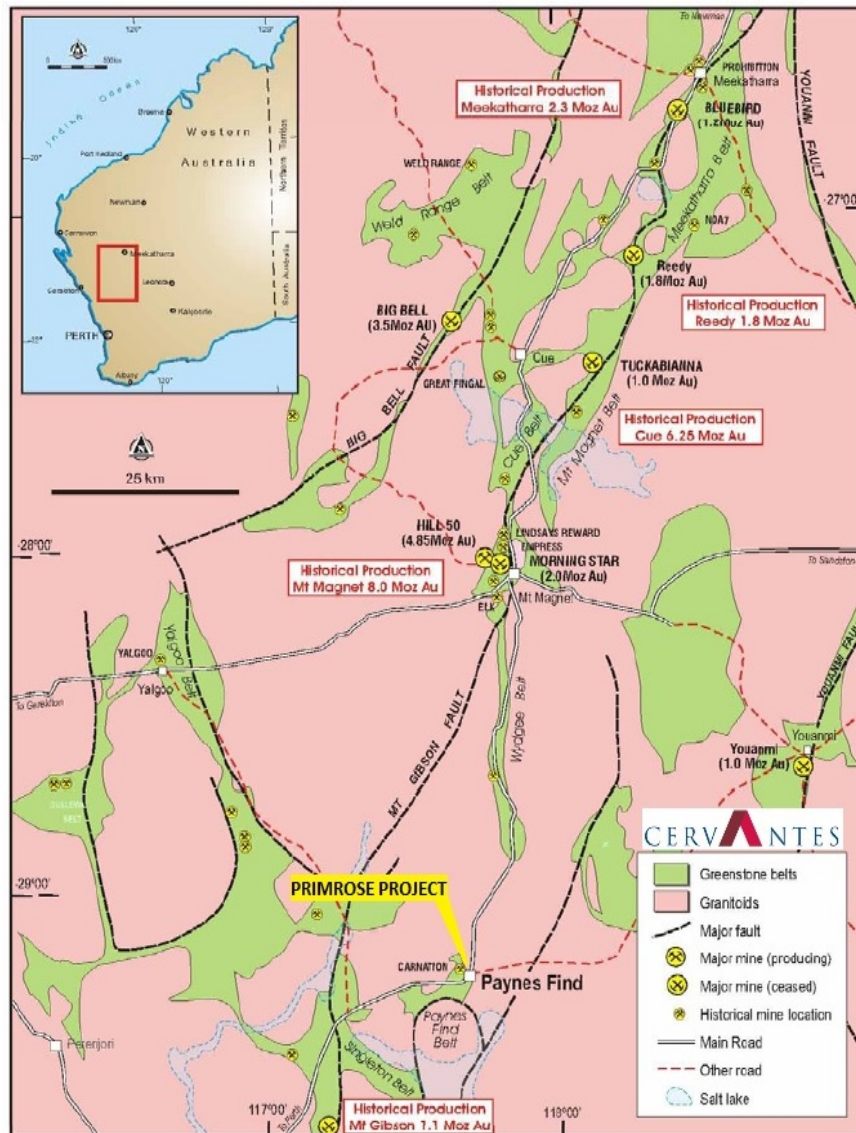
The geological potential of the Payne's Find area as previously discussed in ASX releases and reports, as well as in reports from our consulting and in-house geologists, outlines that, in addition to gold, the felsic volcanic area has potential for volcanogenic massive sulphide mineralisation (VMS) similar to the Golden Grove deposits located to the west in the Yalgoo Greenstone Belt. Elevated nickel and cobalt results have also been identified in the Payne's Find area, as previously outlined in ASX releases.

The Murchison Province hosts many significant gold deposits, including the million-ounce gold camps at Big Bell, Mount Magnet (Hill 50), and Meekatharra, as well as numerous smaller gold camps at Cue, Kirkalocka, Mt Gibson, and locally Rothsay, Fields Find and Pinyalling.

Cervantes supports the view and comments in various reports that the historical mineralisation in the area could be an indicator of a bigger gold system associated with sheared mafic amphibolites intruded by a porphyry. The Primrose Gold Project comprises the vast majority of the historic Paynes Find Gold Field and its interpreted extensions to the north and south. Importantly, it covers tracts of the Primrose Shear which have had little or no modern exploration work done on them.

The Company has also noted a **comment made by a well-respected Geologist E de C Clark who worked for the Mine Department in 1920**; *"The goldfield contains epidiorite, hornblende schist, serpentine, and foliated quartz porphyries, in addition to hornblende-biotite gneiss forming the matrix of the ore body. The gold quartz veins are found mainly in the epidiorites and hornblende schists, and only rarely in the serpentine. The gold bearing gneiss is east of the greenstone belt, and are of two lithological types 1) biotite dominant with quartz parallel to the foliation planes 2) mica subordinate to the hornblende. He compares the geology as similar to Westonia (Edna May Mine) elsewhere in the State."* (sourced: Mindat website "Paynes Find Goldfield (Goodingnow)").

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**Figure 1: Primrose Project location on regional geology; showing regional historical gold production.**

Numerous field visits throughout the year by consulting geologists, the Company Exploration Manager and Directors were carried out to conduct small focused follow-up reviews of the project area, in particular areas within and around the Pansy pit, together with areas at Blue Heaven. Subsequent to this work, Cervantes was delighted to be able to release the estimation of an exploration target at the Company's Blue Heaven Prospect in the Primrose Gold Project, in the Paynes Find Goldfield of WA.

The estimate was made possible through an independent audit of the drill hole database constructed by the previous explorer, Paynes Find Gold Limited, and updated by Cervantes. The audit included the confirmation of assay data, a review of sampling methodology, including an inspection and appraisal of stored residual Reverse Circulation (RC) drill samples (pulp) and diamond core, and an appraisal of drill hole locational data.

Cervantes holds all the drilling and exploration records from the previous explorer, allowing the data validation.

**EXPLORATION TARGET ESTIMATE**

Independent consultant geologist Mr Philip Jones, MAusIMM, has estimated an exploration target for the Blue Heaven area based on ore block modelling of exploration results obtained to date.

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The exploration target estimated is given in Table 1 while the methodology used to arrive at these estimates, and the data on which it is based are included below.

| Category                  | Tonnage Range                           | Grade Range          |
|---------------------------|---|----------------------|
| <b>Exploration Target</b> | <b>Approximately 170,000 to 520,000</b> | <b>2.2 to 4.5g/t</b> |

**Table 1** Exploration target estimates at Blue Heaven.

The potential quantity and grade of an Exploration Target estimate is conceptual in nature, as there has been insufficient reliable exploration data to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

#### **Deposit Style**

The Blue Heaven Prospect is centred on the historic Paynes Find gold field, an area covered by Cervantes' Primrose Gold Project. In excess of 37 abandoned mine workings occur in the area. All started as small open pits but progressed to underground workings.

These workings are developed in quartz lode systems in the Paynes Find Gneiss adjacent to the Primrose Shear. The lodes strike between 310° and 360° TN (ie, between north-west and north), dip to the west from 60° to 70°, and are generally oblique to the regional foliation. Gold is best developed in flexures of the shear zone.

High grade ore shoots are formed along the intersection direction of the shear foliation and of the lode, resulting in moderate plunges to the south east. These high grade shoots were exploited by the historic mines.

The quartz lode gold is recognised as a second or late stage gold mineralising event. The first stage was movement of auriferous fluids through the Primrose Shear itself. While gold has been found associated with the shear, no economic deposits have been found other than those hosted by the quartz lodes to date.

#### **Historic Mining**

Thomas Payne discovered gold in the area in 1911 with the purported finding of a 2.5oz nugget at surface. The historic mines are Goodingnow, Mariposa, Havela/Sumpton, Princess Mary, Aster Consolidated, Oversight, Oversight North, Lakeview West, Trey Bit, Paynes Future, Orchid, Carnation Alluvials, Sweet William, Paynes Find/Taylor, Margarite, Marigold, Ark, Adeline and Bluebell. Goodingnow, Carnation and Orchid were the most active and largest producers extending up to 100m underground. South-east of Paynes Find are the Jacamar, Pansy, Pansy North, Daffodil and Shamrock mines. Daffodil and Pansy have been the most recently mined. The last recorded production from the field was in 1982, though most underground mines had closed by the Second World War.

Total production from the field varies wildly, depending on the data source. The Paynes Find Government Battery recorded 79,915oz produced at an average grade of 28.6g/t.

#### **Data used as basis for target estimation**

The Blue Heaven Prospect is drilled by 167 RC holes and six diamond holes, totaling 15,543.4m. A total of 6,886 samples are included in the target estimation. QA/QC methodology included 255 field duplicate samples, 368 laboratory pulp split samples and 392 laboratory check samples using standard samples.

The review of the drill hole data by the consulting geologist concluded that:

*“The quality of the RC drilling and sampling completed, appears to have been conducted to a high quality and was supervised by CSA Global. Modern QAQC techniques have been used incorporating standards and duplicates. In general two or three field duplicate samples were collected per hole depending on the depth of the drill hole. Two different gold standards were used, being G307-5 (4.87g/t Au) and G908-3 (1.03g/t Au) both being derived from diorite with low sulphide content. The RC drilling was drilled on an approximate average drill spacing of 40m between holes and is most likely more than adequate to form the basis for an exploration target in accordance with the JORC Code”.*

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Previously reported key drilling results that are included in the exploration target estimate include (all widths are downhole. True widths are unknown):

- PFRC120 41 to 44m 3m @ 92.1g/t<sup>3</sup>
- PFRC049 22 to 24m 2m @ 50.5g/t<sup>1</sup>
- PFRC012 39 to 41m 2m @ 19.0g/t<sup>1</sup>
- PFRC065 32 to 35m 3m @ 16.9g/t<sup>2</sup>
- PFRC039 50 to 53m 3m @ 8.6g/t<sup>1</sup>
- PFRC038 38 to 41m 3m @ 7.0g/t<sup>2</sup>
- PFRC112 114 to 117m 3m @ 4.94g/t<sup>3</sup>
- PFRC110 96 to 98m 2m @ 3.82g/t<sup>3</sup>
- PFRC120 69 to 71m 2m @ 2.56g/t<sup>3</sup>
- PFRC123-1 8 to 10m 2m @ 2.56g/t<sup>3</sup>
- PFRC059 39 to 45m 6m @ 2.4g/t<sup>2</sup>
- PFRC010 18 to 28m 10m @ 1.8g/t<sup>1</sup>
- PFRC018 20 to 26m 6m @ 1.9g/t<sup>1</sup>
- PFRC069 26 to 31m 5m @ 1.6g/t<sup>2</sup>
- PFRC005 28 to 34m 6m @ 1.5g/t<sup>1</sup>
- PFRC007 23 to 28m 5m @ 1.5g/t<sup>1</sup>
- PFRC009 19 to 22m 3m @ 1.8g/t<sup>1</sup>
- PFRC115 26 to 33m 7m @ 2.43g/t<sup>4</sup>
- PFRC116 10 to 22m 12m @ 6.61g/t<sup>4</sup>
- PFRC134 45 to 48m 3m @ 8.04 g/t<sup>4</sup>
- PFRC134 140 to 143 3m @ 5.21 g/t<sup>4</sup>
- PFRC135 77 to 80m 3m @ 8.05 g/t<sup>4</sup>
- PFRC150 79 to 83m 4m @ 6.28 g/t<sup>4</sup>
- PFRC150 120 to 126m 6m @ 3.56 g/t
- PFRC142 30 to 33m 3m @ 3.21 g/t<sup>4</sup>
- PFRC133 99 to 103 4m @ 2.64 g/t<sup>4</sup>
- PFRC135 82 to 84m 2m @ 4.94 g/t<sup>4</sup>
- HPFRC19 20 to 24m 4m @ 8.5g/t<sup>1</sup>
- HPFRC17 46 to 50m 4m @ 7.2g/t<sup>1</sup>
- HPFRC21 66 to 73m 7m @ 2.0g/t<sup>1</sup>
- HPFRC22 112 to 113m 1m @ 8.9g/t<sup>1</sup>
- HPFRC25 24 to 33m 9m @ 1.6g/t<sup>1</sup>
- HPFRC27 46 to 49m 3m @ 2.0g/t<sup>1</sup>

<sup>1</sup> Paynes Find Gold Limited Significant Stage 1 Drilling Results 13 May 2011

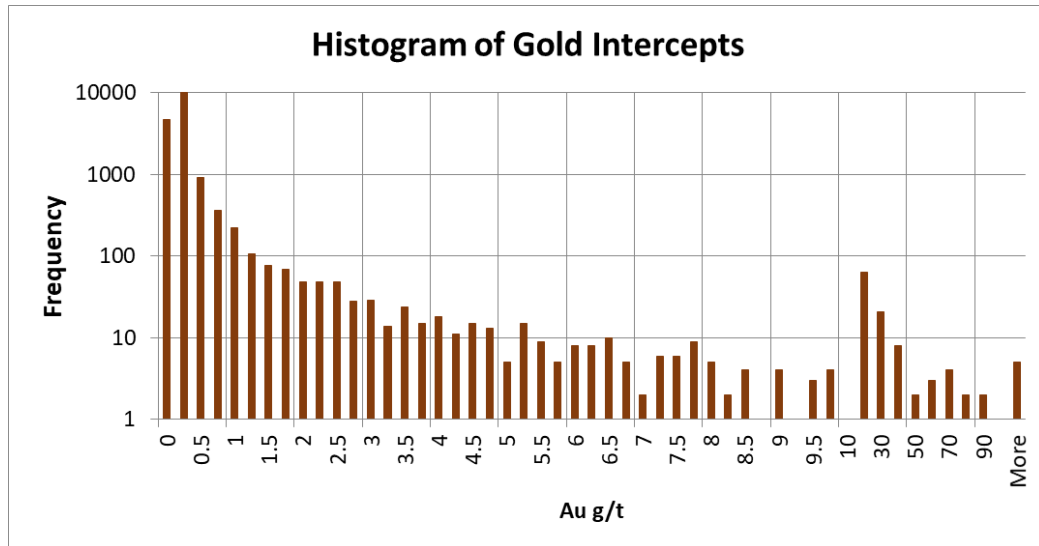
<sup>2</sup> Paynes Find Gold Limited Stage 1 Drilling Programme Completed 14 June 2011

<sup>3</sup> Paynes Find Gold Limited Stage 1 Key Results from Stage 2 Drilling Programme 28 September 2012

<sup>4</sup> Paynes Find Gold Limited New High-grade Gold Discoveries Confirm Potential 19 November 2012



Appendix I lists all collar statistics included in the target estimation. A complete tabulation of assay data is not reproduced in this announcement as it would be unreasonably voluminous. Instead, Figure 2 is a histogram of the total sample dataset used in the exploration target estimation to put the above intercepts into context. Note the sample frequency is a logarithmic scale. The second population seen at the 20g/t grade reflects drill hole intercepts of the high grade quartz lode shoots. Five samples were of over 100g/t gold grade – the maximum being 271.63g/t.



**Figure 2** Histogram of gold intercept grades from the drill hole database used in the exploration target estimation.

Figure 3 shows the drill hole distribution in the modelled area colour coded by maximum gold grade intercepted in the hole.

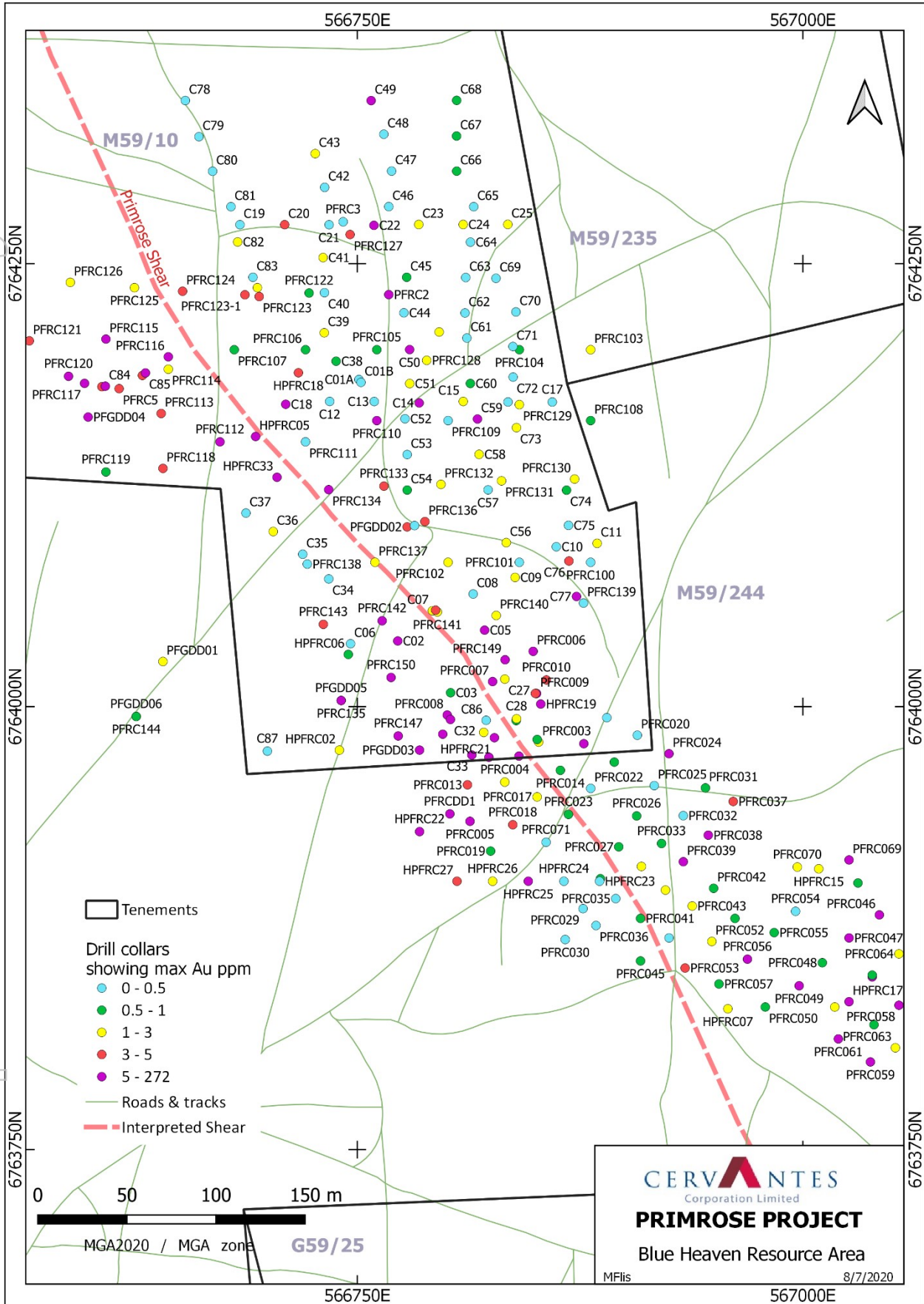


Figure 3 Drill holes used in estimating an exploration target, showing maximum gold grade intersected at collar position. "C" series holes were not used in estimating the exploration target.

The drill hole audit noted that coarse gold is present in several drilled areas, leading to some assay repeatability issues. This will be investigated in the future.

## Basis of Exploration Target Estimate

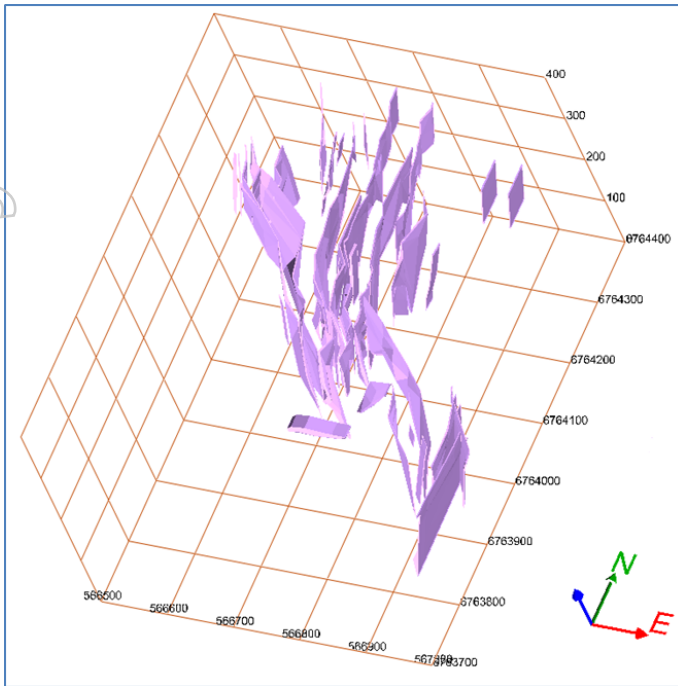


Figure 4 Wireframe model for the Blue Heaven Prospect

The gold mineralisation at the Blue Heaven Prospect, defined from drilling, was digitised through the process of wireframing using MineMap© software on drill hole cross sections, snapping to the drill intercepts using various cut-offs. High-grade cuts were not applied. Grades were interpolated in the model using an Inverse Distance Squared (ID<sup>2</sup>) algorithm. All interpolations were restricted to the wireframe models representing the quartz lodes. Figure 4 shows an example of the wireframe model used

The mineralised zones on each cross-section were then linked by wireframes to produce “solids”. A block model was created using the parameters summarised in Table 2.

| Parameter      | North                    | East   | RL  |
|----------------|--------------------------|--------|-----|
| Maximum        | 6764425                  | 567125 | 370 |
| Minimum        | 6763650                  | 566525 | 270 |
| Cell dimension | 5                        | 2      | 2   |
| Number         | 155                      | 300    | 50  |
| Algorithm      | Inverse distance squared |        |     |
| Search Ellipse | Strike                   | 0°     |     |
|                | Dip                      | 0°     |     |
|                | Plunge                   | 0°     |     |

Table 2: Block model parameters.

The estimated historic production tonnages have been subtracted from the exploration target tonnage estimate to produce the final estimate. This estimate was varied by +/-25% which, in Cervantes' view, represents the potential for finding more tonnes with further drilling, and the risk of excluding tonnages that may not prove to be contiguous with further drilling. Table 3 states the exploration target derived from this process.

| Category           | Tonnage Range                    | Grade Range   |
|--------------------|----------------------------------|---------------|
| Exploration Target | Approximately 170,000 to 520,000 | 2.2 to 4.5g/t |

Table 3 Exploration target estimates at Blue Heaven.

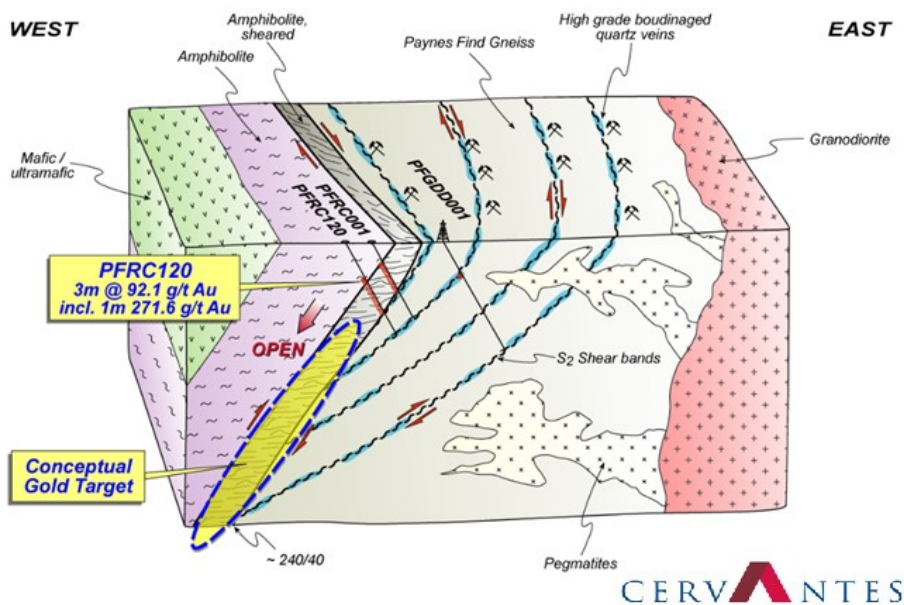
The potential quantity and grade of an Exploration Target estimate is conceptual in nature, as there has been insufficient reliable exploration data to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

### Potential to increase the exploration target

The historic workings in the project area were based on outcropping, late stage, quartz-vein related gold mineralisation. This style of gold, while generally of a high grade, is discontinuous. Drilling by the previous explorer focused on drilling beneath the large number of historic workings. What was not apparent at the time was that the old workings had not exploited sheets of quartz lodes, but shoots of south plunging gold mineralisation within those lode systems. The probability of hitting this relatively narrow mineralisation with drilling is very low, an outcome that is reflected in a previous inability to define gold mineralisation of sufficient size and grade so as to define an attractive mining proposition.

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A second observation that became apparent during the field inspection was that the “lines of lodes” that were exploited were steeply dipping to the west, but became shallower dipping going east. The ramifications of this observation is that there is a line of convergence on the Primrose Shear to the west from which the auriferous quartz lodes may emanate. That line of convergence is likely to be deeper than anything tested previously (Figure 5). While the previous explorer recognised this deeper target, it went out of business before it could act on this opportunity. These observations support Cervantes views that a structural interpretation previously undertaken by consultants has never been tested by adequate drilling. Cervantes intends to test the deeper parts of the west dipping Primrose Shear in a number of locations.



**Figure 5 Block model of the Paynes Find structurally controlled gold mineralisation**  
**Note the high grades intersected by Hole PFR120 that come closest to the deeper gold target.**

**Proposed Exploration Activities to Validate Exploration Target**

Cervantes has started the process to prepare and submit a Mining Proposal for the Blue Heaven area. This process includes the identification of all licences and permits that may be required, studies and engagements that underpin the application, and additional drilling, metallurgical test work, and modelling to advance the exploration target. The latter will include:

| Issue                                      | Proposed Activity  | Approximate timeframe |
|--|--|-----------------------|
| Drill hole location accuracy               | DGPS surveying of hole collars   | Q3, 2020              |
| Independent validation of drilling results | Twinning of key drill holes, check assaying of existing samples, assaying of untested diamond core | Q4 2020               |
| Variability in grades                      | Fill-in drilling to better define grades   | Q4, 2020              |
| Accurate elevation model                   | Orthophoto (aerial) surveying  | Q4, 2020              |
| Metallurgical properties                   | Metallurgical test work on RC chips  | Q4, 2020              |

**Corporate update**

The Company continues to meet all required expenditures on all tenements. As the progress of the Company develops, and the board can obtain a more defined interpretation of the listing rules and what is required by the ASX for quotation of the Company’s shares, the Company will pursue funding options to raise the necessary capital, if necessary and contingent on early gold production, to advance the Primrose Gold Project.

**ABBOTTS GOLD PROJECT**

The Abbotts Gold Project consisting of EL51/1721 covering an area of approximately 52.3km<sup>2</sup> was sold to Ora Gold Ltd. Please refer to ASX release dated 3 April 2020 for further detail.

***About Cervantes Corporation Limited***

*Cervantes is an emerging gold explorer and aspiring gold miner. It holds a commanding position in an oft-overlooked gold field that has had only sporadic, disjointed, and interrupted exploration carried out on it. Cervantes has identified opportunities in this gold field that were overlooked by previous explorers. The company is committed to maximizing shareholder value through the development of those opportunities.*

***About the Primrose Project***

*The Primrose Project covers in excess of 8km of the highly gold mineralised Primrose Shear in the Murchison District of the Eastern Goldfields, Western Australia. Over 37 gold mines operated in this field from 1911 till 1982. Some 79,915 ounces of gold was mined at an average grade of 28g/t during this period. It is generally accepted that significantly more gold than this was won from alluvial and unreported production.*

*Cervantes now controls mining leases and prospecting licences that cover the majority of this historic gold field. A large database of drilling, surface geochemistry, geological, and geophysical data has been assembled to allow the field to be better understood than at any time in its history.*

***Competent Person's Statement***

*The details contained in this report that pertain to exploration results are based upon information compiled by Mr Marcus Flis, a Director and exploration manager of Cervantes Corporation Limited. Mr Flis is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.*

*The information in this announcement that relates to Exploration Results, Mineral Resources and Exploration Target statements is based on information compiled or reviewed by Mr Philip Jones, who is a Member of the Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Jones is a consultant to the Company. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Jones consents to the inclusion in the announcement of the matters based on his information in the form and context in which it applies. Exploration Targets described in this report are conceptual in nature and there is insufficient reliable information to establish whether further exploration will result in the determination of Mineral Resources.*

***Forward Looking Statement***

*This report contains forward looking statements concerning the projects owned by Cervantes Corporation Limited. Statements concerning exploration targets may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.*



**JORC Code, 2012 Edition – Table 1**

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

| Criteria  | Commentary  |
|---|---|
| <b>Sampling techniques</b>                            | <ul style="list-style-type: none"> <li>• Sampling is by way of standard Reverse Circulation (RC) and diamond drilling (DD).</li> <li>• The RC drill cuttings were sampled over 1 metre intervals and passed through the rig mounted sample riffle splitters to produce bagged samples, a large plastic bag for future reference and a smaller calico bag for analysis.</li> <li>• A second calico bag split was taken approximately one sample in every twenty for use as a duplicate sample. These duplicate samples along with the blank and standard samples were slotted in to the routine sample sequence.</li> <li>• The diamond drill core was split with a diamond saw along the long axis over up to 1m intervals between geological boundaries marked by the field geologist.</li> <li>• Each sample was placed in a uniquely labelled calico bag before being dispatched to the laboratory for chemical analysis.</li> <li>• Duplicate, blank and standard samples were prepared to accompany the submission of core samples at the same ratio as for the RC samples.</li> </ul> |
| <b>Drilling techniques</b>                            | <ul style="list-style-type: none"> <li>• RC drilling was by industry standard open hole with NQ sized face sampling bit and rods.</li> <li>• DD drilling was by cored NQ sized bit and rods.</li> </ul>   |
| <b>Drill sample recovery</b>                          | <ul style="list-style-type: none"> <li>• RC sample recovery and sample quality was recorded via visual estimation of sample volume and condition of the drill chips.</li> <li>• RC sample recovery typically ranges from 80 to 100%, with only very occasional samples with less than 90% recovery.</li> <li>• RC samples were predominantly dry.</li> <li>• All the drilling was carried out by earlier owners of the project and contemporary reports indicate that the sample recoveries were good.</li> <li>• Since the gold is found in quartz veins and some of the gold is coarse nuggets grades could be influenced by sample recoveries with potential for the loss of fines upgrading the sample.</li> </ul>  |
| <b>Logging</b>  | <ul style="list-style-type: none"> <li>• Contemporary reports indicate that the drilling was all logged by site geologists directly into the drill hole database.</li> <li>• The logging was generally quantitative.</li> <li>• All the drill samples were logged.</li> </ul>   |
| <b>Sub-sampling techniques and sample preparation</b> | <ul style="list-style-type: none"> <li>• One metre RC sampling was used.</li> <li>• There was no sample compositing outside the one metre sampling regime.</li> <li>• All the percussion chips were sub-sampled using riffles.</li> <li>• A comprehensive QAQC regime was followed including standards and blanks and regular duplicate field sampling at regular intervals in every sample batch.</li> <li>• The diamond drill core was split along the long core axis, between marks by site geologist, by diamond saw.</li> <li>• The sampling techniques and sample sizes are appropriate for the style of mineralisation and would provide representative samples.</li> <li>• It is recommended that a study is carried out to determine if the presence of coarse gold has</li> </ul>   |

| Criteria   | Commentary  |
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|  | affected the assays.  |
| <b>Quality of assay data and laboratory tests</b>              | <ul style="list-style-type: none"> <li>A variety of labs, all independent and internationally accredited, were used to analyse the drilling samples. The main labs used were ALS, Minlab, Nagrom, and SGS.</li> <li>QAQC included the inclusion of an appropriate number of certified reference materials (inserted into the sample batch in the field), field duplicates and blanks in the batches of samples submitted for analysis.</li> <li>Contemporary reports on the QAQC results indicate that there were no observed problems with sampling and assay precision and bias.</li> <li>Fire assay is a total digest technique and is considered appropriate for gold.</li> <li>Lab used random pulp duplicates and certified reference material standards.</li> <li>Accuracy and precision levels have been determined to be satisfactory after analysis of these QA/QC samples indicating no bias.</li> </ul> |
| <b>Verification of sampling and assaying</b>                   | <ul style="list-style-type: none"> <li>Since the drilling was completed several years ago there have been no samples collected by the author to independently verify any samples and assays.</li> <li>No twinned holes have been drilled.</li> <li>Assay data was authenticated and loaded into a Datashed database by an independent service provider.</li> <li>All laboratory assay certificates are held.</li> </ul>   |
| <b>Location of data points</b>                                 | <ul style="list-style-type: none"> <li>The drill hole collars were reported as being surveyed using a hand-held GPS by field staff and are considered to have +/- 5 m accuracy in the horizontal plane. The collar elevations were adjusted to match the DEM topography, demh1sv1 30m x 30m DEM grid, downloaded from the Geoscience Australia web site.</li> <li>All coordinates are in the GDA94 grid datum.</li> <li>The topography used is a DEM file, demh1sv1 30m x 30m DEM grid, downloaded from the Geoscience Australia web site. Since the project area is almost flat the topographic accuracy is sufficient for the modelling of an exploration target.</li> <li>Random holes were field checked to ensure locational accuracy</li> </ul>   |
| <b>Data spacing and distribution</b>                           | <ul style="list-style-type: none"> <li>The drill hole spacing is irregular, based on two dominant orientations, but is sufficient, along with surface mapping of the lodes, for an exploration target estimate.</li> <li>No sample compositing was applied to the data.</li> </ul>  |
| <b>Orientation of data in relation to geological structure</b> | <ul style="list-style-type: none"> <li>The strike and dip of the lodes varies but generally strikes about 20° west of north and dips approximately 70° to the west. The drilling also varies in dip and azimuth but most holes dip approximately 60° to the east roughly orthogonal to the lodes.</li> <li>The drill intersections of the lodes is generally longer than the true width of the lodes.</li> <li>The orientation of the drilling relative to the lodes has not introduced any sampling bias.</li> </ul>   |
| <b>Sample security</b>   | <ul style="list-style-type: none"> <li>All the samples were collected, stored and transported to the laboratories by trusted company personnel.</li> </ul>  |
| <b>Audits or reviews</b>                                       | <ul style="list-style-type: none"> <li>There have been no independent audits or reviews of the sampling techniques and data used in this report. The author has relied on contemporary reports on the QAQC practices and results by past owners.</li> </ul>   |

**Section 2 Reporting of Exploration Results**  
(Criteria listed in the preceding section also apply to this section.)

| Criteria | Commentary |
|----------|------------|
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| Criteria | Commentary |
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|  |   |
|--|---|
| <b>Mineral tenement and land tenure status</b> | <ul style="list-style-type: none"> <li>The Paynes Find tenement holdings comprise seven Mining Leases (MLs) and twelve Prospecting Licences (PLs) with an aggregate area of 859.96 hectares.</li> <li>All the tenements are held 100% by Cervantes Gold Ltd.</li> </ul> |
|--|---|

| Tenement ID | Status  | Holder                 | Grant Date | End Date     | Area (ha)      |
|-------------|---------|------------------------|------------|--------------|----------------|
| M59/2       | Live    | Cervantes Gold Pty Ltd | 21-08-1983 | 30-08-2025   | 4.950          |
| M59/10      | Live    | Cervantes Gold Pty Ltd | 12-10-1984 | 22-10-2026   | 24.275         |
| M59/235     | Live    | Cervantes Gold Pty Ltd | 24-10-1991 | 03-11-2033   | 6.004          |
| M59/244     | Live    | Cervantes Gold Pty Ltd | 21-01-1992 | 23-01-2034   | 91.115         |
| M59/396     | Live    | Cervantes Gold Pty Ltd | 19-07-1996 | 22-07-2038   | 4.050          |
| M59/662     | Live    | Cervantes Gold Pty Ltd | 27-10-2009 | 26-10-2030   | 38.950         |
| M59/663     | Live    | Cervantes Gold Pty Ltd | 27-10-2009 | 26-10-2030   | 13.638         |
| P59/2076    | Live    | Cervantes Gold Pty Ltd | 24-03-2016 | 23-03-2020   | 15.000         |
| P59/2094    | Live    | Cervantes Gold Pty Ltd | 19-07-2016 | 18-07-2020   | 50.518         |
| P59/2101    | Live    | Cervantes Gold Pty Ltd | 07-10-2016 | 06-10-2020   | 15.000         |
| P59/2130    | Live    | Cervantes Gold Pty Ltd | 11-04-2017 | 10-04-2021   | 7.000          |
| P59/2151    | Live    | Cervantes Gold Pty Ltd | 25-01-2018 | 24-01-2022   | 0.580          |
| P59/2152    | Live    | Cervantes Gold Pty Ltd | 25-01-2018 | 24-01-2022   | 0.120          |
| P59/2153    | Live    | Cervantes Gold Pty Ltd | 25-01-2018 | 24-01-2022   | 6.910          |
| P59/2159    | Live    | Cervantes Gold Pty Ltd | 28-05-2018 | 27-05-2022   | 183.530        |
| P59/2160    | Live    | Cervantes Gold Pty Ltd | 28-05-2018 | 27-05-2022   | 127.020        |
| P59/2161    | Live    | Cervantes Gold Pty Ltd | 28-05-2018 | 27-05-2022   | 117.910        |
| P59/2174    | Live    | Cervantes Gold Pty Ltd | 13-11-2018 | 12-11-2022   | 78.390         |
| P59/2218    | Pending | Cervantes Gold Pty Ltd | 31-12-2999 | 31-12-2999   | 75.000         |
|             |         |                        |            | <b>Total</b> | <b>859.960</b> |

|  |   |
|--|---|
| <b>Exploration done by other parties</b> | <p>In early 1911, Thomas Payne found gold at what would become the Pansy lease, and shortly after more gold on what would become the Carnation lease on the main Paynes Find goldfield.</p> <p>The field was operated continuously from 1911 to 1941, with interruptions during the First World War period and the 1920's. Leases were gradually consolidated until around six major mines produced the most output. After World War II it was operated by lone prospectors, and later the local Taylor family who conducted small scale gold mining until 2010 when they sold the leases to Paynes Find Gold Limited.</p> <p>From 1911 to 1918 the field produced 23,193 oz from 20,510 tonnes of ore, with a further 575.72 oz from dollyed gold and specimens. In 1939 it was reported since 1911 to that time the field had produced 56,946 oz of gold from 59,898 tonnes of ore at an average calculated grade of 28.6 g/t Au.</p> <p>The main historic mines 5 km north-west of Paynes Find (and starting closest to the town) are Goodingnow, Mariposa, Havela/Sumpton, Princess Mary, Aster Consolidated, Oversight, Oversight North, Lakeview West, Trey Bit, Paynes Future, Orchid, Carnation Alluvials, Sweet William, Paynes Find/Taylor, Margarite, Marigold, Adeline and Bluebell. Goodingnow, Carnation and Orchid were the most active and largest producers. South-east of Paynes Find are Pansy, Pansy North, Daffodil and Gharrock. Daffodil has been the most recently mined, and its mullock plateau can be seen east of the roadhouse.</p> <p>Since that time, the following activities are noted:</p> <p>1983 Geological mapping by the GSWA</p> <p>1985 G.R.Dale &amp; Assoc undertook surface and underground exploration.</p> <p>1987 Exploration of the Carnation Gold Mine as well as sampling other old mine workings including Blue Heaven, Leschenaultia, Romes, Carnation, Daphne, Scadden (extensions), Daisy, Primrose, Sweet William, Kowhai, Horseshoe, Wattle,</p> |
|--|---|



| Criteria          | Commentary  |
|-------------------|---|
|                   | <p>Marigold, Orchid by Falcon Australia Ltd.. They also undertook drilling.</p> <p>1986-7 Forsayth NL undertook field inspections, aerial photograph interpretation and drilling program.</p> <p>1998-8 Kirkwood Gold NL drilled two holes on M59/10, one diamond and one RC for 115.9m and 46m respectively (PFRCDD1, PFRC5). Three RC drill holes (PFRC2-4) were drilled on M59/244 for a total of 85m. A fourth hole (PRFCDD1) was drilled with an RC collar (58m) and diamond drilling 9.3m. All four holes returned anomalous gold values with the most significant being one metre at 23.9g/t Au from 55m in PFRC4.</p> <p>2002 Hallmark Mining Limited undertook drilling with the aim of testing high-grade gold shoots below old workings for depth extensions.</p> <p>2010-7 Paynes Find Gold Ltd carried out detailed geological mapping (Fitton), Phase 1 and Phase 2 RC drilling (that forms the basis of the exploration target estimate), structural mapping and interpretation, MMI survey.</p> <p>2017-20 Cervantes Corp Ltd undertook a re-interpretation of the aeromagnetic data, audit and verification of the drillhole database, reconnaissance aircore drilling, and surface geochemical surveys.</p>   |
| <b>Geology</b>    | <p>The Paynes Find district is composed of a small greenstone and gneissic belt surrounded by granite. It is traversed by pegmatites and porphyritic dykes.</p> <p>The goldfield is on the eastern slopes of a rise made up of relatively small lenses of basic rocks surrounded by granite. The goldfield contains epidiorite, hornblende schist, serpentine, and foliated quartz porphyries, in addition to hornblende-biotite gneiss forming the matrix of the ore body.</p> <p>The gold quartz veins are found mainly in the epidiorites and hornblende schists, and only rarely in the serpentine. A gold bearing gneiss is east of the greenstone belt, and are of two lithological types</p> <ol style="list-style-type: none"> <li>1. biotite dominant with quartz parallel to the foliation planes</li> <li>2. mica subordinate to the hornblende.</li> </ol> <p>The field is traversed by a large number of narrow pegmatites trending north-west. These also occur in the greenstone belt but not as plentiful. Some of the pegmatites are large and long, and cut the gold bearing quartz veins, indicating the pegmatites were late stage.</p> <p>The historic gold mines occur to the east of the approximately north-south trending Primrose Shear and west of the subparallel Daffodil Shear, and are hosted by the Paynes Find Gneiss. They are hosted in approximately north-south trending quartz veins or "lodes". The dip of the lodes is generally to the west, with dips increasing towards the Primrose Shear.</p> <p>Some of the gold bearing quartz veins have a considerable length: the Carnation Bluebell vein being some 400 m, ranging from mere threads to 3 m wide. The gold is deposited in lenticular or elliptical masses of quartz down to the extent of the workings, a depth of 100 m, dipping west south-west and pitching south. The gold shoots are very narrow, greatly elongated vertical pipes. Quartz is the dominant gangue, with gold, iron pyrites, some galena and sphalerite, in addition to siderite and chalcopyrite.</p> <p>The hornblende-biotite-quartz Paynes Find Gneiss hosts most gold bearing quartz lodes and has a strike length in excess of 3,000 m. The foliation is very regular and has a strike direction of 330° to 360° (along the principal axis of the unit) and a dip of 60°W to the vertical.</p> <p>Alluvial gold, hosted by gravels and laterite, is noted throughout the field and was worked in the early history of the gold field when rich accumulations were associated with the outcropping quartz lodes. More recently, low grade alluvial deposits have been successfully worked.</p> |
| <b>Drill hole</b> | <ul style="list-style-type: none"> <li>• The location and significant assay results are shown in maps included in the body of the</li> </ul>  |

| Criteria  | Commentary  |
|---|---|
| <b>Information</b>  | report. A full tabulation of hole data would be excessive.  |
| <b>Data aggregation methods</b>   | <ul style="list-style-type: none"> <li>• All composited assays are length weighted.</li> <li>• No assay cuts were used.</li> <li>• No metal equivalents were calculated.</li> </ul>   |
| <b>Relationship between mineralisation widths and intercept lengths</b> | <ul style="list-style-type: none"> <li>• The strike and dip of the lodes varies but generally strikes about 20° west of north and dips approximately 70° to the west. The drilling also varies in dip and azimuth but most holes dip approximately 60° to the east roughly orthogonal to the lodes.</li> <li>• The drill intersections of the lodes is generally longer than the true width of the lodes.</li> </ul>                    |
| <b>Other substantive exploration data</b>                               | <ul style="list-style-type: none"> <li>• The area has been geologically mapped at 1:5,000 scale.</li> <li>• The area is covered by an aeromagnetic and radiometric survey at a flight line spacing of 100m</li> <li>• There has been no metallurgical, bulk density, groundwater, geotechnical/rock characteristics; potential deleterious or contaminating substances testing carried out.</li> </ul>                                  |
| <b>Further work</b>   | <ul style="list-style-type: none"> <li>• Further in-fill and drilling along strike and at depth is recommended to test the validity of the exploration target.</li> <li>• Accurate hole collar location, in-fill drilling, check assays, metallurgical, bulk density, groundwater, geotechnical/rock characteristics; potential deleterious or contaminating substances testing will be done to support the Mining Proposal.</li> </ul> |

### Section 3 Estimation and Reporting of Mineral Resources

**No Mineral Resource estimates are included in this report.**

### Section 4 Estimation and Reporting of Ore Reserves

**No Ore Reserves are included in this report.**

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AND CONTROLLED ENTITY

**APPENDIX I: Hole statistics**

| Hole ID | Hole Type | East (m)<br>GDA94 Z50 | North (m)<br>GDA94 Z50 | RL<br>(m) | Dip<br>(deg) | Azimuth<br>(deg)<br>(TN) | Max Depth<br>/ End of<br>Hole (m) |
|---------|-----------|-----------------------|------------------------|-----------|--------------|--------------------------|-----------------------------------|
| PFGDD01 | DDH       | 566640                | 6764024                | 366       | -60.9        | 58.6                     | 482.7                             |
| PFGDD02 | DDH       | 566777                | 6764100                | 358       | -61.7        | 58.7                     | 327.2                             |
| PFGDD03 | DDH       | 566784                | 6763974                | 361       | -62.3        | 79.5                     | 402.1                             |
| PFGDD04 | DDH       | 566598                | 6764162                | 361       | -61.8        | 79.9                     | 378                               |
| PFGDD05 | DDH       | 566740                | 6764002                | 356       | -54.4        | 70.3                     | 142.4                             |
| PFGDD06 | DDH       | 566625                | 6763993                | 357       | -69.4        | 73.8                     | 385                               |
| PFRC001 | RC        | 566605.72             | 6764179.1              | 349.77    | -60          | 74                       | 70                                |
| PFRC002 | RC        | 566628.47             | 6764185.5              | 350.14    | -60          | 75                       | 58                                |
| PFRC003 | RC        | 566850.81             | 6763978.6              | 348.91    | -60          | 40                       | 70                                |
| PFRC004 | RC        | 566831.81             | 6763956                | 350.72    | -60          | 40                       | 88                                |
| PFRC005 | RC        | 566812.3              | 6763933.8              | 351.1     | -60          | 40                       | 94                                |
| PFRC006 | RC        | 566847.74             | 6764029.8              | 349.43    | -60          | 50                       | 80                                |
| PFRC007 | RC        | 566824.97             | 6764012.7              | 349.23    | -60          | 50                       | 80                                |
| PFRC008 | RC        | 566799.51             | 6763993.8              | 350.51    | -60          | 50                       | 58                                |
| PFRC009 | RC        | 566849.64             | 6764006                | 348.46    | -60          | 38                       | 52                                |
| PFRC010 | RC        | 566855.16             | 6764013.6              | 348.37    | -60          | 38                       | 52                                |
| PFRC011 | RC        | 566838.21             | 6763990.7              | 348.9     | -60          | 38                       | 58                                |
| PFRC012 | RC        | 566822.9              | 6763970                | 350.48    | -60          | 38                       | 58                                |
| PFRC013 | RC        | 566810.89             | 6763954.4              | 350.78    | -60          | 38                       | 52                                |
| PFRC014 | RC        | 566863                | 6763962.6              | 350.17    | -60          | 40                       | 52                                |
| PFRC015 | RC        | 566876.17             | 6763977.6              | 349.59    | -60          | 40                       | 58                                |
| PFRC016 | RC        | 566889.09             | 6763992.3              | 349.32    | -60          | 40                       | 52                                |
| PFRC017 | RC        | 566849.96             | 6763947.6              | 350.41    | -60          | 40                       | 58                                |
| PFRC018 | RC        | 566836.31             | 6763931.9              | 350.96    | -60          | 40                       | 52                                |
| PFRC019 | RC        | 566823.86             | 6763917                | 351.52    | -60          | 40                       | 58                                |
| PFRC020 | RC        | 566906.19             | 6763982.4              | 348.96    | -60          | 40                       | 28                                |
| PFRC021 | RC        | 566893.28             | 6763967.2              | 349.37    | -60          | 40                       | 58                                |
| PFRC022 | RC        | 566880.03             | 6763952.4              | 349.76    | -60          | 40                       | 55                                |
| PFRC023 | RC        | 566867.55             | 6763937.7              | 350.26    | -60          | 40                       | 52                                |
| PFRC024 | RC        | 566923.97             | 6763972                | 349.05    | -60          | 20                       | 28                                |
| PFRC025 | RC        | 566915.7              | 6763954                | 349.14    | -60          | 30                       | 46                                |
| PFRC026 | RC        | 566905.82             | 6763936.9              | 349.6     | -60          | 30                       | 58                                |
| PFRC027 | RC        | 566895.77             | 6763919.4              | 349.7     | -60          | 30                       | 46                                |
| PFRC028 | RC        | 566885.47             | 6763901.4              | 350.2     | -60          | 30                       | 52                                |
| PFRC029 | RC        | 566875.73             | 6763884.5              | 350.23    | -60          | 30                       | 46                                |
| PFRC030 | RC        | 566865.73             | 6763867.1              | 350.81    | -60          | 30                       | 46                                |
| PFRC031 | RC        | 566944.42             | 6763952.7              | 348.89    | -60          | 40                       | 46                                |
| PFRC032 | RC        | 566931.97             | 6763937                | 349.03    | -60          | 40                       | 58                                |
| PFRC033 | RC        | 566919.79             | 6763921.3              | 348.88    | -60          | 40                       | 52                                |
| PFRC034 | RC        | 566908.51             | 6763908.4              | 349.69    | -60          | 40                       | 46                                |
| PFRC035 | RC        | 566894.08             | 6763890.2              | 349.67    | -60          | 40                       | 52                                |
| PFRC036 | RC        | 566883                | 6763875                | 350       | -60          | 40                       | 58                                |
| PFRC037 | RC        | 566960                | 6763945                | 348       | -60          | 40                       | 46                                |
| PFRC038 | RC        | 566946                | 6763926                | 348       | -60          | 40                       | 64                                |
| PFRC039 | RC        | 566932                | 6763911                | 348       | -60          | 40                       | 59                                |

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| Hole ID | Hole Type | East (m)<br>GDA94 Z50 | North (m)<br>GDA94 Z50 | RL<br>(m) | Dip<br>(deg) | Azimuth<br>(deg)<br>(TN) | Max Depth<br>/ End of<br>Hole (m) |
|---------|-----------|-----------------------|------------------------|-----------|--------------|--------------------------|-----------------------------------|
| PFRC040 | RC        | 566922                | 6763895                | 348       | -60          | 40                       | 58                                |
| PFRC041 | RC        | 566908                | 6763879                | 348       | -60          | 40                       | 53                                |
| PFRC042 | RC        | 566949                | 6763896                | 347       | -60          | 45                       | 71                                |
| PFRC043 | RC        | 566937                | 6763886                | 347       | -60          | 45                       | 65                                |
| PFRC044 | RC        | 566924                | 6763868                | 347       | -60          | 45                       | 53                                |
| PFRC045 | RC        | 566908                | 6763855                | 347       | -60          | 45                       | 59                                |
| PFRC046 | RC        | 567042                | 6763881                | 347       | -60          | 50                       | 53                                |
| PFRC047 | RC        | 567025                | 6763868                | 347       | -60          | 50                       | 53                                |
| PFRC048 | RC        | 567010                | 6763854                | 347       | -60          | 50                       | 53                                |
| PFRC049 | RC        | 566997                | 6763841                | 347       | -60          | 50                       | 53                                |
| PFRC050 | RC        | 566978                | 6763829                | 347       | -60          | 50                       | 41                                |
| PFRC051 | RC        | 566961                | 6763879                | 347       | -60          | 45                       | 59                                |
| PFRC052 | RC        | 566948                | 6763866                | 347       | -60          | 45                       | 53                                |
| PFRC053 | RC        | 566933                | 6763851                | 347       | -60          | 45                       | 59                                |
| PFRC054 | RC        | 566995                | 6763883                | 347       | -60          | 45                       | 53                                |
| PFRC055 | RC        | 566983                | 6763871                | 347       | -60          | 45                       | 53                                |
| PFRC056 | RC        | 566968                | 6763856                | 347       | -60          | 45                       | 53                                |
| PFRC057 | RC        | 566952                | 6763842                | 347       | -60          | 45                       | 59                                |
| PFRC058 | RC        | 567053                | 6763830                | 346       | -60          | 55                       | 65                                |
| PFRC059 | RC        | 567037                | 6763798                | 346       | -60          | 60                       | 53                                |
| PFRC060 | RC        | 567039                | 6763819                | 346       | -60          | 55                       | 53                                |
| PFRC061 | RC        | 567019                | 6763811                | 346       | -60          | 55                       | 53                                |
| PFRC062 | RC        | 567068                | 6763814                | 346       | -60          | 60                       | 53                                |
| PFRC063 | RC        | 567051                | 6763806                | 346       | -60          | 60                       | 53                                |
| PFRC064 | RC        | 567053                | 6763859                | 346       | -60          | 50                       | 53                                |
| PFRC065 | RC        | 567038                | 6763846                | 346       | -60          | 50                       | 53                                |
| PFRC066 | RC        | 567017                | 6763829                | 346       | -60          | 50                       | 53                                |
| PFRC067 | RC        | 567073                | 6763838                | 346       | -60          | 60                       | 56                                |
| PFRC068 | RC        | 567030                | 6763899                | 347       | -60          | 70                       | 59                                |
| PFRC069 | RC        | 567025                | 6763912                | 347       | -60          | 70                       | 53                                |
| PFRC070 | RC        | 566996                | 6763908                | 347       | -60          | 60                       | 53                                |
| PFRC071 | RC        | 566855                | 6763922                | 350       | -60          | 40                       | 53                                |
| PFRC100 | RC        | 566880                | 6764080                | 355       | -60          | 90                       | 80                                |
| PFRC101 | RC        | 566840                | 6764080                | 358       | -60          | 90                       | 80                                |
| PFRC102 | RC        | 566800                | 6764080                | 357       | -60          | 90                       | 80                                |
| PFRC103 | RC        | 566880                | 6764200                | 355       | -60          | 90                       | 80                                |
| PFRC104 | RC        | 566840                | 6764200                | 355       | -60          | 90                       | 80                                |
| PFRC105 | RC        | 566760                | 6764200                | 356       | -60          | 90                       | 78                                |
| PFRC106 | RC        | 566720                | 6764200                | 354       | -60          | 90                       | 80                                |
| PFRC107 | RC        | 566680                | 6764200                | 355       | -60          | 90                       | 80                                |
| PFRC108 | RC        | 566880                | 6764160                | 361       | -60          | 90                       | 80                                |
| PFRC109 | RC        | 566800                | 6764160                | 356       | -60          | 90                       | 79                                |
| PFRC110 | RC        | 566760                | 6764160                | 356       | -60          | 90                       | 108                               |
| PFRC111 | RC        | 566720                | 6764148                | 356       | -60          | 90                       | 120                               |
| PFRC112 | RC        | 566672                | 6764148                | 357       | -60          | 90                       | 192                               |
| PFRC113 | RC        | 566639                | 6764164                | 355       | -60          | 90                       | 120                               |
| PFRC114 | RC        | 566643                | 6764189                | 354       | -60          | 90                       | 54                                |

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

| Hole ID   | Hole Type | East (m)<br>GDA94 Z50 | North (m)<br>GDA94 Z50 | RL<br>(m) | Dip<br>(deg) | Azimuth<br>(deg)<br>(TN) | Max Depth<br>/ End of<br>Hole (m) |
|-----------|-----------|-----------------------|------------------------|-----------|--------------|--------------------------|-----------------------------------|
| PFRC115   | RC        | 566608                | 6764206                | 352       | -60          | 90                       | 102                               |
| PFRC116   | RC        | 566643                | 6764196                | 359       | -60          | 90                       | 80                                |
| PFRC117   | RC        | 566596                | 6764181                | 356       | -60          | 90                       | 144                               |
| PFRC118   | RC        | 566640                | 6764133                | 356       | -60          | 90                       | 120                               |
| PFRC119   | RC        | 566608                | 6764131                | 355       | -60          | 90                       | 138                               |
| PFRC120   | RC        | 566587                | 6764185                | 354       | -60          | 90                       | 186                               |
| PFRC121   | RC        | 566565                | 6764205                | 352       | -60          | 90                       | 144                               |
| PFRC122   | RC        | 566722                | 6764232                | 358       | -60          | 90                       | 174                               |
| PFRC123   | RC        | 566694                | 6764230                | 356       | -60          | 90                       | 100                               |
| PFRC123-1 | RC        | 566686                | 6764231                | 356       | -60          | 90                       | 18                                |
| PFRC124   | RC        | 566651                | 6764233                | 354       | -60          | 90                       | 120                               |
| PFRC125   | RC        | 566624                | 6764235                | 354       | -60          | 90                       | 90                                |
| PFRC126   | RC        | 566588                | 6764238                | 354       | -60          | 90                       | 90                                |
| PFRC127   | RC        | 566745                | 6764265                | 348       | -60          | 90                       | 120                               |
| PFRC128   | RC        | 566788                | 6764194                | 357       | -60          | 90                       | 100                               |
| PFRC129   | RC        | 566840                | 6764169                | 353       | -60          | 75                       | 108                               |
| PFRC130   | RC        | 566871                | 6764127                | 361       | -60          | 90                       | 100                               |
| PFRC131   | RC        | 566830                | 6764126                | 353       | -60          | 90                       | 131                               |
| PFRC132   | RC        | 566796                | 6764124                | 353       | -60          | 90                       | 92                                |
| PFRC133   | RC        | 566764                | 6764123                | 358       | -60          | 90                       | 108                               |
| PFRC134   | RC        | 566733                | 6764121                | 370       | -60          | 90                       | 198                               |
| PFRC135   | RC        | 566740                | 6764002                | 356       | -60          | 60                       | 102                               |
| PFRC136   | RC        | 566787                | 6764103                | 361       | -60          | 90                       | 90                                |
| PFRC137   | RC        | 566759                | 6764080                | 358       | -60          | 90                       | 84                                |
| PFRC138   | RC        | 566721                | 6764079                | 355       | -60          | 90                       | 90                                |
| PFRC139   | RC        | 566876                | 6764057                | 357       | -60          | 75                       | 60                                |
| PFRC140   | RC        | 566827                | 6764050                | 353       | -60          | 90                       | 90                                |
| PFRC141   | RC        | 566794                | 6764052                | 356       | -60          | 90                       | 80                                |
| PFRC142   | RC        | 566763                | 6764047                | 358       | -60          | 90                       | 120                               |
| PFRC143   | RC        | 566730                | 6764045                | 354       | -60          | 90                       | 198                               |
| PFRC144   | RC        | 566625                | 6763993                | 357       | -60          | 72                       | 150                               |
| PFRC145   | RC        | 566797                | 6763983                | 356       | -60          | 90                       | 96                                |
| PFRC146   | RC        | 566820                | 6763984                | 354       | -60          | 90                       | 115                               |
| PFRC147   | RC        | 566772                | 6763982                | 358       | -60          | 90                       | 80                                |
| PFRC148   | RC        | 566978                | 6763742                | 351       | -60          | 90                       | 234                               |
| PFRC149   | RC        | 566832                | 6764025                | 355       | -60          | 90                       | 84                                |
| PFRC150   | RC        | 566768                | 6764015                | 349       | -60          | 90                       | 155                               |
| PFRC201   | RC        | 565778                | 6764285                | 352       | -60          | 68                       | 36                                |
| PFRC202   | RC        | 565780                | 6764260                | 351       | -60          | 60                       | 30                                |
| PFRC203   | RC        | 565858                | 6764140                | 351       | -60          | 240                      | 19                                |
| PFRC204   | RC        | 565866                | 6764144                | 351       | -60          | 60                       | 24                                |
| PFRC205   | RC        | 565861                | 6764124                | 353       | -60          | 60                       | 60                                |
| PFRC206   | RC        | 565865                | 6764111                | 353       | -60          | 60                       | 60                                |
| PFRC207   | RC        | 566009                | 6763774                | 348       | -60          | 60                       | 30                                |
| PFRC208   | RC        | 566019                | 6763739                | 348       | -60          | 60                       | 30                                |
| PFRC209   | RC        | 566035                | 6763646                | 354       | -60          | 60                       | 30                                |
| PFRC210   | RC        | 566044                | 6763618                | 349       | -60          | 60                       | 30                                |

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

| Hole ID | Hole Type | East (m)<br>GDA94 Z50 | North (m)<br>GDA94 Z50 | RL<br>(m) | Dip<br>(deg) | Azimuth<br>(deg)<br>(TN) | Max Depth<br>/ End of<br>Hole (m) |
|---------|-----------|-----------------------|------------------------|-----------|--------------|--------------------------|-----------------------------------|
| PFRC211 | RC        | 566122                | 6763558                | 352       | -60          | 60                       | 42                                |
| PFRC212 | RC        | 566083                | 6763550                | 351       | -60          | 64                       | 30                                |
| PFRC213 | RC        | 565998                | 6763517                | 349       | -60          | 60                       | 30                                |
| PFRC214 | RC        | 566017                | 6763487                | 348       | -60          | 60                       | 30                                |
| HPFRC01 | RC        | 566693                | 6764235                | NR        | -60          | 80                       | 193                               |
| HPFRC02 | RC        | 566739                | 6763974                | NR        | -60          | 46                       | 127                               |
| HPFRC03 | RC        | 566795                | 6764210                | NR        | -60          | 65                       | 72                                |
| HPFRC04 | RC        | 566793                | 6764053                | NR        | NR           | NR                       | 97                                |
| HPFRC05 | RC        | 566692                | 6764151                | NR        | NR           | NR                       | 141                               |
| HPFRC06 | RC        | 566744                | 6764028                | NR        | NR           | NR                       | 91                                |
| HPFRC07 | RC        | 566957                | 6763828                | NR        | NR           | NR                       | 216                               |
| HPFRC08 | RC        | 567325                | 6763822                | 343       | -60          | 50                       | 70                                |
| HPFRC09 | RC        | 567310                | 6763810                | 343       | -59          | 58                       | 100                               |
| HPFRC10 | RC        | 567343                | 6763859                | 343       | -56          | 55                       | 40                                |
| HPFRC11 | RC        | 567312                | 6763863                | 343       | -57          | 58                       | 95                                |
| HPFRC12 | RC        | 567296                | 6763851                | 343       | -56          | 55                       | 120                               |
| HPFRC13 | RC        | 567292                | 6763878                | 344       | -60          | 50                       | 70                                |
| HPFRC14 | RC        | 567276                | 6763866                | 344       | -56          | 55                       | 85                                |
| HPFRC15 | RC        | 567008                | 6763907                | 347       | -54          | 52                       | 80                                |
| HPFRC16 | RC        | 567038                | 6763847                | 346       | -58          | 55                       | 85                                |
| HPFRC17 | RC        | 567025                | 6763832                | 346       | -61          | 40                       | 125                               |
| HPFRC18 | RC        | 566716                | 6764187                | 350.2     | -59          | 43                       | 120                               |
| HPFRC19 | RC        | 566852                | 6764000                | 348       | -60          | 86                       | 120                               |
| HPFRC20 | RC        | 566849                | 6764006                | 348       | -60          | 40                       | 60                                |
| HPFRC21 | RC        | 566826                | 6763981                | 350       | -58          | 40                       | 145                               |
| HPFRC22 | RC        | 566784                | 6763928                | 353       | -57          | 44                       | 220                               |
| HPFRC23 | RC        | 566885                | 6763900                | 350       | -60          | 90                       | 40                                |
| HPFRC24 | RC        | 566865                | 6763900                | 350       | -60          | 90                       | 60                                |
| HPFRC25 | RC        | 566845                | 6763900                | 351       | -61          | 90                       | 100                               |
| HPFRC26 | RC        | 566825                | 6763900                | 351       | -58          | 87                       | 120                               |
| HPFRC27 | RC        | 566805                | 6763900                | 352       | -55          | 83                       | 145                               |
| HPFRC28 | RC        | NR                    | NR                     | NR        | -61          | 87                       | NR                                |
| HPFRC29 | RC        | NR                    | NR                     | NR        | -60          | 40                       | NR                                |
| HPFRC30 | RC        | 566850                | 6763980                | 350       | -60          | 90                       | 58                                |
| HPFRC33 | RC        | 566704                | 6764128                | 350       | -60          | 90                       | 106                               |

**Financial Position**

The net assets of the Group have increased by \$82,827 at 30 June 2020 to \$783,609. This increase was due to the sale of assets.

### **Significant Changes in the State of Affairs**

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

On 5 July 2019 the Company entered into a Loan Agreement and Security Interest Deed with New York Securities Pty Ltd, (NYS) securing the related party loan. Mr Collin Vost is a director and beneficiary of the shareholder of this company. NYS agrees to loan to Cervantes up to \$350,000 on terms of a 7%pa interest from 5 January 2020, with interest repayable monthly unless capitalised, with the outstanding principal repayable on the earlier of 5 July 2021 and the date the Company has sufficient funds, as determined by the Board acting reasonably, to repay the amounts owed. NYS may also require early repayment where there is a change in control of the Company or the board or the Company sells or agrees to sell all or a majority or a portion of its business and assets.

The Board has satisfied itself that the funding arrangements with NYS are on arm's length terms and are fair and reasonable from the perspective of its shareholders. The Company investigated other options for funding, none of which were unsecured, interest free with no fixed repayment date. During the financial year \$4,300 interest (2019 \$nil) was paid or credited to NYS.

The Company was granted a waiver from Listing Rule 10.1 by the ASX on 24 July 2019, to enable it to have in place a security over its assets in favour of the related party, subject to a number of conditions, including that the security documents provide that in the event the security is exercised, neither the related party or any of its associates are entitled to acquire the assets without the Company first complying with any applicable listing rules, including Listing Rule 10.1.

### **Dividends Paid or Recommended**

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

### **Events after the Reporting Date**

No matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **Future Developments, Prospects and Business Strategies**

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### **Environmental Issues**

The Group is subject to environmental regulations in respect of its exploration activities. Tenements in Western Australia are granted subject to environmental conditions with strict controls on cleaning, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Cervantes Corporation Ltd conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breaches of statutory conditions or obligations.

### **Greenhouse gas and energy date reporting requirements**

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which require entities to report annual greenhouse gas omissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2020, however reporting requirements may change in the future.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Information on Current Directors**

**Collin Vost**

Qualifications

CHAIRMAN (Executive)

Diploma of Financial Services.

Experience

Mr Vost has been involved in public companies for the past 30 years and has served on the Board of several, mostly junior resource companies as well as having been involved in the securities dealing business for over 20 years. Mr Vost was appointed to the Board on 9 October 2007.

Interest in shares and options

55,070,000 ordinary shares and options to acquire a further 5,000,000 ordinary shares in Cervantes Corporation Ltd.

Special responsibilities

Mr Vost is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year

Baraka Energy and Resources Ltd (appointed 18 May 2009, resigned 10 August 2018)  
JV Global Ltd (appointed 29 May 2009, resigned 12 March 2018)

**Justin Vost**

Qualifications

DIRECTOR (Non-executive)

Diploma of Financial Markets.

Experience

Mr Vost was appointed to the Board on 23 November 2011. Mr Vost has experience in mining, manufacturing and the capital markets for over 12 years.

Interest in shares

19,362,223 ordinary shares and options to acquire a further 2,000,000 ordinary share in Cervantes Corporation Ltd.

Special responsibilities

Mr Vost is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year

Baraka Energy and Resources Ltd (appointed 15 March 2011, resigned 10 August 2018)  
JV Global Ltd (appointed 19 April 2011, resigned 8 February 2018)

**Marcus Flis**

Qualifications

DIRECTOR (Non-executive)

BSc (Hons), M.Sc., FAusIMM

Experience

Mr Flis was appointed to the Board on 9 October 2017. Mr Flis has in excess of 35 years' experience in multi-commodity exploration, including considerable stints in gold exploration in classic Archaean Eastern Goldfields setting, sedimentary hosted gold in the WA Proterozoic, VMS-related gold in Indonesia and Greece, and alluvial gold in NZ. Mr Flis has held the position of Exploration Manager in both large and small listed companies, including Rio Tinto, Iron Ore Company of Canada, and Royal Resources, the last of which he also held the position of MD/CEO.

Interest in shares

Options to acquire 2,000,000 ordinary shares in Cervantes Corporation Ltd. These option expired at 30 June 2020.

Special responsibilities

Mr Flis is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year

None



### Company Secretary

The following people held the position of company secretary during the financial year:

Patrick O'Neill – Bachelor of Business, Chartered Accountant. He has acted as Company Secretary for several public companies. Mr O'Neill was appointed Company Secretary on 28 August 2017.

### Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

|             | Directors' Meetings          |                    |
|-------------|------------------------------|--------------------|
|             | Number eligible<br>to attend | Number<br>attended |
| Collin Vost | 4                            | 4                  |
| Justin Vost | 6                            | 6                  |
| Marcus Flis | 6                            | 6                  |

During the financial year there were 3 Circular Resolutions.

### Indemnifying Officers

In accordance with the constitution, except as may be prohibited by the Corporation Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer of the Company or a related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

As at the date of this report no insurance premiums have been paid, or agreed to be paid, for insurance against a current or former Officer's liability for legal costs.

### Corporate Governance Statement

The Company's 2020 Corporate Governance Statement has been released as a separate document and is located on the Company's website at [www.cervantescorp.com.au](http://www.cervantescorp.com.au)

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

### Non-Audit Services

Rothsay did not provide non-audit services to the Group during 2020.

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 56 of the financial report.

## REMUNERATION REPORT (AUDITED)

### Remuneration Policy

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Board members and key management personnel of the Group. Broadly, the Group's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

### Fixed Remuneration

Executive Directors and Non-Executive Directors are remunerated by way of a consulting fee, receiving a fixed monthly amount for their services. This remuneration package is reviewed annually by the Board.

### Performance Linked Remuneration and Entitlements

The Board may from time to time approve cash bonuses and/or options designed to reward or incentivise executives, contractors and staff on such terms and conditions determined appropriate at the time of payment or issue. Often this will be linked to the achievement of Group objectives with a direct link to the creation of shareholder value.

### Director Remuneration and Incentives

The Board policy is to remunerate Non-Executive Directors at market rates for time commitment and responsibilities. Independent external advice is sought where required. All securities issued to Directors and related parties must be approved by shareholders. In addition to Directors' fees, it is a policy of the Group that a Director may be paid fees or other amounts as the Board determines where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

No securities were issued to Directors or key management personnel of the Group since the end of the year as remuneration.

### Post-Employment Benefits

The Group does not have any scheme relating to retirement benefits for Directors or key management personnel.

### Nomination and Remuneration Committee

Currently, the full Board together with the Company Secretary, will consider all Nomination and Remuneration matters. The objective when the Board is convened to consider these matters is to ensure that the Group adopts and complies with remuneration policies that:

- attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance by the Group;
- are consistent with the human resource needs of the Group;
- motivate directors and management to pursue long-term growth and success of the Group with an appropriate framework; and
- demonstrate a clear relationship between key executive performance and remuneration.

### Employment Details of Members of Key Personnel and Other Executives

The following table provides detail of persons who were, during the financial year, members of key management personnel of the Group, and to the extent different, among the Group executives or company executives receiving the highest remuneration.

| Group Key Management Personnel | Position held as at 30 June 2020 and any change during the year | Proportion of elements of remuneration related to performance |                |                  | Proportions of elements of remuneration not related to performance |         |
|--------------------------------|---|---|----------------|------------------|--|---------|
|                                |   | Non-salary cash-based incentives %                            | Shares/Units % | Options/Rights % | Fixed Salary/Fees %  | Total % |
| Collin Vost                    | Chairman (Executive)  | -   | -              | -                | 100  | 100     |
| Justin Vost                    | Director (Non-executive)  | -   | -              | -                | 100  | 100     |
| Marcus Flis                    | Director (Non-executive)  | -   | -              | -                | 100  | 100     |
|                                |   |   |                |                  |  |         |

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
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The service terms and conditions of the key management personnel and Group executives are not formalised in contracts of employments. The service terms and conditions are of no fixed term, no requirement for notice on termination and no entitlement for payment upon termination.

**Remuneration Details for the Year Ended 30 June 2020**

Included in other short-term benefits are payments made to New York Securities Pty Ltd (NYS) which provides a serviced office including bookkeeping services and is the landlord of Cervantes Corporation Ltd. Mr Collin Vost is a director and beneficiary of the shareholder of this company. During the financial year \$52,000 (2019: \$84,500) was paid or payable. This arrangement ceased on 1 March 2020.

Since December 2018 the Company has borrowed \$109,000 from NYS. The terms of this loan were unsecured, interest free, with no fixed period of repayment, at the discretion of both parties. The loan was extended at the discretion of both parties on 18 June 2019.

On 18 June 2019, the Company was able to extend an existing loan from NYS. The loan continued to be unsecured, interest free with no fixed term of repayment, up to \$325,000.

On 5 July 2019 the Company entered into a Loan Agreement and Security Interest Deed with NYS securing the related party loan. NYS agrees to loan to Cervantes up to \$350,000 on terms of a 7%pa interest from 5 January 2020, with interest repayable monthly unless capitalised, with the outstanding principal repayable on the earlier of 5 July 2021 and the date the Company has sufficient funds, as determined by the Board acting reasonably, to repay the amounts owed. NYS may also require early repayment where there is a change in control of the Company or the board or the Company sells or agrees to sell all or a majority or a portion of its business and assets.

The Board has satisfied itself that the funding arrangements with NYS are on arm's length terms and are fair and reasonable from the perspective of its shareholders. The Company investigated other options for funding, none of which were unsecured, interest free with no fixed repayment date. During the financial year \$4,300 interest (2019 \$nil) was paid or credited to NYS.

The Company was granted a waiver from Listing Rule 10.1 by the ASX on 24 July 2019, to enable it to have in place a security over its assets in favour of the related party, subject to a number of conditions, including that the security documents provide that in the event the security is exercised, neither the related party or any of its associates are entitled to acquire the assets without the Company first complying with any applicable listing rules, including Listing Rule 10.1.

Also included in other short-term benefits are payments made to NYS which was appointed as the Company's securities dealer and advisors on normal commercial terms and conditions. During the financial year \$nil (2019: \$9,000) was paid for providing capital raising services.

Mr Justin Vost was paid \$14,000 (2019: \$12,922) for Company Secretarial services and Management services provided to the Company.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Share-based Payments**

There were no other shares granted as remuneration to key management personnel and other executives.

The following table of benefits and payments detail, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group, and to the extent different, the Group executives receiving the highest remuneration.

|                        |             | Short Term Benefit |                | Post                       | Equity-settled share- |                | Total          |
|------------------------|-------------|--------------------|----------------|----------------------------|-----------------------|----------------|----------------|
|                        |             | Salaries & Fees    | Other          | Employment Super-annuation | Shares                | Options/Rights |                |
|                        |             | \$                 | \$             | \$                         | \$                    | \$             | \$             |
| Collin Vost            | 2020        | 24,000             | 56,300         | -                          | -                     | -              | 80,300         |
| Chairman               | 2019        | 24,000             | 93,500         | -                          | -                     | -              | 117,500        |
| Justin Vost            | 2020        | 26,000             | 14,000         | -                          | -                     | -              | 40,000         |
| Non-Executive Director | 2019        | 22,000             | 12,955         | -                          | -                     | -              | 34,955         |
| Marcus Flis            | 2020        | 10,000             | 12,550         | -                          | -                     | -              | 22,550         |
| Non-Executive Director | 2019        | 26,000             | -              | -                          | -                     | -              | 26,000         |
| Patrick O'Neill        | 2020        | 28,080             | -              | -                          | -                     | -              | 28,080         |
| Company Secretary      | 2019        | 16,860             | -              | -                          | -                     | -              | 16,860         |
| <b>Total</b>           | <b>2020</b> | <b>88,080</b>      | <b>82,850</b>  | <b>-</b>                   | <b>-</b>              | <b>-</b>       | <b>170,930</b> |
| <b>Total</b>           | <b>2019</b> | <b>88,860</b>      | <b>106,455</b> | <b>-</b>                   | <b>-</b>              | <b>-</b>       | <b>195,315</b> |

There were no long-term, Cash settled share-based payments or termination benefits paid to Key Management Personnel or Other Executives.

**End of Audited Remuneration Report**

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Collin Vost  
Director

Dated 30 September 2020

## DIRECTORS DECLARATION

The Directors of the Company declare that, in the opinion of the Directors:

- (a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
  - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1 and other mandatory professional reporting requirements.
- (c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.
- (d) There are reasonable grounds to believe that Cervantes Corporation Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.



Collin Vost  
Director

Dated this 30 September 2020

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Statement** of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

|   | Note | Consolidated Entity |                |
|---|------|---------------------|----------------|
|   |      | 2020<br>\$          | 2019<br>\$     |
| <b>Continuing Operations</b>  |      |                     |                |
| Revenue   |      |                     |                |
| Profit on sale of tenements   |      | 360,000             | -              |
| Interest income   | 4    | 54                  | 375            |
| Profit on sale of investments held for trading  |      | 20,324              | 10,364         |
| Waiving of rights fees & entitlement  |      | -                   | 357,400        |
|   |      | <b>380,378</b>      | <b>368,139</b> |
| Loss on disposal of plant & equipment   |      | (2,900)             | -              |
| Employee benefits expense   | 5c   | (60,000)            | (72,000)       |
| Fair value adjustment other financial assets  | 5a   | (4,222)             | (6,246)        |
| Finance costs   |      | (14,317)            | (40)           |
| Occupancy expenses  | 5b   | (49,372)            | (61,087)       |
| Travel  |      | (1,359)             | (607)          |
| Administration expenses   |      | (164,432)           | (201,570)      |
| Other expenses  |      | (949)               | (967)          |
| Profit/(Loss) from continuing operations before income tax                                    |      | 82,827              | 25,622         |
| Income tax benefit  | 7    | -                   | -              |
| Profit/(Loss) from continuing operations for the year   |      | 82,827              | 25,622         |
| Other Comprehensive Income for the year   |      | -                   | -              |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                     |      | -                   | -              |
| <b>Items that may be reclassified subsequently to profit or loss</b>                          |      | -                   | -              |
| Profit/(Loss) on revaluation of financial assets, net of tax                                  |      | -                   | -              |
| <b>Total Comprehensive Profit/(Loss) Attributable to Members of Cervantes Corporation Ltd</b> |      | <b>82,827</b>       | <b>25,622</b>  |
| Profit/(Loss) per share attributable to the ordinary equity holders of the company:           |      |                     |                |
| Basic and diluted earnings/(loss) per share   | 8    | 0.015 cents         | 0.005 cents    |

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Statement** of Financial Position as at 30 June 2020

|                                      | Note | Consolidated Entity |                  |
|--------------------------------------|------|---------------------|------------------|
|                                      |      | 2020<br>\$          | 2019<br>\$       |
| <b>Current Assets</b>                |      |                     |                  |
| Cash and cash equivalents            | 9    | 149,136             | 117,827          |
| Trade and other receivables          | 11   | -                   | 1,090            |
| Financial assets                     | 12   | 319,325             | 5,666            |
| <b>Total Current Assets</b>          |      | <b>468,461</b>      | <b>124,583</b>   |
| <b>Non-Current Assets</b>            |      |                     |                  |
| Property, plant and equipment        | 13   | -                   | 2,900            |
| Formation costs                      |      | -                   | 670              |
| Exploration assets                   | 14   | 1,684,888           | 1,879,252        |
| <b>Total Non-Current Assets</b>      |      | <b>1,684,888</b>    | <b>1,882,882</b> |
| <b>Total Assets</b>                  |      | <b>2,153,349</b>    | <b>2,007,405</b> |
| <b>Current Liabilities</b>           |      |                     |                  |
| Trade and other payables             | 15   | 357,940             | 297,623          |
| Financial liabilities                | 16   | 1,011,800           | 109,000          |
| <b>Total Current Liabilities</b>     |      | <b>1,369,740</b>    | <b>406,623</b>   |
| <b>Non-Current Liabilities</b>       |      |                     |                  |
| Financial liabilities                | 16   | -                   | 900,000          |
| <b>Total Non-Current Liabilities</b> |      | <b>-</b>            | <b>900,000</b>   |
| <b>Total Liabilities</b>             |      | <b>1,369,740</b>    | <b>1,306,623</b> |
| <b>Net Assets</b>                    |      | <b>783,609</b>      | <b>700,782</b>   |
| <b>Equity</b>                        |      |                     |                  |
| Contributed equity                   | 17   | 14,115,475          | 14,115,475       |
| Accumulated losses                   | 18   | (13,331,866)        | (13,414,693)     |
| <b>Total Equity</b>                  |      | <b>783,609</b>      | <b>700,782</b>   |

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Statement** of Changes in Equity for the year ended 30 June 2020

| Consolidated Entity                            | Share<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|--|------------------------|-----------------------------|--------------------|
| <b>Balance at 1 July 2018</b>                  | <b>13,863,759</b>      | <b>(13,440,315)</b>         | <b>423,444</b>     |
| Share issued during year                       | 268,250                | -                           | 268,250            |
| Transaction costs                              | (16,534)               | -                           | (16,534)           |
| <b>Comprehensive income for the year</b>       |                        |                             |                    |
| Profit/(Loss) for the year                     | -                      | 25,622                      | 25,622             |
| <b>Total Comprehensive Income for the Year</b> | <b>-</b>               | <b>25,622</b>               | <b>25,622</b>      |
| <b>Balance at 30 June 2019</b>                 | <b>14,115,475</b>      | <b>(13,414,693)</b>         | <b>700,782</b>     |
| <b>Balance at 1 July 2019</b>                  | <b>14,115,475</b>      | <b>(13,414,693)</b>         | <b>700,782</b>     |
| Share issued during year                       | -                      | -                           | -                  |
| Transaction costs                              | -                      | -                           | -                  |
| <b>Comprehensive income for the year</b>       |                        |                             |                    |
| Profit/(Loss) for the year                     | -                      | 82,827                      | 82,827             |
| <b>Total Comprehensive Income for the Year</b> | <b>-</b>               | <b>82,827</b>               | <b>82,827</b>      |
| <b>Balance at 30 June 2020</b>                 | <b>14,115,475</b>      | <b>(13,331,866)</b>         | <b>783,609</b>     |

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Statement** of Cash Flows for the year ended 30 June 2020

|   | Note | Consolidated Entity   |                       |
|---|------|-----------------------|-----------------------|
|   |      | 2020<br>\$            | 2019<br>\$            |
| <b>Cash Flows from Operating Activities</b>                       |      |                       |                       |
| Receipts from customers   |      | -                     | -                     |
| Payments to suppliers and employees                               |      | (214,035)             | (239,715)             |
| Interest received   |      | 54                    | 374                   |
| Finance costs   |      | (14,317)              | (40)                  |
| Net Cash Used In Operating Activities                             | 9b   | <u>(228,298)</u>      | <u>(239,381)</u>      |
| <b>Cash Flows from Investing Activities</b>                       |      |                       |                       |
| Payments for exploration & evaluation                             |      | (175,636)             | (369,778)             |
| Proceeds from sale of investment                                  |      | 432,443               | 86,407                |
| Repayment of loan from other entities                             |      | -                     | 6,893                 |
| Net Cash Used In Investing Activities                             |      | <u>256,807</u>        | <u>(276,478)</u>      |
| <b>Cash Flows from Financing Activities</b>                       |      |                       |                       |
| Proceeds from share issue   |      | -                     | 245,250               |
| Cost of share issue   |      | -                     | (16,534)              |
| Proceeds from borrowings  |      | 199,300               | 132,000               |
| Repayment of borrowings   |      | (196,500)             | -                     |
| Net Cash Provided by Financing Activities                         |      | <u>2,800</u>          | <u>360,716</u>        |
| Net Increase/(Decrease) in Cash Held                              |      | 31,309                | (155,143)             |
| Cash and Cash Equivalent at the Beginning of the Financial Year   |      | <u>117,827</u>        | <u>272,970</u>        |
| <b>Cash and Cash Equivalents at the End of the Financial Year</b> | 9a   | <u><b>149,136</b></u> | <u><b>117,827</b></u> |

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**Notes to the Financial Statements**

**1 ABOUT THIS FINANCIAL REPORT**

**Reporting Entity**

This financial report of Cervantes Corporation Ltd ('the Company') for the year ended 30 June 2020 comprises the Company and its subsidiary (collectively referred to as 'the consolidated entity' or 'Group'). Cervantes Corporation Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 30 September 2020.

The notes to the financial statements are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

**Notes**

- 4 Revenue and other income
- 5 Profit/(Loss) for the year
- 6 Segment information
- 7 Income tax expense
- 8 Profit/(Loss) per share

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

- 9 Cash and cash equivalents
- 10 Financial risk management

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

- 11 Trade and other receivables
- 12 Financial assets
- 13 Property, plant and equipment
- 14 Exploration and evaluation
- 15 Trade and other payables
- 16 Financial liabilities

- (d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

- 17 Contributed equity
- 18 Accumulated losses
- 19 Share-based payments

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

- 20 Parent entity information
- 21 Investment in controlled entities
- 22 Key Management Personnel Disclosures & Related party transactions

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

- 23 Remuneration of Auditors
- 24 Commitments for expenditure
- 25 Contingencies
- 26 Events occurring after reporting period

**Notes to the Financial Statements**

**1 ABOUT THIS FINANCIAL REPORT** continues

**1a Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Cervantes Corporation Ltd is a for-profit entity for the purposes of preparing the financial statements.

**Compliance with IFRSs**

The financial statements of Cervantes Corporation Ltd also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

**New, revised or amending Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

**1b Going Concern**

As at the date of this report the directors are considering raising further equity capital through a method of security placements, joint ventures on projects or tenements only, partial or whole sale of assets, advanced payments against production or production income. Also, the Group has assets, being held for sale investments, which could be sold to meet financial obligations and advanced funding against assets.

As a consequence, the directors believe the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the financial report which contemplates that the Group will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Notwithstanding cash outflows from operations of \$228,298 (2019: \$239,381), the directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future.

**1c Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2020 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

**Notes to the Financial Statements**

**1 ABOUT THIS FINANCIAL REPORT** continues

**1d GST**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2a Historical Cost Convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

**Critical Accounting Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**2b Income Tax**

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Cervantes Corporation Ltd and its wholly-owned Australian subsidiary formed an income tax consolidated Group under the Tax Consolidation Regime, effective 1 January 2016.

**2c Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

**(i) Interest Income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**Notes to the Financial Statements**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continues

**2c Revenue Recognition** continues

**(ii) Other Services**

Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

**2d Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made. When production commences the accumulated costs for the relevant area of interest are classified as development costs and amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

At 30 June 2020 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and there have been no indicators of impairments in accordance with AASB6.

**2e Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**2f Depreciation**

The depreciable amount of all plant and equipment is depreciated on a diminishing value over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Plant and Equipment         | 0 - 66.67%               |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**2g Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

**Notes to the Financial Statements**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continues

**2g Trade Receivables** continues

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for bad debts is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income. They are recognised initially at fair value and subsequently at amortised cost.

Deposits with maturity periods in excess of three months but less than twelve months are included in receivables and not discounted if the effect of discounting is immaterial.

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

**2h Equity-Based Payments**

Equity-based compensation benefits are provided to Directors and executives.

The fair value of options granted to Directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the Directors and/or executives becomes unconditionally entitled to the options. Where options are issued to consultants the fair value of the options given is valued by the market value of the service being provided.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

**2i Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**2j Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the steering committee that makes strategic decisions.

The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

**Notes to the Financial Statements**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continues

**2j Segment Reporting** continues

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

**2k Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**2l Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

**2m Provisions**

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2n Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the Statement of Comprehensive Income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**2o Comparative Figure**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained externally and within the Group.

**Key Judgment – Exploration and Evaluation Expenditure**

The Group's policy for exploration and evaluation requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Notes to the Financial Statements**

**4 REVENUE AND OTHER INCOME**

|                 | <b>Consolidated Entity</b> |             |
|-----------------|----------------------------|-------------|
|                 | <b>2020</b>                | <b>2019</b> |
|                 | <b>\$</b>                  | <b>\$</b>   |
| Interest income | 54                         | 375         |
|                 | <u>54</u>                  | <u>375</u>  |

**5 PROFIT/(LOSS) FOR THE YEAR**

|  |         |         |
|--|---------|---------|
| 5a Fair value adjustment<br>fair value adjustment gain/(loss)          | (4,222) | (6,246) |
| 5b Rental expenses on operating leases<br>rental expenses for sublease | 49,372  | 61,087  |
| 5c Employee benefits expenses<br>employees benefits expenses           | 60,000  | 72,000  |

**6 SEGMENT INFORMATION**

The consolidated entity operates in a single business segment being mining minerals and exploration in Australia. The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

**7 INCOME TAX EXPENSE**

**7a Reconciliation of income tax expense to prima facie tax payable:**

|  |                         |                         |
|--|-------------------------|-------------------------|
| Profit/(Loss) before income tax                | 82,827                  | 25,622                  |
| Prima facie income tax at 27.5% (2019: 27.5%)  | 22,777                  | 7,046                   |
| Add tax effect:                                |                         |                         |
| Proceeds from sale of tenements                | 200,750                 | -                       |
| Non-allowable items                            |                         |                         |
| Fair value adjustment                          | 1,161                   | 1,718                   |
| Write down of intangible asset                 | 184                     | -                       |
| Allowable items                                |                         |                         |
| Capital raising cost                           | (5,686)                 | (5,686)                 |
| Prepayments                                    | -                       | 86                      |
| Exploration expenditure                        | (48,300)                | (59,494)                |
| Tax loss applied                               |                         |                         |
| Tax losses not brought to account              | (170,886)               | 56,330                  |
|  | <u>-</u>                | <u>-</u>                |
| <b>Net Deferred Tax Assets / (Liabilities)</b> | <u><b>3,610,272</b></u> | <u><b>3,781,158</b></u> |

The deferred tax assets arising from these balances have not been recognised as an asset because recovery of tax losses is not probable at this point in time.



CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
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**Notes to the Financial Statements**

**7 INCOME TAX EXPENSE** continues

**7b Unrecognised temporary differences**

The potential tax benefit will only be obtained if the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

- (i) the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- (ii) no changes in tax legislation adversely affect the relevant company in realising the benefit.

**8 PROFIT/(LOSS) PER SHARE**

|                               | <b>2020</b>            | <b>2019</b>            |
|-------------------------------|------------------------|------------------------|
|                               | <b>Cents Per Share</b> | <b>Cents Per Share</b> |
| Basic profit/(loss) per share | 0.015                  | 0.005                  |

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| The profit/(loss) for the year and the weighted average number of ordinary shares used in the calculation of basic profit per share are as follows: |             |             |
| Profit for the year after income tax  | 82,826      | 25,622      |

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>No.</b>  | <b>No.</b>  |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 536,008,309 | 497,281,049 |
| Weighted average number of options outstanding  | 92,447,029  | 73,083,399  |

The options were out of the money, thus no dilative impact.

**9 CASH AND CASH EQUIVALENTS**

|  | <b>Consolidated Entity</b> |                |
|--|----------------------------|----------------|
|  | <b>2020</b>                | <b>2019</b>    |
|  | <b>\$</b>                  | <b>\$</b>      |
| <b>9a Reconciliation of Cash</b>   |                            |                |
| For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows: |                            |                |
| Cash and short term deposits   | <b>149,136</b>             | <b>117,827</b> |

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
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Notes to the Financial Statements

9 CASH AND CASH EQUIVALENTS continues

|   | <b>Consolidated Entity</b> |                  |
|---|----------------------------|------------------|
|   | <b>2020</b>                | <b>2019</b>      |
|   | \$                         | \$               |
| <b>9b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax</b> |                            |                  |
| Profit/(Loss) for the year  | 82,827                     | 25,622           |
| (Profit)/loss on sale of tenements  | (360,000)                  | -                |
| (Profit)/loss on disposal of shares   | (20,324)                   | (10,364)         |
| Waiving of rights fees & entitlement  | -                          | (357,400)        |
| Fair value adjustment   | 4,222                      | 6,246            |
| Loss on disposal of fixed assets  | 2,900                      | -                |
| Write down of intangible asset  | 670                        | -                |
| <br>  |                            |                  |
| Change in assets and liabilities during the financial year:   |                            |                  |
| Receivables   | 1,090                      | 22,795           |
| Prepayments   | -                          | 311              |
| <br>  |                            |                  |
| Payables  | 60,317                     | 73,409           |
| <br>  |                            |                  |
| <b>Net cash inflow/(outflow) from operating activities</b>  | <b>(228,298)</b>           | <b>(239,381)</b> |

10 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

|                                     | <b>Note</b> | <b>Consolidated Entity</b> |                |
|-------------------------------------|-------------|----------------------------|----------------|
|                                     |             | <b>2020</b>                | <b>2019</b>    |
|                                     |             | \$                         | \$             |
| <b>Financial Assets</b>             |             |                            |                |
| Cash and cash equivalents           | 9           | 149,136                    | 117,827        |
| Trade and other receivables         | 11          | -                          | 1,090          |
| Available-for-sale financial assets | 12          | 319,325                    | 5,666          |
| <br>                                |             |                            |                |
| <b>Total Financial Assets</b>       |             | <b>468,461</b>             | <b>124,583</b> |
| <br>                                |             |                            |                |
| <b>Financial Liabilities</b>        |             |                            |                |
| Trade and other payables            | 15          | 357,940                    | 297,623        |
| Financial liabilities               | 16          | 1,011,800                  | 109,000        |
| <br>                                |             |                            |                |
| <b>Total Financial Liabilities</b>  |             | <b>1,369,740</b>           | <b>406,623</b> |

Risk management is carried out by the Board of Directors, who identify, evaluate and manage financial risk as they consider appropriate.

10a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

**Notes to the Financial Statements**

**10 FINANCIAL RISK MANAGEMENT** continues

**10b Credit Risk**

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 10.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Financial assets that are neither past due and not impaired are as follows:

|                                  | <b>Consolidated Entity</b> |             |
|----------------------------------|----------------------------|-------------|
|                                  | <b>2020</b>                | <b>2019</b> |
|                                  | <b>\$</b>                  | <b>\$</b>   |
| <b>Cash and cash equivalents</b> |                            |             |
| 'AA' S&P rating                  | 149,136                    | 117,827     |

**10c Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources.

The Group has normal trade and other payables incurred in the general course of business.

The Group also manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and financial liabilities.

**10d Cash Flow Risk**

As the Group has interest-bearing assets in the form of cash, the Group's income and operating cash flows are exposed to changes in market interest rates.

Based on the year-end balances, a 1% increase in interest rates would have increased the consolidated profit by \$1,335 (2019: Profit \$1,954) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

**11 TRADE AND OTHER RECEIVABLES**

|                |   |              |
|----------------|---|--------------|
| GST refundable | - | 1,090        |
|                | - | <b>1,090</b> |

No receivables are impaired or past due but not impaired. Refer to Note 10 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.

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12 FINANCIAL ASSETS

|   | Consolidated Entity |              |
|---|---------------------|--------------|
|   | 2020                | 2019         |
|   | \$                  | \$           |
| Financial assets at fair value through profit and loss        | 4,222               | 5,666        |
|   | <u>4,222</u>        | <u>5,666</u> |
| <b>Financial assets at fair value through profit and loss</b> |                     |              |
| Held for trading listed shares                                | 368,514             | 50,633       |
| Provision for fair value                                      | (49,189)            | (44,967)     |
|   | <u>319,325</u>      | <u>5,666</u> |

Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in the statement of comprehensive income.

13 PROPERTY, PLANT AND EQUIPMENT

|  |          |              |
|--|----------|--------------|
| Office equipment at cost                     | -        | 2,900        |
| Less provision for depreciation              | -        | -            |
|  | <u>-</u> | <u>2,900</u> |
| <b>Total Property, plant &amp; equipment</b> | <u>-</u> | <u>2,900</u> |

|  | Office<br>Equip. | Total        |
|--|------------------|--------------|
| <b>Year ended 30 June 2019</b>         |                  |              |
| Balance at the beginning of year       | 2,900            | 2,900        |
| Depreciation expense                   | -                | -            |
| Carrying amount at the end of the year | <u>2,900</u>     | <u>2,900</u> |
| <b>Year ended 30 June 2020</b>         |                  |              |
| Balance at the beginning of year       | 2,900            | 2,900        |
| Disposed of during year                | (2,900)          | (2,900)      |
| Depreciation expense                   | -                | -            |
| Carrying amount at the end of the year | <u>-</u>         | <u>-</u>     |

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14 EXPLORATION & EVALUATION

|                                     | Consolidated Entity |                  |
|-------------------------------------|---------------------|------------------|
|                                     | 2020                | 2019             |
|                                     | \$                  | \$               |
| Balance at beginning of year        | 1,879,252           | 1,571,245        |
| Cost of tenements sold              | (370,000)           | -                |
| Acquisition at fair value           | -                   | 80,000           |
| Acquisition costs capitalised       | -                   | 14,472           |
| Exploration expenditure capitalised | 175,636             | 213,535          |
| Exploration expenditure written off | -                   | -                |
|                                     | <b>1,684,888</b>    | <b>1,879,252</b> |

On 5 July 2018, the Company issued 7,000,000 fully paid ordinary shares at a price of \$0.011 per share plus 3,500,000 options to European Lithium Ltd, in satisfaction for the \$80,000 to finalise the remaining consideration for the acquisition of the Paynes Find Gold Project.

In March 2020 the Company finalised negotiations for the sale of the Abbots project, tenement E51/1721, to Ora Gold Ltd for \$30,000 and a 1% net smelter royalty.

The Albury Heath Gold Project sale, which included tenements P51/2937 and P51/2997 – 3001, to Big Bell Gold Operations Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, was completed 8 May 2020.

On settlement of the sale, Cervantes received \$700,000 in Westgold Resources Limited (WGX) shares, an ASX200 Company. In addition, Cervantes will be paid a further \$400,000 by way of cash and/or WGX shares (at BBGO's election) if the quantity of gold produced from the Albury Heath project exceeds 25,000 ounces, and an additional \$200,000 in cash and/or WGX shares if the quantity of gold produced exceeds 35,000 ounces. Subject to these production numbers being reached, the total sale price of the project will total some \$1.3m.

15 TRADE AND OTHER PAYABLES

|                |                |                |
|----------------|----------------|----------------|
| Trade Payables | 357,940        | 297,623        |
|                | <b>357,940</b> | <b>297,623</b> |

16 FINANCIAL LIABILITIES

Current

|                      |                  |                |
|----------------------|------------------|----------------|
| Amounts payable to:  |                  |                |
| Borrowings secured   | 111,800          | 109,000        |
| Borrowings unsecured | 900,000          | -              |
|                      | <b>1,011,800</b> | <b>109,000</b> |

Since December 2018 the Company has borrowed \$109,000 from New York Securities Pty Ltd (NYS), a company which Mr Collin Vost is a director. The terms of this loan were unsecured, interest free, with no fixed period of repayment, at the discretion of both parties. The loan was extended at the discretion of both parties on 18 June 2019.

On 18 June 2019, the Company was able to extend an existing loan from NYS. The loan was unsecured, interest free with no fixed term of repayment, up to \$325,000.

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**16 FINANCIAL LIABILITIES** *continues*

On 5 July 2019 the Company entered into a Loan Agreement and Security Interest Deed with NYS securing the related party loan. NYS agrees to loan to Cervantes up to \$350,000 on terms of a 7%pa interest from 5 January 2020, with interest repayable monthly unless capitalised, with the outstanding principal repayable on the earlier of 5 July 2021 and the date the Company has sufficient funds, as determined by the Board acting reasonably, to repay the amounts owed. NYS may also require early repayment where there is a change in control of the Company or the board or the Company sells or agrees to sell all or a majority or a portion of its business and assets.

The Board has satisfied itself that the funding arrangements with NYS are on arm's length terms and are fair and reasonable from the perspective of its shareholders. The Company investigated other options for funding, none of which were unsecured, interest free with no fixed repayment date.

The Company was granted a waiver from Listing Rule 10.1 by the ASX on 24 July 2019, to enable it to have in place a security over its assets in favour of the related party, subject to a number of conditions, including that the security documents provide that in the event the security is exercised, neither the related party or any of its associates are entitled to acquire the assets without the Company first complying with any applicable listing rules, including Listing Rule 10.1.

|                      | <b>Consolidated Entity</b> |             |
|----------------------|----------------------------|-------------|
|                      | <b>2020</b>                | <b>2019</b> |
|                      | \$                         | \$          |
| <b>Non-Current</b>   |                            |             |
| Amounts payable to:  |                            |             |
| Borrowings unsecured | -                          | 900,000     |
|                      | -                          | 900,000     |
|                      | -                          | 900,000     |

The Group has a loan facility provided by an ASX listed company, Global Vanadium Ltd (ASX:GLV) ("GLV") (formerly Baraka Energy & Resources Ltd), of which the company's directors Mr Collin Vost and Mr Justin Vost, were common directors at the time.

On 9 August 2018 the Company announced it had successfully renegotiated the loan agreement with GLV, whereby, the Company would received a \$357,400 reduction in the loan for the waiving of all rights, fees, obligations and entitlements to the Iron Sands venture introduced to GLV by the Company in 2012. The calculation of this reduction was made up of a 10% introduction fee which was based on the conditional offered purchase price of \$3m for the Iron Sands venture by an unrelated third party, plus \$57,400 and the waiving of outstanding interest and future interest payments for 24 months and any rights to convert any of the loan to securities for the waiving of all other rights. This was considered a commercial by both Cervantes and GLV, based on documents provided which contained similar terms, and considered to be standard and commercial. Both GLV and Cervantes were provided a copy of the conditional purchase agreement and the standard introduction mandate for fees to quantify the discount and interest free period which represented a sum of the settlement terms. The loan has been amended to a \$900,000 loan repayable within twenty four month interest free from 7 June 2019. Under the terms of the loan, 50% or \$450,000 can be paid on the due date with the balance to be paid 12 months after by payment of a nominal fee. The terms and agreement can be renegotiated by either party by mutual consent.

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Notes to the Financial Statements

17 CONTRIBUTED EQUITY

|   | Consolidated Entity |                    |
|---|---------------------|--------------------|
|   | 2020<br>\$          | 2019<br>\$         |
| <b>17a Share capital</b>  |                     |                    |
| Fully paid ordinary shares at the beginning of the financial year | 14,115,475          | 13,863,759         |
| Issued 5 July 2018  |                     | 80,000             |
| Issued 22 January 2019  |                     | 38,250             |
| Issued 20 June 2019   |                     | 150,000            |
| Transaction costs   |                     | (16,534)           |
|   | <b>14,115,475</b>   | <b>14,115,475</b>  |
| <b>At the End of the Financial Year</b>                           | <b>14,115,475</b>   | <b>14,115,475</b>  |
|   | <b>2020</b>         | <b>2019</b>        |
|   | <b>No. Shares</b>   | <b>No. Shares</b>  |
| <b>Ordinary Shares</b>  |                     |                    |
| At the beginning of the financial year                            | 536,008,309         | 487,683,309        |
| Issue 5 July 2018   |                     | 7,000,000          |
| Issue 22 January 2019   |                     | 3,825,000          |
| Issue 20 June 2019  |                     | 37,500,000         |
|   | <b>536,008,309</b>  | <b>536,008,309</b> |
| <b>At the End of the Financial Year</b>                           | <b>536,008,309</b>  | <b>536,008,309</b> |

17a Share capital continues

The value of shares issued in settlement of services or acquisitions is based on the fair value of the service or acquisition provided as determined by the Directors.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

17b Options

At the beginning of the financial year the Company had the following on issue:

25,750,000 (unlisted, ex \$0.01 on or before 31 December 2022)

66,697,029 (unlisted, ex \$0.015 on or before 30 June 2020)

|   | 2020<br>No. Options | 2019<br>No. Options |
|---|---------------------|---------------------|
| <b>Options</b>                              |                     |                     |
| At the beginning of the financial year      | 92,447,029          | 68,284,529          |
| Number of option issue during the year      | -                   | 24,162,500          |
| Number of options exercised during the year | -                   | -                   |
| Number of options lapsed during the year    | 66,697,029          | -                   |
|   | <b>25,750,000</b>   | <b>92,447,029</b>   |
| <b>At the End of the Financial Year</b>     | <b>25,750,000</b>   | <b>92,447,029</b>   |

17c Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares, pay dividends or return to capital to shareholders.

Capital is calculated as 'equity' as shown in the Statement of Financial Position, and is monitored on the basis of funding current activities.

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**18 ACCUMULATED LOSSES**

|  | Consolidated Entity      |                          |
|--|--------------------------|--------------------------|
|  | 2020<br>\$               | 2019<br>\$               |
| Accumulated losses at the beginning of the year  | 13,414,693               | 13,440,315               |
| Net (profit)/loss for the year                   | (82,826)                 | (25,622)                 |
| <b>Accumulated Losses at the end of the year</b> | <b><u>13,331,866</u></b> | <b><u>13,414,693</u></b> |

**19 SHARE-BASED PAYMENTS**

**19a Share based payment to unrelated parties**

There was no other share based payment transactions during the year ended 30 June 2020.

**19b Share based payment to related parties**

There was no share based payment transactions during the year ended 30 June 2020.

**19c Options**

|                                      | Consolidated Group      |                                   |                                 |  |                         |                                   |                                 |  |
|--------------------------------------|-------------------------|-----------------------------------|---------------------------------|--|-------------------------|-----------------------------------|---------------------------------|--|
|                                      | 2020                    |                                   |                                 |  | 2019                    |                                   |                                 |  |
|                                      | Number<br>of<br>Options | Weighted<br>Average<br>Fair Value | Weighted<br>Average<br>Ex Price | Weighted<br>Average<br>Remaining<br>Life | Number<br>of<br>Options | Weighted<br>Average<br>Fair Value | Weighted<br>Average<br>Ex Price | Weighted<br>Average<br>Remaining<br>Life |
| Outstanding at beginning of the year | 9,000,000               | -                                 | -                               | -  | -                       | -                                 | -                               | -  |
| Granted                              | -                       | 0.002                             | 0.011                           | 2  | 9,000,000               | 0.002                             | 0.011                           | -  |
| Forfeited                            | -                       | -                                 | -                               | -  | -                       | -                                 | -                               | -  |
| Exercised                            | -                       | -                                 | -                               | -  | -                       | -                                 | -                               | -  |
| Expired                              | <u>2,000,000</u>        | -                                 | -                               | -  | -                       | -                                 | -                               | -  |
| Outstanding at year end              | <u>7,000,000</u>        | 0.002                             | <u>0.01</u>                     | 2  | <u>9,000,000</u>        | 0.002                             | <u>0.011</u>                    | -  |
| Exercisable at year-end              | <u>7,000,000</u>        | 0.002                             | <u>0.01</u>                     | 2  | <u>9,000,000</u>        | 0.002                             | <u>0.011</u>                    | -  |

The range of the exercise prices at 30 June 2020 is \$0.01 to \$0.015 (2019: \$0.01 to \$0.015)

The weighted average fair value of the options granted during the year was 0.002 cents (2019: 0.002cents).

This price was calculated using a Black Scholes option pricing model applying the following inputs:

|                                     |             |
|-------------------------------------|-------------|
| Weighted average exercise price     | 0.011 cents |
| Weighted average life of the option | 2 years     |
| Underlying share price              | 0.009 cents |
| Expected share price volatility     | 0.168 %     |
| Risk free interest rate             | 1.50 %      |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.



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**19 SHARE-BASED PAYMENTS** continues

The life of the option is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expenses in the income statement is \$nil (2019: \$nil), and relates, in part, to equity-settled share-based payment transactions.

**20 PARENT ENTITY INFORMATION**

**20a Summary Financial Information**

|  | Parent           |                  |
|--|------------------|------------------|
|  | 2020<br>\$       | 2019<br>\$       |
| <b>Financial Position</b>                              |                  |                  |
| <b>Assets</b>  |                  |                  |
| Current assets   | 468,461          | 119,664          |
| <b>Total assets</b>                                    | <b>2,153,349</b> | <b>1,964,282</b> |
| <b>Liabilities</b>                                     |                  |                  |
| Current liabilities                                    | 1,369,740        | 1,286,499        |
| <b>Total liabilities</b>                               | <b>1,369,740</b> | <b>1,286,499</b> |
| <b>Equity</b>  |                  |                  |
| Issued capital   | 14,115,475       | 14,115,475       |
| Reserves   |                  |                  |
| Accumulated losses                                     | (13,331,866)     | (13,414,693)     |
| <b>Total equity</b>                                    | <b>783,609</b>   | <b>700,782</b>   |
| <b>Financial Performance</b>                           |                  |                  |
| Profit/(Loss) for the year                             | 82,826           | 25,622           |
| Other comprehensive income                             | 82,826           | 25,622           |
| <b>Total comprehensive profit/ (loss) for the year</b> | <b>82,826</b>    | <b>25,622</b>    |

**20b Guarantees**

Cervantes Corporation Ltd has not entered into any guarantees in relation to the debts of its subsidiary.

**20c Other Commitments and Contingencies**

Cervantes Corporation Ltd has no commitments to acquire property, plant and equipment. Refer to Note 24 and Note 25 for the Company's other commitments and contingent liabilities.

**21 INVESTMENT IN CONTROLLED ENTITIES**

| Name of Entity         | Country of Incorporation | Class of Shares | Equity Holding |           |
|------------------------|--------------------------|-----------------|----------------|-----------|
|                        |                          |                 | 2020<br>%      | 2019<br>% |
| Cervantes Gold Pty Ltd | Australia                | Ordinary        | 100            | 100       |

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**22 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES & RELATED PARTY TRANSACTIONS**

|  | <b>Consolidated Entity</b> |                |
|--|----------------------------|----------------|
|  | <b>2020</b>                | <b>2019</b>    |
|  | <b>\$</b>                  | <b>\$</b>      |
| <b>22a Details of Remuneration of Key Management Personnel</b>                                       |                            |                |
| Short-term benefits  | 170,930                    | 195,315        |
| Equity settled share based payment   | -                          | -              |
| Post-employment benefits   | -                          | -              |
|  | <u>170,930</u>             | <u>195,315</u> |
| <b>22b Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date</b> |                            |                |
| Current liabilities  | 258,532                    | 235,298        |
|  | <u>258,532</u>             | <u>235,298</u> |

Detailed remuneration disclosures are provided in the remuneration report on pages 23 – 26.

**22c Key Management Personal Shareholdings**

The number of ordinary shares in Cervantes Corporation Ltd held by each KMP of the Group during the financial year is as follows:

**30 June 2020**

|                 | Balance at<br>beginning<br>of year | Granted as<br>remuneration<br>during the year | Issued on<br>exercised of<br>options<br>during the year | Other changes<br>during the year | Balance on<br>resignation /<br>appointment | Balance<br>at end<br>of year |
|-----------------|------------------------------------|---|---|----------------------------------|--|------------------------------|
| Collin Vost     | 55,070,000                         | -   | -   | -                                | -  | 55,070,000                   |
| Justin Vost     | 14,337,223                         | -   | -   | 5,025,000                        | -  | 19,362,223                   |
| Patrick O'Neill | 400,000                            | -   | -   | -                                | -  | 400,000                      |
|                 | <u>69,807,223</u>                  | <u>-</u>                                      | <u>-</u>  | <u>5,025,000</u>                 | <u>-</u>                                   | <u>74,832,223</u>            |

**30 June 2019**

|                 |                   |          |          |                  |          |                   |
|-----------------|-------------------|----------|----------|------------------|----------|-------------------|
| Collin Vost     | 54,070,000        | -        | -        | 1,000,000        | -        | 55,070,000        |
| Justin Vost     | 14,337,223        | -        | -        | -                | -        | 14,337,223        |
| Patrick O'Neill | 400,000           | -        | -        | -                | -        | 400,000           |
|                 | <u>68,807,223</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> | <u>-</u> | <u>69,807,223</u> |

**22d Key Management Personal Options Holdings**

The number of options over ordinary shares in Cervantes Corporation Ltd held by each KMP of the Group during the financial year is as follows:

**30 June 2020**

|             | Balance at<br>beginning<br>of year | Granted as<br>remuneration<br>during the year | Exercised of<br>options<br>during the year | Other changes<br>during the year | Balance on<br>resignation /<br>appointment | Balance<br>at end<br>of year |
|-------------|------------------------------------|---|--|----------------------------------|--|------------------------------|
| Collin Vost | 5,000,000                          | -   | -  | -                                | -  | 5,000,000                    |
| Justin Vost | 2,000,000                          | -   | -  | -                                | -  | 2,000,000                    |
| Marcus Flis | 2,000,000                          | -   | -  | (2,000,000)                      | -  | -                            |
|             | <u>9,000,000</u>                   | <u>-</u>                                      | <u>-</u>                                   | <u>(2,000,000)</u>               | <u>-</u>                                   | <u>7,000,000</u>             |

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

Notes to the Financial Statements

**22 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES & RELATED PARTY TRANSACTIONS** continues

**22d Key Management Personal Options Holdings** continues

30 June 2019

|             | Balance at<br>beginning<br>of year | Granted as<br>remuneration<br>during the year | Exercised of<br>options<br>during the year | Other changes<br>during the year | Balance on<br>resignation /<br>appointment | Balance<br>at end<br>of year |
|-------------|------------------------------------|---|--|----------------------------------|--|------------------------------|
| Collin Vost | 5,000,000                          | -   | -  | -                                | -  | 5,000,000                    |
| Justin Vost | 2,000,000                          | -   | -  | -                                | -  | 2,000,000                    |
| Marcus Flis | 2,000,000                          | -   | -  | -                                | -  | 2,000,000                    |
|             | <u>9,000,000</u>                   | <u>-</u>                                      | <u>-</u>                                   | <u>-</u>                         | <u>-</u>                                   | <u>9,000,000</u>             |

**23 REMUNERATION OF AUDITORS**

|  | Consolidated Entity  |                     |
|--|----------------------|---------------------|
|  | 2020<br>\$           | 2019<br>\$          |
| Remuneration for audit or review of the financial reports of the Group:<br>For auditing the financial statements | <u>13,514</u>        | <u>6,820</u>        |
|  | <u><b>13,514</b></u> | <u><b>6,820</b></u> |

No non-audit services have been provided to the Group by the auditor.

**24 COMMITMENTS FOR EXPENDITURE**

**24a Operating lease commitments**

Non-cancellable operating lease contracted for but not capitalised in the financial statements

Payable: minimum lease payments

- not later than 12 months

- between 12 months and 5 years

- greater than 5 years

Minimum lease payments

|                      |                      |
|----------------------|----------------------|
| 45,542               | 78,000               |
| -                    | -                    |
| -                    | -                    |
| <u><b>45,542</b></u> | <u><b>78,000</b></u> |

A serviced office including bookkeeping services and business premises were provided by New York Securities Pty Ltd and companies associated with Mr Collin Vost, at a fee of \$6,500 per calendar month (2019: \$6,500). This arrangement ceased on 1 March 2020.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Notes to the Financial Statements**

**24 COMMITMENTS FOR EXPENDITURE** continues

**24b Exploration commitments**

Under the requirements of the Western Australian Department of Mines and Petroleum, the Company has an annual minimum expenditure of \$94,400 on the granted tenements. As at 30 June 2020 the Company had met the minimum expenditure requirement on its granted tenements.

| Tenement | Date Acquired    | Annual Expenditure<br>Commitment<br>\$ |
|----------|------------------|--|
| M59/0002 | 2 September 2019 | 5,000                                  |
| M59/0010 | 2 August 2019    | 10,000                                 |
| M59/0235 | 2 August 2019    | 10,000                                 |
| M59/0244 | 2 August 2019    | 10,000                                 |
| M59/0396 | 2 August 2019    | 5,000                                  |
| M59/0662 | 2 August 2019    | 10,000                                 |
| M59/0663 | 2 August 2019    | 10,000                                 |
| P59/2101 | 2 August 2019    | 2,000                                  |
| P59/2130 | 11 April 20178   | 2,000                                  |
| P59/2151 | 25 January 2018  | 2,000                                  |
| P59/2152 | 25 January 2018  | 2,000                                  |
| P59/2153 | 25 January 2018  | 2,000                                  |
| P59/2159 | 28 May 2018      | 7,360                                  |
| P59/2160 | 28 May 2018      | 5,040                                  |
| P59/2161 | 28 May 2018      | 4,800                                  |
| P59/2174 | 3 October 2019   | 3,160                                  |
| P59/2076 | 24 June 2019     | 2,000                                  |
| P59/2094 | 24 June 2019     | 2,040                                  |
|          |                  | <hr/>                                  |
| Total    |                  | <u>94,400</u>                          |

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirement but may reduce these at any time by reducing the size of the tenements, selling or surrendering tenements, or joint venture. The figure below assumes that no new tenements are granted and that only compulsory statutory area reductions are made.

|  |                |
|--|----------------|
|  | \$             |
| Not later than 1 year                        | 89,240         |
| Later than 1 year but not later than 5 years | 272,148        |
| Later than 5 years                           | 92,000         |
|  | <hr/>          |
| Total  | <u>774,748</u> |

**25 CONTINGENCIES**

There are no other contingent liabilities at reporting date.

**26 EVENTS OCCURRING AFTER REPORTING DATE**

No matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
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**SHAREHOLDER INFORMATION**

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current at 25 September 2020

**DISTRIBUTION OF EQUITY SECURITIES**

|                           | No of<br>Shareholders | No of<br>Ordinary Shares | No of<br>Incentive<br>Option<br>Holders | No of<br>Incentive<br>Options |
|---------------------------|-----------------------|--------------------------|---|-------------------------------|
| <b>Spread of Holdings</b> |                       |                          |   |                               |
| 1 - 1,000                 | 14                    | 3,575                    |   |                               |
| 1,001 - 5,000             | 41                    | 168,804                  |   |                               |
| 5,001 - 10,000            | 174                   | 1,683,390                |   |                               |
| 10,001 - 100,000          | 354                   | 16,998,634               |   |                               |
| 100,001 - and over        | 267                   | 517,153,906              | 3                                       | 25,750,000                    |
| <b>TOTAL</b>              | <b>850</b>            | <b>536008309</b>         | <b>3</b>                                | <b>25,750,000</b>             |

**Shareholder Information**

| <b>Top Twenty Shareholders – CVS</b> |   | <b>Number of Ordinary<br/>Shares Held</b> | <b>%</b> |
|--------------------------------------|---|---|----------|
| 1                                    | NEW YORK HOLDINGS PTY LTD <CV SUPERANNUATION FUND A/C>                      | 55,070,000                                | 10.27    |
| 2                                    | AZOLIA PTY LTD <ALAN SMITH SUPER FUND A/C>                                  | 39,656,322                                | 7.40     |
| 3                                    | AZOLIA PTY LTD <AG SMITH FAMILY A/C>  | 37,500,000                                | 7.00     |
| 4                                    | EUROPEAN LITHIUM LIMITED  | 32,000,000                                | 5.97     |
| 5                                    | NUZENO HOLDINGS PTY LTD <NUZENO A/C>  | 25,785,714                                | 4.81     |
| 6                                    | MR JUSTIN ANDREW VOST   | 19,362,223                                | 3.60     |
| 7                                    | LACEGLEN HOLDINGS PTY LTD <CADLY SUPERFUND A/C>                             | 19,281,334                                | 2.97     |
| 8                                    | AZARK PROJECT PTY LTD   | 15,905,362                                | 2.67     |
| 9                                    | MR PHILLIP GEORGE CRABB + MRS JUNE WINIFRED CRABB <CRABB S/FUND A/C>        | 9,900,000                                 | 1.85     |
| 10                                   | ILB 1943 PTY LTD <BENNETT SUPER FUND A/C>                                   | 8,500,000                                 | 1.59     |
| 11                                   | EST MR CLARKE BARNETT DUDLEY  | 8,147,811                                 | 1.52     |
| 12                                   | MRS JENNIFER ANNE VOST  | 7,695,000                                 | 1.44     |
| 13                                   | ACXU SMSF PTY LTD <EDWARD XU SMSF A/C>                                      | 7,656,096                                 | 1.43     |
| 14                                   | MR TIMOTHY BENNETT + CHRISTOPHER BENNETT                                    | 7,531,258                                 | 1.41     |
| 15                                   | MR HO CHUEN MICHAEL NG  | 6,942,857                                 | 1.30     |
| 16                                   | BROKEN RIDGE PTY LTD  | 6,000,000                                 | 1.12     |
| 17                                   | GA ARMSTRONG SUPERANNUATION PTY LTD <GA ARMSTRONG SUPERFUND A/C>            | 5,550,000                                 | 1.04     |
| 18                                   | MR JOHN CORRAN CRAWFORD + MRS PAMELA MARY CRAWFORD <CRAWFORD SUPERFUND A/C> | 4,400,000                                 | 0.82     |
| 19                                   | MR SAN TIONG NG   | 4,376,557                                 | 0.82     |
| 20                                   | TRUWEST PTY LTD <THE TRUDGIAN SUPERFUND A/C>                                | 4,006,548                                 | 0.75     |

**Substantial Shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are: New York Holdings Pty Ltd, Nuzeno Holdings Pty Ltd, Azolia Pty Ltd and European Lithium Ltd.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**Unlisted Securities** Information

25,750,000 unlisted \$0.01 incentive options exercisable on or before 31 December 2022. There are 3 holders of this security

| <b>Holder of 20% or more of this class of security</b> | <b>Number of Ordinary<br/>Shares Held</b> | <b>%</b> |
|--|---|----------|
| AZOLIA PTY LTD <AG SMITH FAMILY A/C>                   | 18,750,000                                | 72.81    |

**On-Market Buy Back**

There is no current on-market buy back.

**Restricted Securities**

The Company has no restricted securities (held in escrow) on issue.

**Voting Rights**

All ordinary shares carry one vote per share without restriction.

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CERVANTES CORPORATION LTD (ABN 79 097 982 235)  
AND CONTROLLED ENTITY

**SCHEDULE OF TENEMENTS**

**As at 30 June 2020**

|             | <b>Project / Tenement</b> | <b>Nature of Interest</b> |
|-------------|---------------------------|---------------------------|
| Paynes Find | M59/0002                  | 100%                      |
| Paynes Find | M59/0010                  | 100%                      |
| Paynes Find | M59/0235                  | 100%                      |
| Paynes Find | M59/0244                  | 100%                      |
| Paynes Find | M59/0396                  | 100%                      |
| Paynes Find | M59/0662                  | 100%                      |
| Paynes Find | M59/0663                  | 100%                      |
| Paynes Find | P59/2101                  | 100%                      |
| Paynes Find | P59/2130                  | 100%                      |
| Paynes Find | P59/2151                  | 100%                      |
| Paynes Find | P59/2152                  | 100%                      |
| Paynes Find | P59/2153                  | 100%                      |
| Paynes Find | P59/2159                  | 100%                      |
| Paynes Find | P59/2160                  | 100%                      |
| Paynes Find | P59/2161                  | 100%                      |
| Paynes Find | P59/2174                  | 100%                      |
| Paynes Find | P59/2076                  | 100%                      |
| Paynes Find | P59/2094                  | 100%                      |

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001**

As lead auditor of the audit of Cervantes Corporation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cervantes Corporation Limited and the entities it controlled during the year.

Rothsay Auditing

Daniel Dalla

Partner

29 September 2020



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CERVANTES CORPORATION LIMITED**

**Report on the Audit of the Financial Report**

***Opinion***

We have audited the financial report of Cervantes Corporation Limited (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the “Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CERVANTES CORPORATION LIMITED (continued)

| <b>Key Audit Matter - Exploration and evaluation expenditure</b>  | <b>How our Audit Addressed the Key Audit Matter</b>  |
|---|--|
| <p>The Group continues to capitalise a significant amount of exploration and evaluation expenditure. The balance at year end makes up 78% of the total asset base.</p> <p>We do not consider exploration and evaluation expenditure to be at a high risk of significant misstatement, or to be subject to a significant level of judgement.</p> <p>However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p> | <p>Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following:</p> <ul style="list-style-type: none"><li>• We assessed exploration and evaluation expenditure with reference to AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</li><li>• We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and</li><li>• We documented and assessed the processes and controls in place to record exploration and evaluation transactions.</li></ul> <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p> |

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CERVANTES CORPORATION LIMITED (continued)

***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibility for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx).

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CERVANTES CORPORATION LIMITED (continued)

*Report on the Remuneration Report*

*Opinion on the Remuneration Report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2020.

In our opinion the remuneration report of Cervantes Corporation Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Auditing

Dated 29 September 2020

Daniel Dalla  
Partner