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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 2021



Corporate Directory

Board of Directors

Robert Downey

Non-Executive Chairman

Matthew O’Kane

Non-Executive Director

Marcus Flis

Non-Executive Director/Exploration Manager

Company Secretary

Chris Achurch

Registered Office

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Perth WA 6000

Contact Details

Cervantes Corporation Ltd

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Perth WA 6000

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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)

152-158 St George Terrace,

Perth WA 6000

ASX Code: Ordinary Shares - CVS

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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

Contents	Page
Directors' Report	2
Directors' Declaration	24
Statement of Profit or Loss and Other Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29
Shareholder Information	47
Schedule of Tenements	49
Auditor's Independence Declaration	50
Independent Auditor's Report to the Members	51

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 2021.

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 (loss) / profit of the Group for the financial year after providing for income tax amounted to:

Year ended 30 June 2021	Year ended 30 June 2020
\$ (343,081)	\$ 82,827

Review of Operations

The Company took significant steps over the last 12 months, to advance the Primrose Gold Project towards defining a JORC compliant resource and to reinstate the Company to Official Quotation.

Key steps;

- **July 2020** - Defined a Gold Exploration Target Estimate at the Blue Heaven Prospect
- **January 2021** - Completed verification drilling at Blue Heaven Exploration Target and close spaced drilling at the Pansy Pit
- **May 2021** - Completed a successful recapitalisation of the Company, raising a total of \$3,366,512, and gaining reinstatement to Official Quotation
- **June 2021** - 3,000-metre Definition drilling programme commenced at the Primrose Gold Project to progress the Blue Heaven Prospect Exploration Target to define a JORC compliant resource

PRIMROSE PROJECT

The Primrose Gold Project is located approximately 420 km northeast of Perth and is serviced by the sealed Great Northern Highway that crosses the central southern end of the project area and then continues northerly to Cue, Mt Magnet and Meekatharra (Figure 1). The project area lies within the northern portion of the Archaean Paynes Find greenstone belt with portions of the Archaean granitic intrusives to the east, west and north. The greenstone belt at Paynes Find, strikes south-westerly to northerly.

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 that, 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.

The Company's tenement portfolio at Paynes Find includes a range of prospects from "grass-roots" exploration prospects to more advanced exploration prospects previously tested by drilling and having been previously mined at a small scale. The 'Blue Heaven' and 'Pansy Pit' prospects are well advanced, with extensive work completed by earlier explorers while the Primrose Shear and base metal exploration fall into the grass roots category.

BLUE HEAVEN

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.

PANSY PIT

The Pansy Pit Project lies approximately on the Primrose/Daffodil Faults in the amphibolites as a southern extension of the Blue Heaven Project. At Blue Heaven, the Primrose and Daffodil Faults strike approximately north-south but, at Pansy, the strike is more east-west as they wrap around the southern end of the Paynes Find Gneiss.

The Pansy Pit was mined in the mid-1980s to a depth of approximately 5m. The mineralisation comprises a stacked

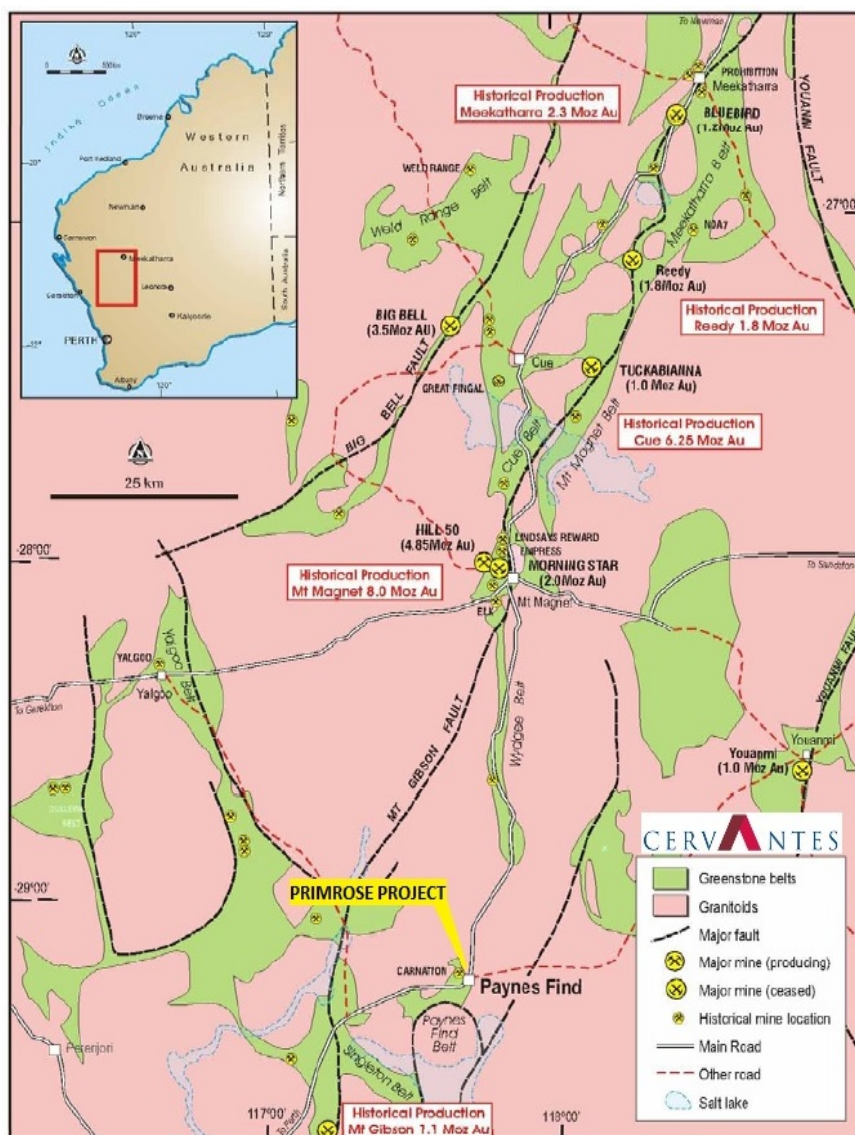


Figure 1 Primrose Project location on regional geology; showing regional historical gold production.

series of parallel, moderately south-west dipping quartz lodes. Cervantes undertook RC drilling in the pit in 2018, as announced on 8 August 2018. Acquisition of a high-resolution Digital Elevation Model during 2020 has allowed historic drilling and the 2018 drilling to be put onto the same datum. As a result, the steeper dips previously identified have proven to be shallower. In 2020, a follow-up program of 25 RC holes for 436 m was undertaken to in-fill the existing drilling to better define the near surface gold mineralisation potential in the pit

• **16 July 2020 - Defined Exploration Target Estimate at the Blue Heaven Prospect**

As released 16 July 2020, Cervantes reported an **Exploration Target¹**, modelled by Mr Philip Jones, of **approximately 170,000 to 520,000 tonnes @ a grade range of 2.2 to 4.5 g/t Au** at the Blue Heaven Prospect in the Primrose Gold Project based on historic drilling results. 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. *Refer to 16 July 2020 ASX release for additional information regarding the Exploration Target Estimate.*

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 rather 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.

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 2). 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.*

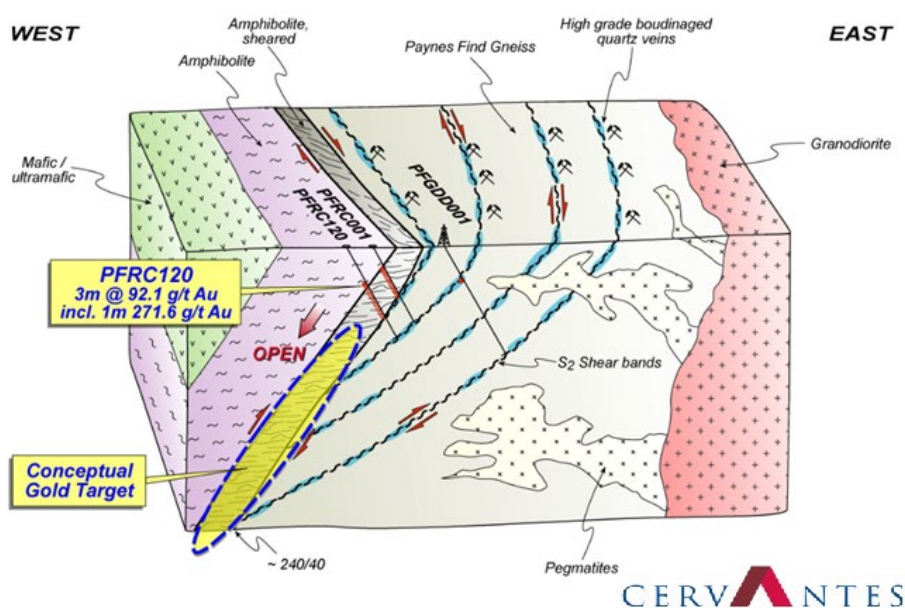


Figure 2 Primrose Shear hosted conceptual gold target. Note the high grades intersected by Hole PFRC120 that come closest to the deep gold target.

• **13 January 2021 - Completed verification drilling at Blue Heaven Exploration Target and close spaced drilling at the Pansy Pit**

As released 13 January 2021, Cervantes announced successfully completing Drilling for gold at the Primrose. This included the completion of three drilling programmes and receipt of assays.

¹ Mr Philip Jones MAusIMM is the Competent Person responsible for the exploration target. The Company is not aware of any new information or data that materially affects the information included in the ASX release of 16th July 2020 and the form and context in which the exploration target was presented have not been materially modified. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resources and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The target is based on actual exploration results.

Three areas were drilled:

- Blue Heaven
- Pansy Pit
- MMI anomaly

The aim of the drilling was to verify historic intercepts as part of Cervantes' validation process for evaluating the historic drilling. Six RC holes, CVSRC001 to 6, were drilled for a total of 263m (Figure 3). The targeted depths of the holes were not achieved because of hard ground and insufficient equipment due to rig unavailability. However, very promising geology was intersected. In particular, in hole CVSRC004

- a broad zone of intensely altered sericitic felsic schist (32m to 55m) with strong magnetite-epidote alteration. The magnetite alteration is logged as "extreme".
- A lamprophyre dyke is logged at 32-34m

Both of these observations indicate very favourable environments for gold mineralisation. Magnetite alteration indicates the passage hydrothermal fluids commonly associated with felsic intrusive-related mineralising systems. Many mesothermal gold deposits are temporally and spatially associated with lamprophyres which often carry gold orders of magnitude higher than other igneous rocks. Importantly, they tend to indicate deeper seated regional heat events that drive gold mineralisation. This is the first time lamprophyres have been identified in the Paynes Find goldfield. CVSRC004 was drilled to test the western downdip extension of an intersection of 1m @ 271.63g/t from 41m but failed to achieve the target depth.

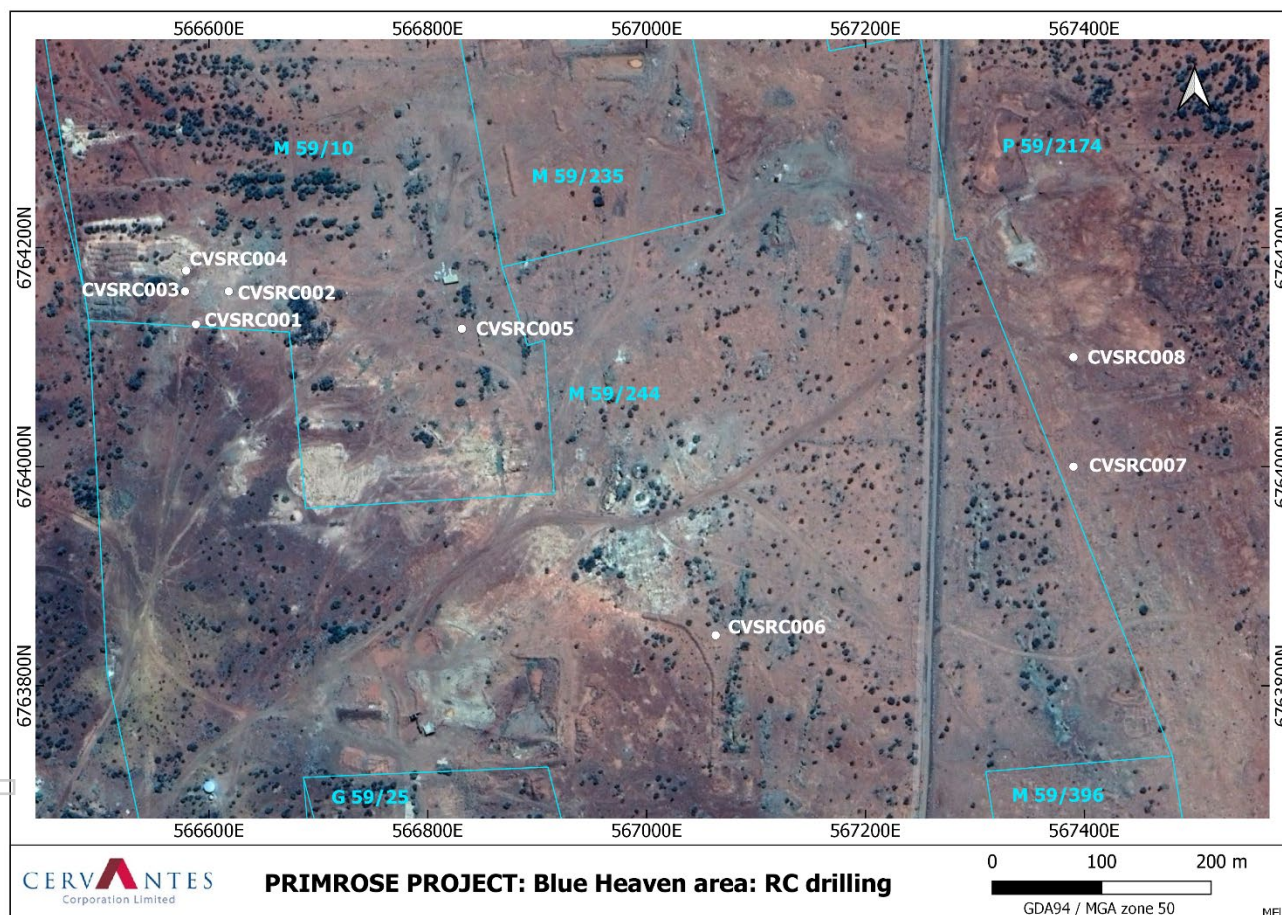


Figure 3 RC drill hole locations, Blue Heaven area, Primrose Gold Project.

Pansy Pit shallow mineralisation drilling

The Pansy Pit was mined in the mid-1980s to a depth of approximately 5m. The ore comprises a series of parallel, moderately south-west dipping quartz lodes. Cervantes undertook RC drilling in the pit in 2018. Results, announced 8 August 2018, are included as Table 1.

Acquisition of a high resolution Digital Elevation Model during 2020 has allowed historic drilling and the 2018 drilling to be put on to the same datum. As a result, the steeper dips previously identified have proven to be shallower and possibly more attractive for mining.

A programme of 25 RC holes for 436m was undertaken to fill in the existing drilling to better define the near surface gold mineralisation potential in the pit. Hole locations are shown in Figure 4 below, Refer to ASX release 13 January

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

2021 for a full tabulation of drill hole collars from this programme.

Hole	Interval m	Gold grade g/t	From m	Within broader interval m	Gold Grade g/t	From m
CVSRCP001	2	1.63	10	5	1.03	7
CVSRCP001	2	6.32	34	7	2.33	34
CVSRCP002	1	5.83	11	4	2.46	8
CVSRCP003	2	1.64	10			
CVSRCP004	1	2.82	31	5	1.22	29
CVSRCP005	1	2.53	7			
	2	2.08	15			
CVSRCP006	1	6.31	13	3	3.58	13
CVSRCP007	1	5.06	9	4	2.11	8
	2	9.14	15	15	2.74	14
CVSRCP008	2	2.40	5			
	1	4.28	10	3	1.98	9
	2	2.20	15			
	1	1.94	27			
CVSRCP009	2	4.29	15	6	2.41	15
CVSRCP010	2	5.53	13	3	4.30	12
CVSRCP011	1	1.73	4			
	1	1.3	22			

Table 1 Significant intersections in the Pansy Pit from Cervantes' 2018 RC drilling.



Figure 4 RC drill hole locations, Pansy Pit, Primrose Gold Project.

Drilling defined up to five quartz lodes, ranging in apparent thickness from 1m to 3m. RC sampling was undertaken on one metre intervals, defining the minimum apparent thickness. The interpreted dip of the lodes is approximately 35° to the south west. As the holes' dip was 60° to towards the north east the true thickness is expected to be only 1% to 2% less than the apparent thickness. However, this needs to be confirmed by core (diamond) drilling.

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Due to the shallow nature of the drilling, the holes generally intersected only the shallowest one or two lodes. Notable assay results from the drilling are:

Hole	Interval m	Gold grade g/t	From m	Within broader interval m	Gold Grade g/t	From m
CVSRCP013	1	2.705	10	3	1.52	8
CVSRCP014	1	4.251	16	4	1.705	16
CVSRCP019	1	3.567	25	3	2.214	23
CVSRCP021	1	17.265	9	2	8.933	9
CVSRCP022	1	8.726	16	3	3.618	15
CVSRCP023	1	4.251	13	3	2.538	13
CVSRCP024	1	5.603	5	3	3.162	5
	1	5.378	10	3	2.774	9
CVSRCP025	1	6.550	15	3	3.886	15
CVSRCP026	1	3.579	5	7	1.40	5
CVSRCP027	3	12.336	7	5	7.738	7
CVSRCP030	2	3.709	16	14	1.408	4
CVSRCP033	2	6.308	6			
CVSRCP034	4	3.402	4			

This drilling indicates that:

- near surface gold mineralisation has been outlined
- the shallow dips of the quartz lodes has been confirmed
- whilst the gold tends to occur within quartz lodes, gold also occurs in the host rock. This confirms the observation from the 2018 drilling results
- while gold grades tend to be erratic, a common feature of quartz vein hosted gold, the strike persistence of the quartz lodes has been established

The Company commenced a Small Mining Proposal application for the Pansy Pit area.

A representative cross section, whose location is shown in Figure 4, is shown in Figure 5.

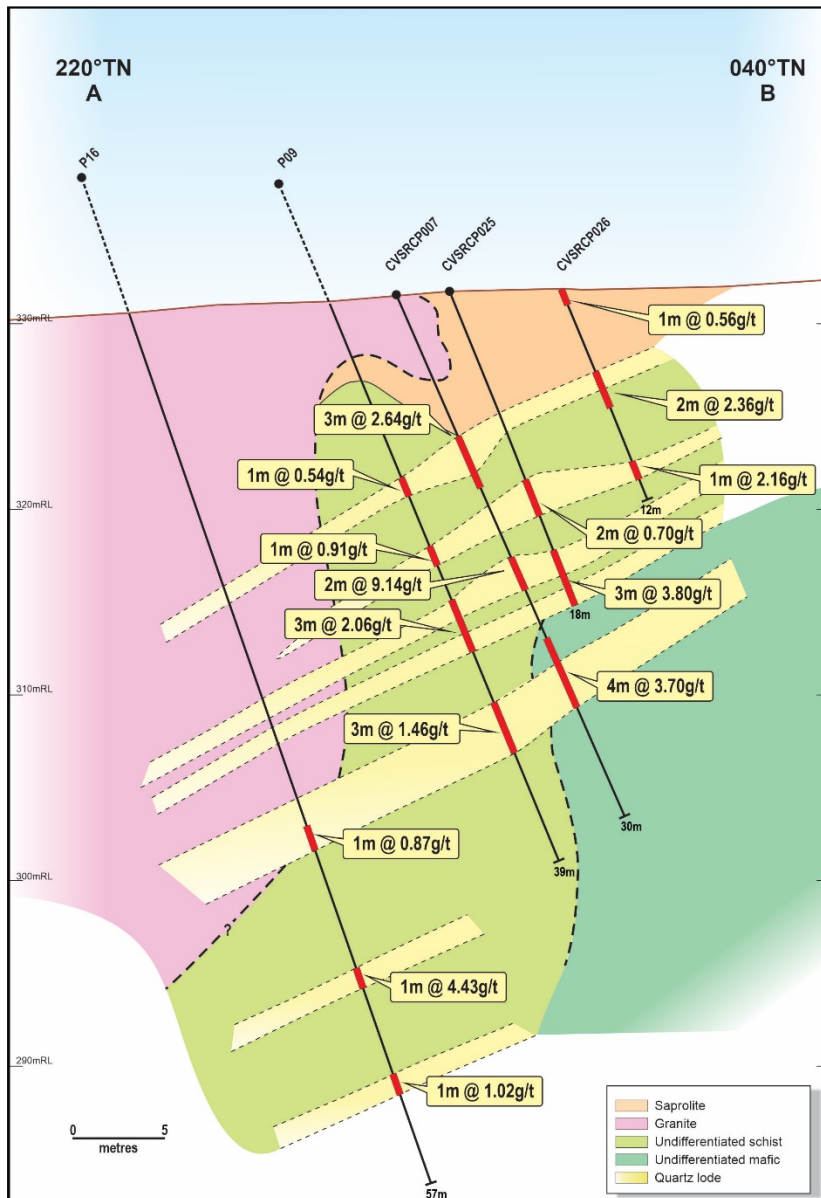


Figure 5 Geological cross section. The location of the cross section is indicated in Figure 4.

MMI Gold Anomaly – P59/2174

A historic surface geochemistry gold anomaly, using the MMI method, remained untested by a previous explorer. The anomaly defines a north-south zone of approximately 700m strike extent. It attains a magnitude of 0.129g/t gold and is considered anomalous in this setting. The anomaly is hosted by the Paynes Find Schist, the host to the Paynes Find gold field.

- **16 June 2021 - 3,000-metre Definition drilling programme commences at the Primrose Gold Prospect.**

Cervantes commenced a drilling campaign of approximate 3,000m of Reverse Circulation (RC) drilling to focus on the Blue Heaven Exploration Target ([ASX release on 16 July, 2020](#)), an untested primary gold mineralisation target, and a number of as yet untested historic gold lodes.

The Blue Heaven area covers the core of the historic Paynes Find gold field. It was the major focus of the previous explorer's drilling activities. During 2020, Cervantes reviewed this data and confirmed and rectified collar locations with a high definition digital elevation survey supported by spot DGPS on the ground surveying. The data set was used to announce an Exploration Target of 170,000 to 520,000 tonnes at 2.2 to 4.5g/t gold. 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 it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Verification and in fill drilling has now started in support of converting this Exploration Target to a JORC resource, and test highly prospective ground not previously drilled.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)
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The following historic intercepts will be retested with the following drill holes (*Table 2*):

Drill Hole	Interval (m)	Gold (g/t)	From (m)	Within broader interval (m)	Gold (g/t)	From (m)
HPFRC17	3	9.28	46	7	4.32	46
HPFRC19	2	14.7	21	4	8.46	20
and	4	8.43	8			
PFRC010	2	2.49	18	10	1.53	18
PFRC115	3	4.34	30	7	2.43	26
and	4	1.91	16			
PFRC116	6	11.49	12	12	6.62	10
PFRC120	1	271.63	41	3	92.1	41
and	1	1.52	35			
PFRC135	3	8.05	77	7		77
and	2	3.6	48		4.83	
PFRC149	3	4.64	41	9	2.16	41
PFRC150	3	5.85	120	6	3.56	120
and	2	12.04	79			

Table 2 Significant gold intersections from previous drilling.

Primrose Shear Conceptual Gold Target

Prior to the previous explorer exiting the field, CSA Global was commissioned to undertake a review of the geological data for the purpose of improving the understanding of the structural and lithostratigraphic controls on mineralisation in this gold field. CSA recognised two gold mineralising events:

1. Shear related quartz veining with high grade gold tightly bound within segmented and boudinaged quartz veins within the gneiss lithologic units – the main target for the historic mining activities. This is interpreted to represent remobilised gold.
2. Moderate grade, but more consistent gold mineralisation along the sheared contact between mafic amphibolite and gneiss that is interpreted as the primary gold mineralising event.

The previous explorer focused on the first style and it is this style that represents all of the historic Paynes Find gold mines. These mines are developed on secondary structures associated with the Primrose Shear. Over 37 historic mines occur within the area.

The second style, interpreted to be closely associated with the Primrose Shear itself (*Figure 2*), has not been well tested. Historic drill hole PFRC116 (*Table 2*) may possibly represent this style, having a thicker intercept with moderate grade. This style has been overlooked up until now as it is not generally associated with quartz veining.

Exploration Drilling

Many of the known Lines of Lode, ie, major quartz veins along which shallow mines have been developed, have never been tested by drilling. The current drilling campaign is designed to undertake an initial testing of these to gauge their potential.

As announced 30 July 2021, drilling at the Primrose gold Project is complete.

ALBURY HEATH GOLD PROJECT

The Albury Heath Gold Project was sold to Big Bell Gold Operations Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, 8 May 2020. Cervantes retains the potential to earn an additional \$400,000 and further \$200,000 of cash or Westgold shares, once the project is developed and reaches the two performance targets, *as outlined in the 23 April 2020 ASX release*.

CORPORATE UPDATE

As announced 20 May 2021, the Company successfully completed a fully underwritten capital raising, raising a total of \$3,366,512. Cervantes also instigated a Board restructure to progress the Company and projects through the next stages. The Company then proceeded to satisfy all the conditions for re-admission of the Company's securities to quotation on ASX, successfully gaining reinstatement to Official Quotation on 4 June 2021.

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
Sampling techniques	<ul style="list-style-type: none"> • Sampling is by way of standard Reverse Circulation (RC) and diamond drilling (DD). • 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. • 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. • 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. • Each sample was placed in a uniquely labelled calico bag before being dispatched to the laboratory for chemical analysis. • Duplicate, blank and standard samples were prepared to accompany the submission of core samples at the same ratio as for the RC samples.
Drilling techniques	<ul style="list-style-type: none"> • RC drilling was by industry standard open hole with NQ sized face sampling bit and rods. • DD drilling was by cored NQ sized bit and rods.
Drill sample recovery	<ul style="list-style-type: none"> • RC sample recovery and sample quality was recorded via visual estimation of sample volume and condition of the drill chips. • RC sample recovery typically ranges from 80 to 100%, with only very occasional samples with less than 90% recovery. • RC samples were predominantly dry. • All the drilling was carried out by earlier owners of the project and contemporary reports indicate that the sample recoveries were good. • 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.
Logging	<ul style="list-style-type: none"> • Contemporary reports indicate that the drilling was all logged by site geologists directly into the drill hole database. • The logging was generally quantitative. • All the drill samples were logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • One metre RC sampling was used. • There was no sample compositing outside the one metre sampling regime. • All the percussion chips were sub-sampled using riffles. • A comprehensive QAQC regime was followed including standards and blanks and regular duplicate field sampling at regular intervals in every sample batch. • The diamond drill core was split along the long core axis, between marks by site geologist, by diamond saw. • The sampling techniques and sample sizes are appropriate for the style of mineralisation and would provide representative samples. • It is recommended that a study is carried out to determine if the presence of coarse gold has

Criteria	Commentary
	affected the assays.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 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. Contemporary reports on the QAQC results indicate that there were no observed problems with sampling and assay precision and bias. Fire assay is a total digest technique and is considered appropriate for gold. Lab used random pulp duplicates and certified reference material standards. Accuracy and precision levels have been determined to be satisfactory after analysis of these QA/QC samples indicating no bias.
Verification of sampling and assaying	<ul style="list-style-type: none"> Since the drilling was completed several years ago there have been no samples collected by the author to independently verify any samples and assays. No twinned holes have been drilled. Assay data was authenticated and loaded into a Datashed database by an independent service provider. All laboratory assay certificates are held.
Location of data points	<ul style="list-style-type: none"> 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. All coordinates are in the GDA94 grid datum. 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. Random holes were field checked to ensure locational accuracy
Data spacing and distribution	<ul style="list-style-type: none"> 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. No sample compositing was applied to the data.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. The drill intersections of the lodes is generally longer than the true width of the lodes. The orientation of the drilling relative to the lodes has not introduced any sampling bias.
Sample security	<ul style="list-style-type: none"> All the samples were collected, stored and transported to the laboratories by trusted company personnel.
Audits or reviews	<ul style="list-style-type: none"> 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.

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

Mineral tenement and land tenure status

- The Paynes Find tenement holdings comprise seven Mining Leases (MLs) and twelve Prospecting Licences (PLs) with an aggregate area of 859.96 hectares.
- All the tenements are held 100% by Cervantes Gold Ltd.

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
				Total	859.960

Exploration done by other parties

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.

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.

From 1911 to 1918 the field produced 23,193 oz from 20,510 tonnes of ore, with a further 575.72 oz from dollied 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.

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.

Since that time, the following activities are noted:

1983 Geological mapping by the GSWA

1985 G.R.Dale & Assoc undertook surface and underground exploration.

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,

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>
Geology	<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, serpentinite, 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 serpentinite. A gold bearing gneiss is east of the greenstone belt, and are of two lithological types</p> <ol style="list-style-type: none"> 1. biotite dominant with quartz parallel to the foliation planes 2. mica subordinate to the hornblende. <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>
Drill hole	<ul style="list-style-type: none"> • The location and significant assay results are shown in maps included in the body of the

Criteria	Commentary
Information	report. A full tabulation of hole data would be excessive.
Data aggregation methods	<ul style="list-style-type: none"> • All composited assays are length weighted. • No assay cuts were used. • No metal equivalents were calculated.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • 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. • The drill intersections of the lodes is generally longer than the true width of the lodes.
Other substantive exploration data	<ul style="list-style-type: none"> • The area has been geologically mapped at 1:5,000 scale. • The area is covered by an aeromagnetic and radiometric survey at a flight line spacing of 100m • There has been no metallurgical, bulk density, groundwater, geotechnical/rock characteristics; potential deleterious or contaminating substances testing carried out.
Further work	<ul style="list-style-type: none"> • Further in-fill and drilling along strike and at depth is recommended to test the validity of the exploration target. • 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.

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.

Financial Position

The net assets of the Group have increased by \$2,677,164 at 30 June 2021 to \$3,460,773. This increase was due to a fully underwritten capital raising.

Significant Changes in the State of Affairs

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year other than that referred to in the financial statements or notes thereto in the *Review of Operations*.

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 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.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 data 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 2021, however reporting requirements may change in the future.

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

Information on Current Directors

Robert Downey

Qualifications

CHAIRMAN (Non-Executive)

B.Ed, LLB (Hones)

Experience

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner of Dominion Legal, a boutique law firm in Perth. Mr Downey was appointed to the Board on 20 May 2021.

Interest in shares and options

Nil

Special responsibilities

Mr Downey is a member of the audit committee

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

Mr Downey is currently a director of Zeotech Limited (ASX: ZEO) and Connexion Telematics Ltd (ASX: CXZ). Rob was previously a director of Kairiki Energy Ltd (resigned 28 August 2019) and Minrex Resources Ltd (resigned 29 January 2018).

Matthew O’Kane

Qualifications

DIRECTOR (Non-Executive)

Bachelor (Econ. Finance), MBA, CPA

Experience

Mr O’Kane is an experienced mineral industry executive and company director with 25 years’ experience in mining, commodities and automotive sectors. Matt has held senior leadership roles in Australia, the USA and Asia, in both developed and emerging markets, from start-up companies through to MNC’s. Matt has served on the board of mining companies in Canada, Hong Kong and Australia. During his career Matt has worked with companies involved with exploration, development and with producing companies.

Interest in shares and options

Nil

Special responsibilities

Mr O’Kane is a member of the audit committee

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

Mr O’Kane is currently a director of Comet Resources Ltd (ASX: CRL), RotoGro International Ltd (ASX: RGI) and Azarga Uranium Corporation. He was previously a director of Orinico Gold Ltd (resigned 18 October 2019) and Pursuit Minerals Ltd (resigned 28 April 2021).

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 10,000,000 ordinary shares in Cervantes Corporation Ltd.

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

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

Collin Vost	CHAIRMAN (Executive) – resigned 20 May 2021
Qualifications	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	83,105,000 ordinary shares and options to acquire a further 73,767,500 ordinary shares in Cervantes Corporation Ltd.
Special responsibilities	-
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	DIRECTOR (Non-executive) – resigned 20 May 2021
Qualifications	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	28,724,446 ordinary shares and options to acquire a further 61,840,666 ordinary share in Cervantes Corporation Ltd.
Special responsibilities	-
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)

Company Secretary

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

Chris Achurch – Bachelor of Commerce, Chartered Accountant. Mr Achurch provides company secretarial, corporate advisory and general consulting services to a number of ASX listed clients. Mr Achurch was appointed Company Secretary on 20 May 2021.

Patrick O’Neill – Bachelor of Business, Chartered Accountant. Mr O’Neil has acted as Company Secretary for several public companies. Mr O’Neill resigned as Company Secretary on 20 May 2021.

Meetings of Directors

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors’ Meetings	
	Number eligible to attend	Number attended
Collin Vost	3	3
Justin Vost	4	4
Marcus Flis	5	5
Robert Downey	1	1
Matthew O’Kane	1	1

During the financial year there were 9 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 2021 Corporate Governance Statement has been released as a separate document and is located on the Company's website at 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 Auditing and Assurance Pty Ltd, the Company's auditors did not provide non-audit services to the Group during 2021.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 50 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.

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

Group Key Management Personnel	Position held as at 30 June 2021 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 %
Robert Downey	Chairman (Non-Executive) Appointed 20 May 2021	-	-	-	100	100
Marcus Flis	Director (Non-executive)	-	-	-	100	100
Mathew O’Kane	Director (Non-executive) Appointed 20 May 2021	-	-	-	100	100
Collin Vost	Chairman (Executive) Resigned 20 May 2021	-	-	-	100	100
Justin Vost	Director (Non-executive) Resigned 20 May 2021	-	-	-	100	100

The service terms and conditions of key management personnel are not formalised via a contract of employment. The service terms and conditions are not for a fixed term. There is no notice period and no entitlement upon termination.

Remuneration Details for the Year Ended 30 June 2021

- Included in other short-term benefits are payments made to New York Securities Pty Ltd (NYS) whom provided a serviced office including bookkeeping services and was the landlord of Cervantes Corporation Ltd. Mr Collin Vost is a director and beneficiary of this company. During the financial year ended 30 June 2021 \$1,553 (2020: \$52,000) was paid or payable. This arrangement ceased on 30 June 2021.
- The Company borrowed \$114,000 in total from NYS (\$50,000 during the year ended 30 June 2020 and \$5,000 during the year ended 30 June 2021, with an opening balance of \$59,000) which was fully repaid on 4 June 2021. The terms of this loan were secured, interest of 7% pa payable monthly unless capitalised from 5 January 2020 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. Early payment provisions were included requiring early repayment upon a change of control of the Company or the board or the Company selling or agreeing to sell all, a majority or a portion of its business and assets.
- The funding arrangements with NYS were on arm’s length terms. During the financial year \$4,044 interest (2020 \$4,300) was paid or credited to NYS.
- The Company was granted a waiver from Listing Rule 10.1 by the ASX on 24 July 2019, placing a security over its assets in favour of NYS, subject to a number of conditions, including that security documents provide that in the event the security is exercised, neither NYS or any of its associates are entitled to acquire the assets of the Company without the Company first complying with any applicable listing rules, including Listing Rule 10.1.
- Mr Justin Vost was paid \$3,000 (2020: \$14,000) for Management services provided to the Company.

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

Share-based Payments

On 10 December 2020, the Company issued 15,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Messrs Collin Vost, Justin Vost and Marcus Flis (or their respective nominees) as remuneration for their service as Directors of the Company for nil consideration.

On 10 December 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Mr Patrick O'Neill (or his respective nominees) as remuneration for his service as Company Secretary of the Company for nil consideration.

The following table of benefits and payments detail, the components of remuneration for each member of the key management personnel of the Group for the financial years ended 30 June 2021 and 30 June 2020.

		Short Term Benefit		Post	Equity-settled		Total
		Salaries & Fees	Other	Employment	share-based payments	Options / Rights	
		\$	\$	\$	\$	\$	\$
Robert Downey Chairman (appointed 20 May 2021)	2021	3,000	-	-	-	-	3,000
	2020	-	-	-	-	-	-
Marcus Flis Non-Executive Director	2021	28,342	9,625	2,254	-	-	40,221
	2020	10,000	12,550	-	-	-	22,550
Matthew O'Kane Non-Executive Director (appointed 20 May 2021)	2021	3,000	-	-	-	-	3,000
	2020	-	-	-	-	-	-
Collin Vost Chairman (resigned 20 May 2021)	2021	25,342	5,596	2,254	-	-	33,192
	2020	24,000	56,300	-	-	-	80,300
Justin Vost Non-Executive Director (resigned 20 May 2021)	2021	41,288	3,000	3,848	-	-	48,136
	2020	26,000	14,000	-	-	-	40,000
Patrick O'Neill Company Secretary (resigned 20 May 2021)	2021	22,800	-	-	-	-	22,800
	2020	28,080	-	-	-	-	28,080
Total	2021	123,772	18,221	8,356	-	-	150,349
Total	2020	88,080	82,850	-	-	-	170,930

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

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

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 2021

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercised of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Collin Vost	55,070,000	-	-	28,035,000	83,105,000	-
Justin Vost	19,362,223	-	-	9,362,223	28,724,446	-
Patrick O'Neill	400,000	-	-	-	400,000	-
	74,832,223	-	-	37,397,223	112,229,446	-

30 June 2020

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
	69,807,223	-	-	5,025,000	-	74,832,223

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 2021

	Balance at beginning of year	Granted as remuneration during the year	Exercise of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Collin Vost	5,000,000	5,000,000	-	63,767,500	73,767,500	-
Justin Vost	2,000,000	5,000,000	-	54,840,666	61,840,666	-
Marcus Flis	-	5,000,000	-	5,000,000	-	10,000,000
Patrick O'Neill	-	3,000,000	-	3,000,000	3,000,000	-
	7,000,000	18,000,000	-	123,608,166	138,608,166	10,000,000

30 June 2020

Collin Vost	5,000,000	-	-	-	-	5,000,000
Justin Vost	2,000,000	-	-	-	-	2,000,000
Marcus Flis	2,000,000	-	-	(2,000,000)	-	-
	9,000,000	-	-	-	-	7,000,000

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.

Robert Downey

Chairman


Dated 23 August 2021

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 consolidated statement of financial position as at 30 June 2021 and of the performance for the year then ended on that date 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 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; and
- (e) The remuneration disclosures included in the Director's Report (as part of the audited Remuneration Report), for the year ended 30 June 2021, comply with section 300A of the *Corporations Act 2001*.

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



Robert Downey
Chairman

Dated this 23 August 2021

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 2021

	Note	Consolidated Entity	
		2021	2020
		\$	\$
Continuing Operations			
Revenue			
Profit on sale of tenements		-	360,000
Interest income		44	54
Profit on sale of investments held for trading		29,610	20,324
		<u>29,654</u>	<u>380,378</u>
Loss on disposal of plant & equipment		-	(2,900)
Employee benefits expense	4c	(109,329)	(60,000)
Fair value adjustment other financial assets	4a	16,840	(4,222)
Finance costs		(20,074)	(14,317)
Occupancy expenses	4b	(47,120)	(49,372)
Administration expenses		(211,602)	(164,432)
Other expenses		(1,450)	(2,308)
(Loss)/Profit from continuing operations before income tax		<u>(343,081)</u>	<u>82,827</u>
Income tax benefit	6	-	-
(Loss)/Profit from continuing operations for the year		<u>(343,081)</u>	<u>82,827</u>
Other Comprehensive Income for the year		-	-
Total Comprehensive (Loss)/Profit Attributable to Members of Cervantes Corporation Ltd		<u>(343,081)</u>	<u>82,827</u>
(Loss)/Profit per share attributable to the ordinary equity holders of the company:			
Basic and diluted (loss)/earnings per share	7	(0.00048)	0.00015

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 2021

	Note	Consolidated Entity	
		2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	8	2,033,373	149,136
Trade and other receivables	10	20,815	-
Financial assets	11	5,450	319,325
Total Current Assets		2,059,638	468,461
Non-Current Assets			
Exploration assets	12	1,890,784	1,684,888
Total Non-Current Assets		1,890,784	1,684,888
Total Assets		3,950,422	2,153,349
Current Liabilities			
Trade and other payables	13	39,649	357,940
Financial liabilities	14	450,000	111,800
Total Current Liabilities		489,649	469,740
Non-Current Liabilities			
Financial liabilities	14	-	900,000
Total Non-Current Liabilities		-	900,000
Total Liabilities		489,649	1,369,740
Net Assets		3,460,773	783,609
Equity			
Contributed equity	15	17,135,720	14,115,475
Accumulated losses	16	(13,674,947)	(13,331,866)
Total Equity		3,460,773	783,609

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 2021

Consolidated Entity	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2019	14,115,475	(13,414,693)	700,782
Comprehensive income for the year			
Profit for the year	-	82,827	82,827
Total Comprehensive Income for the Year	-	82,827	82,827
Balance at 30 June 2020	14,115,475	(13,331,866)	783,608
Balance at 1 July 2020	14,115,475	(13,331,866)	783,608
Shares issued during year	3,054,012	-	3,054,012
Options issued during the year	312,500	-	312,500
Transaction costs	(346,267)	-	(346,276)
Comprehensive income for the year			
Loss for the year	-	(343,081)	(343,081)
Total Comprehensive Income for the Year	-	(343,081)	(343,081)
Balance at 30 June 2021	17,135,720	(13,674,947)	3,460,773

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

Statement of Cash Flows for the year ended 30 June 2021

	Note	Consolidated Entity	
		2021 \$	2020 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(705,591)	(214,035)
Interest received		44	54
Finance costs		(23,343)	(14,317)
Net Cash Used In Operating Activities	8b	(728,890)	(228,298)
Cash Flows from Investing Activities			
Payments for exploration & evaluation		(205,896)	(175,636)
Purchase of held for trading investments		(24,024)	-
Proceeds from sale of investment		384,346	432,443
Net Cash Provided by Investing Activities		154,426	256,807
Cash Flows from Financing Activities			
Proceeds from share issue		3,054,012	-
Proceeds from option issue		312,500	-
Cost of share issue		(346,267)	-
Proceeds from borrowings		60,000	199,300
Repayment of borrowings		(621,544)	(196,500)
Net Cash Provided by Financing Activities		2,458,701	2,800
Net Increase in Cash Held		1,884,237	31,309
Cash and Cash Equivalent at the Beginning of the Financial Year		149,136	117,827
Cash and Cash Equivalents at the End of the Financial Year	8a	2,033,373	149,136

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 2021 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 23 August 2021.

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 amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1b Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and discharge of its liabilities in the normal course of business.

The directors consider it is appropriate to prepare the consolidated entity's financial statement on a going concern basis and recognise that additional funding may be required to ensure the consolidated entity can continue its operations for the next twelve months and to fund the continued development of the consolidated entity's exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2011, if required, by a share purchase plan, share placement or rights issue;

Consequently, the Board considers the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continues

1c Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2021 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.

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 financial assets at fair value through other comprehensive income.

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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

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.

(ii) Other Services

Other services 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 2021 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 AASB 6.

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:

Class of Fixed Asset	Depreciation Rate
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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

2f Depreciation continues

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.

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.

2h Share-Based Payments

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 become 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 Board of Directors of the Company.

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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

2j Segment Reporting continues

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.

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 can be 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 PROFIT/(LOSS) FOR THE YEAR

4a Fair value adjustment

fair value adjustment gain/(loss)	16,840	(4,222)
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4b Rental expenses on operating leases

rental expenses for sublease	47,120	49,372
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4c Employee benefits expenses

employees superannuation expenses	8,357	-
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5 SEGMENT INFORMATION

The consolidated entity operates in a single business segment being mineral 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.

6 INCOME TAX EXPENSE

6a Reconciliation of income tax expense to prima facie tax payable:

(Loss)/Profit before income tax	(343,081)	82,827
Prima facie income tax at 27.5% (2020: 27.5%)	(94,347)	22,777
Add tax effect:		
Proceeds from sale of tenements	-	200,750
Non-allowable items		
Fair value adjustment	(4,631)	1,161
Write down of intangible asset	-	184
Allowable items		
Capital raising cost	(94,846)	(5,686)
Prepayments	-	-
Exploration expenditure	(205,896)	(48,300)
Tax losses not brought to account	399,720	(170,886)
	-	-
Net Deferred Tax Assets / (Liabilities)	4,009,992	3,610,272

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits.

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

Notes to the Financial Statements

6 INCOME TAX EXPENSE continues

6b 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.

7 PROFIT/(LOSS) PER SHARE	2021 Cents Per Share	2020 Cents Per Share
Basic (loss)/profit per share	(0.048)	0.015

The (loss)/profit for the year and the weighted average number of ordinary shares used in the calculation of basic (loss)/profit per share are as follows:	2021 \$	2020 \$
Profit for the year after income tax	(343,081)	82,827

Weighted average number of ordinary shares for the purposes of basic earnings per share	2021 No.	2020 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	710,568,613	536,008,309
Weighted average number of options outstanding	156,023,521	92,447,029

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

8 CASH AND CASH EQUIVALENTS

8a Reconciliation of Cash	Consolidated Entity	
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:	2021 \$	2020 \$
Cash and short term deposits	<u>2,033,373</u>	<u>149,136</u>

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

Notes to the Financial Statements

8 CASH AND CASH EQUIVALENTS continues

	Consolidated Entity	
	2021	2020
	\$	\$
8b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
(Loss)/profit for the year	(343,081)	82,827
(Profit)/loss on sale of tenements	-	(360,000)
(Profit)/loss on disposal of shares	(29,610)	(20,324)
Fair value adjustment	(16,840)	4,222
Loss on disposal of fixed assets	-	2,900
Write down of intangible asset	-	670
Change in assets and liabilities during the financial year:		
Receivables	20,844	1,090
Payables	(360,203)	60,317
Net cash (outflow) from operating activities	(728,890)	(228,298)

9 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:

	Note	Consolidated Entity	
		2021	2020
		\$	\$
Financial Assets			
Cash and cash equivalents	9	2,033,373	149,136
Trade and other receivables	11	20,815	-
Available-for-sale financial assets	12	5,450	319,325
Total Financial Assets		2,059,638	468,461
Financial Liabilities			
Trade and other payables	15	39,649	357,940
Financial Liabilities	16	450,000	1,011,800
Total Financial Liabilities		489,649	1,369,740

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

9a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

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

Notes to the Financial Statements

9 FINANCIAL RISK MANAGEMENT continues

9b 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 9.

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:

	Consolidated Entity	
	2021	2020
	\$	\$
Cash and cash equivalents		
'AA' S&P rating	2,033,373	149,136

9c 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.

9d 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 \$20,334 (2020: Profit \$1,491) and increased the cash balances by the corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

10 TRADE AND OTHER RECEIVABLES

GST refundable	20,815	-
	20,815	-

No receivables are impaired or past due but not impaired. Refer to Note 9 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.

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

Notes to the Financial Statements

11 FINANCIAL ASSETS

	Consolidated Entity	
	2021	2020
	\$	\$
Financial assets at fair value through profit and loss		
Held for trading listed shares	40,634	368,514
Provision for fair value	(35,184)	(49,189)
	5,450	319,325

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.

12 EXPLORATION & EVALUATION

	Consolidated Entity	
	2021	2020
	\$	\$
Balance at beginning of year	1,684,888	1,879,252
Cost of tenements sold	-	(370,000)
Exploration expenditure capitalised	205,896	175,636
	1,890,784	1,684,888

In March 2020 the Company finalised negotiations for the sale of the Abbotts 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.

Notes to the Financial Statements

13 TRADE AND OTHER PAYABLES

Trade Payables	39,649	357,940
	39,649	357,940

14 FINANCIAL LIABILITIES

Current

Amounts payable to:

Secured Borrowings – Related Party (1)	-	111,800
Unsecured Borrowings (2)	450,000	-
	450,000	111,800

Non-Current

Amounts payable to:

Unsecured Borrowings (2)	-	900,000
	-	900,000
	-	900,000

(1) Secured Borrowings – Related Party

The Company borrowed \$114,000 in total from NYS (\$50,000 during the year ended 30 June 2020 and \$5,000 during the year ended 30 June 2021, with an opening balance of \$59,000) which was fully repaid on 4 June 2021. The terms of this loan were secured, interest of 7% pa payable monthly unless capitalised from 5 January 2020 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. Early payment provisions were included requiring early repayment upon a change of control of the Company or the board or the Company selling or agreeing to sell all, a majority or a portion of its business and assets.

The funding arrangements with NYS were on arm's length terms. During the financial year \$4,044 interest (2020 \$4,300) was paid or credited to NYS.

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

Notes to the Financial Statements

14 FINANCIAL LIABILITIES continues

(2) Unsecured Borrowings

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 up until August 2018, provided a loan facility to the Company.

The amount payable and drawn as at 30 June 2021 was \$450,000 (2020: \$900,000). Under the terms of the initial loan of \$900,000, 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.

Pursuant to a deed between GLV, the Company and Bath Resources Pty Ltd ("Bath Resources") dated 15 April 2021, GLV agreed to assign all of the rights title and interest in the Loan amount to Bath Resources on the following terms and conditions:

- On 15 April 2021, Bath Resources paid GLV a deposit of \$35,000;
- On the date that the Company's securities are reinstated to quotation on the ASX following recapitalisation of the Company ("Settlement Date"), Bath Resources will pay GLV the consideration (\$450,000) less the deposit (\$35,000) being \$415,000 for the assignment of the \$900,000 owing by the Company to GLV under the Loan Agreement (as amended) ("Debt"). If the Settlement Date does not occur by 31 May 2021, the deed will terminate and will be of no force and effect;
- On the Settlement Date, 4 June 2021, GLV transferred and assigned to Bath Resources absolutely all the respective rights, title and interest of GLV in and to the Debt; and
- Bath Resources and the Company agree that Bath Resources will forbear the Debt for a period of 12 months from the Settlement Date; and they will negotiate in good faith the terms of the repayment of the Debt during this 12 month period.

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

Notes to the Financial Statements

15 CONTRIBUTED EQUITY

	Consolidated Entity	
	2021 \$	2020 \$
15a Share capital		
Fully paid ordinary shares at the beginning of the financial year	14,115,475	14,115,475
Shares Issued 20 May 2021	3,054,012	-
Options issued 20 May 2021	312,500	-
Transaction costs	(346,267)	-
	17,135,720	14,115,475
At the End of the Financial Year		
	2021	2020
	No. Shares	No. Shares
Ordinary Shares		
At the beginning of the financial year	536,008,309	536,008,309
Issued 20 May 2021	1,018,004,155	-
	1,554,012,464	536,008,309
At the End of the Financial Year		

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.

15b Options

	2021	2020
	No. Options	No. Options
Options		
At the beginning of the financial year	25,750,000	92,447,029
Number of options issued during the year	1,152,002,075	-
Number of options lapsed during the year	-	66,697,029
	1,177,752,075	25,750,000
At the End of the Financial Year		

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)

During the reporting period the Company issued the following:

- 18,000,000 (unlisted, ex \$0.01 on or before 31 December 2023)
- 1,134,002,075 (listed, ex \$0.01 on or before 20 May 2024)

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.

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

Notes to the Financial Statements

15 CONTRIBUTED EQUITY continues

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

16 ACCUMULATED LOSSES

	Consolidated Entity	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the year	13,331,866	13,414,693
Net loss/(profit) for the year	343,081	(82,827)
Accumulated Losses at the end of the year	<u>13,674,947</u>	<u>13,331,866</u>

17 SHARE-BASED PAYMENTS

19a Share based payment to unrelated parties

On 10 December 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Mr Patrick O'Neill (or his respective nominees) as remuneration for his service as Company Secretary of the Company for nil consideration.

17b Share based payment to related parties

On 10 December 2020, the Company issued 15,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Messrs Collin Vost, Justin Vost and Marcus Flis (or their respective nominees) as remuneration for their service as Directors of the Company for nil consideration.

These share based payments were approved at the General Meeting of the Company held on 30 November 2020.

17c Options

	Consolidated Group							
	2021			2020				
	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life
Outstanding at beginning of the year	7,000,000	0.002	0.010	1	9,000,000	0.002	0.011	2
Granted	18,000,000	0.000	0.010	2	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	2,000,000	-	-	-
Outstanding at year end	<u>25,000,000</u>	0.001	0.010	2	<u>7,000,000</u>	0.002	0.011	2
Exercisable at year-end	<u>25,000,000</u>	0.001	0.010	2	<u>7,000,000</u>	0.002	0.011	2

The range of the exercise prices at 30 June 2021 is \$0.01 (2020: \$0.01 to \$0.015)

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

Notes to the Financial Statements

17 SHARE-BASED PAYMENTS continues

The weighted average fair value of the options granted during the year was nil (2020: 0.002cents).

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

Weighted average exercise price	0.010 cents
Weighted average life of the option	3 years
Underlying share price	0.004 cents
Expected share price volatility	0.000 %
Risk free interest rate	0.4 %

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.

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 (2020: \$nil), and relates, in part, to equity-settled share-based payment transactions.

18 PARENT ENTITY INFORMATION

18a Summary Financial Information

The following information relates to the parent entity, Cervantes Limited, at 30 June 2021. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Financial Position	Parent	
	2021	2020
	\$	\$
Assets		
Current assets	2,025,128	468,461
Total assets	3,930,469	2,153,349
Liabilities		
Current liabilities	18,228	1,369,740
Total liabilities	468,228	1,369,740
Equity		
Issued capital	17,135,720	14,115,475
Reserves		-
Accumulated losses	(13,673,479)	(13,331,866)
Total equity	3,462,241	783,609
Financial Performance		
Profit/(Loss) for the year	(341,613)	82,826
Other comprehensive income	(341,613)	82,826
Total comprehensive profit/ (loss) for the year	(341,613)	82,826

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

Notes to the Financial Statements

18 PARENT ENTITY INFORMATION continues

18b Guarantees

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

18c Other Commitments and Contingencies

Cervantes Corporation Ltd has no commitments to acquire property, plant and equipment. Refer to Note 22 and Note 23 for the Company's other commitments and contingent liabilities.

19 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2021 %	2020 %
Cervantes Gold Pty Ltd	Australia	Ordinary	100	100

20 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES & RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2021 \$	2020 \$
20a Details of Remuneration of Key Management Personnel		
Short-term benefits	141,993	170,930
Post-employment benefits	8,356	-
	150,349	170,930
20b Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date		
Current liabilities	20,865	258,532
	20,865	258,532

Detailed remuneration disclosures are provided in the remuneration report on pages 20 – 23.

21 REMUNERATION OF AUDITORS

	Consolidated Entity	
	2021 \$	2020 \$
Remuneration for audit or review of the financial reports of the Group:		
Audit of the financial statements	26,200	13,514
	26,200	13,514

No non-audit services have been provided to the Group by the auditor, Rothsay Auditing and Assurance Pty Ltd.

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

Notes to the Financial Statements

22 COMMITMENTS FOR EXPENDITURE

22a 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

	24,000	45,542
--	--------	--------

Minimum lease payments

	24,000	45,542
--	--------	--------

A serviced office including bookkeeping services and business premises was provided by New York Securities Pty Ltd and companies associated with Mr Collin Vost, at a fee of \$6,500 per calendar month (2020: \$6,500). This arrangement ceased on 30 June 2021.

22b 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 2021 the Company had met the minimum expenditure requirement on its granted tenements.

Tenement	Date Acquired	Annual Expenditure Commitment \$
L59/184	31 July 2020	-
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 2017	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
Total		94,400

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	94,400
Later than 1 year but not later than 5 years	258,080
Later than 5 years	270,000
Total	622,480

Notes to the Financial Statements

23 CONTINGENCIES

There are no contingent liabilities or assets at reporting date.

24 EVENTS OCCURRING AFTER REPORTING DATE

No matters or circumstances 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.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

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 20 August 2021.

DISTRIBUTION OF EQUITY SECURITIES

Spread of Holdings	No of Shareholders	No of Ordinary Shares
1 - 1,000	13	3,569
1,001 - 5,000	40	160,326
5,001 - 10,000	164	1,583,331
10,001 - 100,000	393	19,375,360
100,001 - and over	495	1,532,889,878
TOTAL	1,105	1,554,012,464

Shareholder Information

Top Twenty Shareholders – CVS		Number of Ordinary Shares Held	%
1	MR DAVID BRIAN ARGYLE	93,876,590	6.041
2	GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	75,000,000	4.826
3	NEW YORK HOLDINGS PTY LTD <CV SUPERANNUATION FUND A/C>	55,070,000	3.544
4	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	50,000,000	3.217
5	GOLDFIRE ENTERPRISES PTY LTD	45,000,000	2.896
6	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	41,500,000	2.671
7	MANDEVILLA PTY LTD	41,188,077	2.650
8	SWANMIST ENTERPRISES PTY LTD <RIEMER A/C>	40,694,751	2.619
9	SOLEQUEST PTY LTD	34,692,198	2.232
10	EMPIRE CAPITAL PARTNERS PTY LTD	32,768,240	2.109
11	AZOLIA PTY LTD <ALAN SMITH SUPER FUND A/C>	29,656,322	1.908
12	NEW YORK SECURITIES PTY LTD	27,535,000	1.772
13	AZOLIA PTY LTD <AG SMITH FAMILY TRADING A/C>	27,500,000	1.770
14	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	25,000,000	1.609
15	MR ROBERT JOHN REYNOLDS & MRS KELLIE-ANNE REYNOLDS <RJ & KA REYNOLDS SUPER A/C>	20,000,000	1.287
16	MR JUSTIN ANDREW VOST	19,312,223	1.243
17	MR THOMAS WALTER HOULIHAN & MR TIMOTHY JOHN HOULIHAN <HOULIHAN FAMILY S/F A/C>	18,000,000	1.158
18	TT NICHOLLS PTY LTD <NICHOLLS SUPER FUND A/C>	18,000,000	1.158
19	SLAM CONSULTING PTY LTD	17,125,530	1.102
20	RATDOG PTY LTD	16,666,667	1.072

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

-18,000,000 unlisted \$0.01 incentive options exercisable on or before 31 December 2023. There are 4 holders of this security.

Listed Securities Information

-1,134,002,075 listed \$0.01 incentive options exercisable on or before 20 May 2024. There are 253 holders of this security.

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

SCHEDULE OF TENEMENTS

As at 30 June 2021

	Project / Tenement	Nature of Interest
	L59/184	100%
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 review of Cervantes Corporation Limited for the year ended 30 June 2021, 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

A handwritten signature in black ink, appearing to read 'Donovan Odendaal', is written over a faint, circular watermark.

**Donovan Odendaal
Partner**

23 August 2021



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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 2021, 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 2021 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)

Key Audit Matter - Exploration and evaluation expenditure	How our Audit Addressed the Key Audit Matter
<p>The Group continues to capitalise a significant amount of exploration and evaluation expenditure. The balance at year end makes up 48% 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">• We assessed exploration and evaluation expenditure with reference to AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.• We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and• We documented and assessed the processes and controls in place to record exploration and evaluation transactions. <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 2021 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.

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 2021.

In our opinion the remuneration report of Cervantes Corporation Limited for the year ended 30 June 2021 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 23 August 2021

Donovan Odendaal
Partner

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