

**CERVANTES CORPORATION LTD A.B.N. 79 097 982 235
AND CONTROLLED ENTITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Corporate Directory

Board of Directors

Collin Vost

Executive Chairman

Justin Vost

Non-Executive Director

Timothy Clark

Non-Executive Director

Company Secretary

Patrick J O'Neill

Registered Office

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85 South Perth Esplanade

South Perth WA 6151

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Corporate Advisors

Jackson Greeve

Suite 2 286 Fitzgerald Street

Perth WA 6000

Solicitors

Steinepreis Paganin

GPO Box 2799

Perth WA 6001

Auditors

Rothsay Chartered Accountants

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

Share Registry

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: Ordinary Shares - CVS

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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

Introduction

The Board is responsible for the corporate governance of the Company. The major processes by which the Board fulfils those responsibilities are described in this statement.

The Board considers that except to the extent expressly indicated in this statement, those corporate governance practices comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 3rd Edition 2014 Amendments. Also, except to the extent expressly indicated in this statement, those practices were followed throughout the year.

A copy of the Corporate Governance Statement, the Audit and Risk Management Committee Charter and the Company's Code of Conduct are available in the corporate governance section of the Company's website at www.cervantescorp.com.au together with other information which the ASX Corporate Governance Council's recommends be made publicly available.

Corporate Governance Council Recommendation 1 Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The Board has responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Group. Responsibility for managing the business on a day-to-day basis has been delegated to the Managing Director and the management team.

The Board is responsible for the overall corporate governance of the Group and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

- i. setting the strategic direction of the Group, establishing goals to ensure that the strategic objectives are met and monitoring the performance of management against these goals and objectives;
- ii. ensuring that there are adequate resources available to meet the Group's objectives;
- iii. appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- iv. evaluating the performance of the Board and its Directors on an annual basis;
- v. determining remuneration levels of Directors;
- vi. approving and monitoring financial reporting and capital management;
- vii. approving and monitoring the progress of business objectives;
- viii. ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- ix. ensuring that adequate risk management procedures exist and are being used;
- x. ensuring that the Group has appropriate corporate governance structures in place, including standards of ethical behaviors and a culture of corporate and social responsibility;
- xi. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Group;
- xii. ensuring procedures are in place for ensuring the Group's compliance with the law; and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes.

Diversity Policy

The Board has adopted a diversity policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review measurable diversity performance objectives for the Board, Managing Director and senior management.

The diversity policy states that the Company will report, where appropriate, in each annual report, the measurable objectives for achieving gender diversity set by the Board.

The following table provides a break-up of the gender diversity in the organisation.

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	Number	%
Number of women employees in the whole organisation	0	0%
Number of women in senior executive positions	0	0%
Number of women on the Board	0	0%

Board Processes

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election every three years.

The Board does not have a separate Nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The Board believes that given the size of the Group and the stage of its development a separate nomination committee is not warranted at this time. Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Mr Collin Vost, executive Chairman and Managing Director, Mr Justin Vost non-executive Director, and Mr Timothy Clark, non-executive Director.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 9, unless the members of the Company, in general meeting, resolve otherwise. The skills, experience and expertise of all Directors is set out in the Directors' section of the Company's website.

The Board considers, however, that given the size and scope of the Group's operations at present, it is appropriately structured to discharge its duties in a manner that is in the best interests of the Group and its Shareholders from both a long-term strategic and operational perspective.

Independent Chairman

The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Collin Vost is an appropriate person for the position as Chairman because of his industry experience and proven track record as a public company director.

Roles of Chairman and Managing Director

The role of Chairman and Managing Director is exercised by the same individual, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council. However, the Board believes that Mr Collin Vost is an appropriate person for the position of Managing Director because of his industry experience and proven track record as a public company director.

Evaluation of Board Performance

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors. In addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles.

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CORPORATE GOVERNANCE**

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Group and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Group's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

**Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making**

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Group, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards.

Security Trading Policy

The Board has committed to ensuring that the Group, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and has procedures on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess information, and as such complies with Recommendation 3.2 of the Corporate Governance Council.

**Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting**

Audit Committee

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Group is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

Financial Reporting

The Board relies on senior executives to monitor the internal controls within the Group. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

**Corporate Governance Council Recommendation 5
Make Timely and Balanced Disclosure**

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Directors of the Group are available for correspondence with the auditors of the Consolidated Group.

Continuous Disclosure

The Board places a high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies which establish procedures to ensure that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

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CORPORATE GOVERNANCE**

***Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders***

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company's Annual General Meeting for that purpose.

***Corporate Governance Council Recommendation 7
Recognise and Manage Risk***

Risk Management Policy

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

The Consolidated Group's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Consolidated Group's activities.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Group is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

Managing Director and Company Secretary Written Statement

The Board requires that the Managing Director and the Company Secretary provide a written statement that the financial statements of the Group present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

***Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly***

Remuneration Committee

The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify a separate Remuneration Committee.

Executive Directors, non-executive Director receive fees agreed on an annual basis by the Board and may include performance based components designed to reward and motivate.

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The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

**CERVANTES CORPORATION LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY
DIRECTOR'S 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 2015.

Principal Activities and Significant Change in Nature of Activities

The principal activities of the Group during the financial year was operating in the seafood and aquaculture industry in Western Australia and 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 of the Group for the financial year after providing for income tax amounted to:

Year ended 30 June 2015	Year ended 30 June 2014
\$ (227,646)	\$ (80,560)

The consolidated loss of the Group amounted to \$227,646 after providing for income tax. This was largely due to a decrease in income and revaluation of intangible assets upon the disposal of the company's cray pots licences. Further discussion on the Group's operation follows.

Review of Operations

In February 2015 with the disposal of the cray pots at maximum market prices, the board has assessed in excess of some thirty projects introduced by New York Securities Pty Ltd in a range of commodities including graphite, gold, nickel, copper and other commodities.

Whilst initial assessment offers on a number of these projects were rejected, the Company remains in discussion with a number of vendors of more advanced projects in pursuit of a favourable outcome for Cervantes shareholders, including the pursuit of a technical solution to the gold tailings venture in WA.

The board continues to be advised on the progress of the iron sands (Titanomagnetite) project in the Philippines, where Cervantes has an opportunity to participate via a secured loan, interest bearing and profit sharing arrangement over the project. Cervantes was granted first right of refusal, in the event that the party wished to joint venture or dispose of part or all of the venture in the future, on terms that are mutually acceptable to both parties. The grant came as a result of Cervantes introducing the project to a listed company who currently provides financial assistance to assess the technical and other merits of the project, via an unlisted public company that controls the project, which has since suffered financial difficulties. There is still some agonisingly slow progress on resolving legal disputes with the original vendors created by previous directors of the unlisted company. The recent decline in the iron ore price has presented a potential challenge to the projects viability, however Cervantes believes it remains worthy of continued consideration, and the weak market conditions present a favourable negotiating position.

Accordingly the board remains committed to the ongoing discussions in preparing an agreement over the venture when all outstanding issues are resolved, in conjunction with any other projects that may fit within Company guidelines.

Cervantes was alerted by New York Securities to an opportunity involving a strategic parcel of exploration ground in the Albany Fraser Range area that became vacant as a result of a financially distressed junior exploration company. Cervantes lodged an application to secure that area via an Exploration Licence, and subsequent to year end the exploration licence was granted.

Cervantes continues to be one of the least expensive run companies on the ASX with minimal directors' fees, totalling some combined \$72,000 per annum with no direct staff, and office administration cost of some \$73,000 per annum. This austerity will continue until the Directors and management are able to be adequately rewarded

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DIRECTOR'S REPORT**

for their time, and for the ever increasing liabilities and responsibilities attached to being directors of a public company imposed on them by politicians, the ASX and the ASIC.

Cervantes currently has over \$300,000 of cash and other liquid assets, which can be disposed of as and when required to meet ongoing expenditures, and when deemed appropriate, the Company will exchange assets from time to time for improving the medium to longer term goals and to diversify the operations and assets.

Whilst market conditions for junior companies have been very difficult for some time, but improving, Cervantes is hopeful of moving forward in a more positive manner in the next few months.

Subject to market conditions a rearrangement and revaluation of its assets and liabilities could well achieve this, over the coming year with support of its major and other shareholders.

Financial Position

The net assets of the Group have decreased by \$207,646 from \$(291,245) at 30 June 2014 to \$(498,891) at 30 June 2015. This decrease was largely due to the increase in borrowings of \$177,200 and a decrease in the realisable value of financial assets.

Significant Changes in the State of Affairs

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

The Company arranged a loan facility from an ASX listed company of which the company's directors Mr Collin Vost and Mr Justin Vost are also directors. The lender has the option to secure the loan but has not done so to date. Interest is at the rate of 5.5%pa or the equivalent of the NAB 90 day deposit rate whichever is the lesser with a cap of 7%, for the exposure period and loan period, plus a profit on each venture as mutually agree between the parties. These funds have been used to acquire listed securities, assess various projects including the gold tailings and additional working capital.

In December 2014, 4,000,000 ordinary shares were granted as remuneration to two of the directors of the company in accordance with resolutions passed at the company's Annual General Meeting held on 27 November 2014.

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

On 13 August 2015 the Company completed a successful application for an Exploration Licence for a 56 block area within the highly prospective Albany Fraser Range area of Western Australia, in its 100% owned subsidiary, Cervantes Gold Pty Ltd.

Cervantes is now proceeding to finalise any Native Title issues which may be required and carry out research of all and any historical data and exploration of the areas before formulating an exploration program.

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.

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.

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DIRECTOR'S REPORT**

Environmental Issues

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Information on Directors

Collin Vost

EXECUTIVE CHAIRMAN (Executive) (from 23 November 2011)
Qualifications: Diploma of Financial Services, Licenced Securities Dealer.

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 being involved in the securities dealing business since 2001. Mr Vost was appointed to the Board on 9 October 2007.

Interest in shares and options 48,570,000 ordinary shares.

Special responsibilities Mr Vost is a member of the audit committee

Directorships held in other Listed entities during the three years prior to the current year Baraka Energy & Resources Ltd (appointed 18 May 2009)
JV Global Ltd (appointed 29 May 2009)

Justin Vost

DIRECTOR (Non-executive) (appointed 23 November 2011)
Qualifications: Diploma of Financial Markets

Experience Mr Justin Vost has experience in mining, manufacturing and capital markets.

Interest in shares 12,337,223 ordinary shares.

Special responsibilities Mr Vost is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year Baraka Energy & Resources Ltd (appointed 23 November 2011)
JV Global Ltd (appointed 19 April 2011)

Timothy Clark

DIRECTOR (Non-executive) (appointed 3 July 2012)
Qualifications: Bcomm. Econ and Finance

Experience Mr Clark was appointed to the Board on 3 July 2012. Mr Clark has experience in capital markets.

Interest in shares 2,500,000 ordinary shares.

Special responsibilities Mr Clark is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year JV Global Ltd (appointed 6 July 2011)

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DIRECTOR'S REPORT**

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Patrick O'Neill – Bachelor of Business, Chartered Accountant. Mr O'Neill is a proprietor of the accounting firm Jackson Greeve. He has acted as Company Secretary for several public companies. Mr O'Neill was appointed Company Secretary on 16 January 2008.

Meetings of Directors

During the financial year, 4 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	4	4
Justin Vost	4	4
Timothy Clark	4	4

There were six 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.

Proceedings on Behalf of Company

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

Non-Audit Services

Rothsay did not provide non-audit services to the Group during 2015.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 52 of the financial report.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY
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 during or 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 caliber 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.

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REMUNERATION REPORT - AUDITED**

Employment Details of Members of Key Personnel and Other Executives

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

Group Key Management Personnel	Position held as at 30 June 2015 and any change during the year	Proportion of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
		Non-salary cash-based incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Collin Vost	Executive Chairman (Executive)	-	-	-	100	100
Justin Vost	Director (Non-executive)	-	29	-	71	100
Timothy Clark	Director (Non-executive)	-	29	-	71	100

The service terms and conditions of the key management personnel and Group executives are not formalized in contracts of employments. The service terms and conditions are of no fixed term, no requirement for notice on termination and no entitlement for payment upon termination.

Remuneration Details for the Year Ended 30 June 2015

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

Group Key Management Personnel		Short-Term Benefits		Post-Employment		Equity-settled share-based payments		Total \$
		Salary, Fees & Commissions \$	Other \$	Pension and Super-annuation \$	Other \$	Shares/Units \$	Options/Rights \$	
Collin Vost	2015	24,000	73,000	-	-	-	-	97,000
	2014	24,000	63,718	-	-	-	-	87,718
Justin Vost	2015	24,000	-	-	-	10,000	-	34,000
	2014	24,000	-	-	-	-	-	24,000
Timothy Clark	2015	24,400	-	-	-	10,000	-	34,400
	2014	24,000	-	-	-	-	-	24,000
Patrick O'Neill	2015	22,554	-	-	-	-	-	22,554
	2014	29,722	-	-	-	-	-	29,722
Total Key Management Personnel	2015	94,954	73,000	-	-	20,000	-	187,954
	2014	101,722	63,718	-	-	-	-	165,440

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

Included in other short-term benefits are payments made to New York Securities Pty Ltd which provides a serviced office including bookkeeping services and is the landlord of Cervantes Corporation Ltd. Mr Collin Vost is a director of the securities dealing company. During the financial year \$73,000 (2014: \$63,000) was paid or payable.

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REMUNERATION REPORT - AUDITED**

Also included in other short-term benefits are payments made to New York Securities Pty Ltd which is appointed as the Company's securities dealer and advisors on normal commercial terms and conditions. Mr Collin Vost is a director of the securities dealing company. During the financial year \$nil (2014: \$718) was paid for share trading and investment services.

Share-based Payments

The terms and conditions relating to shares granted as remuneration during the year to key management personnel and other executives during the year are as follows:

	Remuneration Type	Grant Date	Grant Value \$	Reason for Grant	Percentage Vested/Paid during Year %	Expiry Date for Vesting or Payment
Group Key Management Personnel						
J Vost	Shares	22/12/2014	10,000	Note 1(a)	100	-
T Clark	Shares	22/12/2014	10,000	Note 1(a)	100	-

Note 1 (a)

The shares have been granted to the individual for their dedication and ongoing commitment and efforts to the Company. The issue of Director Shares as a part of the remuneration package of the Directors is an established practice of junior public listed companies and has the benefit of conserving cash whilst properly rewarding the Directors. Based on this the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies

End of Audited Remuneration Report

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



Collin Vost
Executive Chairman
30 September 2015

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

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 28 September 2015.

(a) **Distribution of Equity Securities**

The number of holders, by size of holding, in each class of security are:

Ordinary Shares		
	No. of holders	No. of shares
1 – 1,000	8	2,298
1001 – 5,000	41	167,617
5001 – 10,000	188	1,858,032
10,001 – 100,000	314	14,582,413
100,001 and above	209	281,690,752
<hr/>		
Total	760	294,271,112

The number of shareholders holding less than a marketable parcel of shares is 463 (8,180,116 ordinary shares).

(b) **Twenty Largest Holders**

The names of the twenty largest holders, in each class of security are:

Ordinary Shares:

1 New York Holdings Pty Ltd <CV Superannuation Fund A/c>	40,800,000	13.679%
2 Laceglen Holdings Pty Ltd <Cadly Superfund A/c>	11,521,334	3.863%
3 C B Dudley	11,075,000	3.713%
4 Ms DM Vost & Mrs KL Sayers <The Dalma Vost Superfund A/c>	10,320,000	3.507%
5 J Vost	10,000,000	3.353%
6 PG and JW Crabb <The Crabb S/Fund A/c>	9,800,000	3.286%
7 New York Holdings Pty Ltd	7,770,000	2.605%
8 T J Bennett	7,531,258	2.525%
9 Broken Ridge Pty Ltd	6,000,000	2.012%
10 GA Armstrong Superannuation Pty Ltd <GA Armstrong Superfund A/c>	5,550,000	1.861%
11 Baraka Energy & Resources Ltd	4,585,000	1.537%
12 Mr San Tiong Ng	4,376,557	1.467%
13 Quairading Holdings Pty Ltd <The Sacca Family A/c>	4,000,000	1.341%
14 Allcrest Nominees Pty Ltd <The Riemer A/c>	3,900,000	1.308%
15 Kheng Sing Lim	3,888,562	1.304%
16 Mdm Tee Lian	3,736,350	1.253%
17 Chen Hoong	3,736,349	1.253%
18 K L Sayers	3,700,000	1.240%
19 Dr Chin Vie Yap	3,115,000	1.044%
20 Action Engineering Pty Ltd and E S Cooley	3,000,000	1.006%

(c) **Substantial Shareholder**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporation Act 2001 is New York Holdings Pty Ltd.

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

(d) **Voting Rights**

All ordinary shares carry one vote per share without restriction.

(e) **Restricted Securities**

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

(f) **Business Objective**

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

CERVANTES CORPORATION LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE
YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 \$	2014 \$
Continuing Operation			
Revenue			
Interest income	2a	1,962	4
Other income	2b	5,640	50,833
Impairment reversal of intangible assets	13	56,000	120,000
		63,602	170,837
Net loss on revaluation of other financial assets	3	(22,139)	(37,270)
Employee benefits expenses		(92,400)	(72,000)
Financing cost		(106)	(263)
Depreciation expenses		(26)	(32)
Occupancy expenses	3	(51,622)	(45,021)
Exploration & evaluation expenditure written off	3	(6,493)	(4,720)
Administration expenses		(118,462)	(90,297)
Travel expenses		-	(1,794)
		(227,646)	(80,560)
Loss from ordinary activities before related Income Tax benefit		(227,646)	(80,560)
Income tax benefit relating to ordinary activities	4	-	-
		(227,646)	(80,560)
Loss from ordinary activities after related Income Tax benefit		(227,646)	(80,560)
Other comprehensive income		-	-
		(227,646)	(80,560)
Total comprehensive income		(227,646)	(80,560)
Basic loss per share (cents per share)	7	(0.076)c	(0.027)c
Diluted loss per share (cents per share)	7	(0.076)c	(0.027)c

The accompanying notes form part of these financial statements

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	Consolidated Group 2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	8	310,465	5,394
Trade and other receivables	9	550	6,996
Other financial assets	10	20,771	42,750
Total Current Assets		331,786	55,140
Non-Current Assets			
Property, plant and equipment	12	3,017	3,043
Intangible assets	13	670	320,670
Total Non-Current Assets		3,687	323,713
Total Assets		335,473	378,853
Current Liabilities			
Trade and other payables	14	10,164	23,098
Borrowings	15	824,200	647,000
Total Current Liabilities		834,364	670,098
Total Liabilities		834,364	670,098
Net Assets		(498,891)	(291,245)
Equity			
Issued capital	16	12,088,070	12,068,070
Reserves		-	-
Accumulated losses		(12,586,961)	(12,359,315)
Total Equity		(498,891)	(291,245)

The accompanying notes form part of these financial statements

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2015**

Consolidated Group	Share Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2013	12,068,070	(12,302,037)	23,282	(210,685)
Shares issued during year	-	-	-	-
Transaction costs	-	-	-	-
Options issued to employees	-	23,282	(23,282)	-
Net loss attributable to members of the parent entity	-	(80,560)	-	(80,560)
Balance at 30 June 2014	12,068,070	(12,359,315)	-	(291,245)
Shares issued during year	20,000	-	-	20,000
Transaction costs	-	-	-	-
Options issued to employees	-	-	-	-
Net loss attributable to members of the parent entity	-	(227,646)	-	(227,646)
Balance at 30 June 2015	12,088,070	(12,586,961)	-	(207,646)

The accompanying notes form part of these financial statements

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		5,640	16,280
Payments to suppliers and employees		(248,972)	(204,683)
Interests received		1,962	4
Finance costs		(106)	(263)
Net cash used in operating activities	20	<u>(241,476)</u>	<u>(188,662)</u>
Cash Flows from Investing Activities			
Proceeds from held for trading investments		-	34,553
Purchase of held for trading investments		(160)	(1,770)
Proceeds from sale of Intangible assets		376,000	-
Payments for exploration & evaluation		(6,493)	(4,720)
Net cash used in investing activities		<u>369,347</u>	<u>28,063</u>
Cash Flows from Financing Activities			
Proceeds of issue of shares		-	-
Costs of share issue		-	-
Proceeds from borrowings		177,200	127,000
Net cash provided by financing activities		<u>177,200</u>	<u>127,000</u>
Net outflow in cash held for the year		305,071	(33,599)
Cash at the beginning of the year		5,394	38,993
Cash at the end of the year	8	<u>310,465</u>	<u>5,394</u>

The accompanying notes form part of these financial statements

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

This financial report includes the consolidated financial statements and notes of Cervantes Corporation Ltd and its controlled entity ('Consolidated Group' or 'Group').

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

Going Concern

As at the date of this report the directors are considering raising further equity capital through a share placement. Also, the Group has assets, being held for sale investments, which could be sold to meet financial obligations.

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

Notwithstanding cash outflows from operations of \$241,476, the directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. However, should the held for sale investment not be realised as necessary or capital raising not occur, there is material uncertainty whether the Group would be able to continue as a going concern.

a Principles of Consolidation

A controlled entity is any entity over which Cervantes Corporation Ltd has the power to govern the financial and operating policies so as to obtain benefit from its activities. In assessing the power to govern, the existence and effect of holding actual and potential voting rights are considered.

Details of the controlled entity are contained in Note 11 to the financial statements. The controlled entity has a 30 June financial year-end.

As at reporting date, the assets and liabilities of the controlled entity have been incorporated into the consolidated financial statements as well as its results for the year ended. Where a controlled entity has entered or left the Group during the year, its operating results have been included from the date control was obtained or until the date control ceased.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with those adopted by the parent entity.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

b Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

c Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on the taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movement in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group 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 – 11.0%

The asset's 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 surplus relating to that asset are transferred to retained earnings.

e Exploration and Development Expenditure

Exploration, evaluation and development 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 that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandon area are written off in full against profit 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 amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each of the area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For the financial asset, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) Financial assets at fair value through profit and loss

A financial asset is classified at 'fair value through the profit and loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedge purposes or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with the investment strategy. Such assets are subsequently measured at fair value with changes in the carrying value being included in the profit and loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuations techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of the cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h Intangibles

Licences and Leases

Licences and leases are recognised at director valuation. Licences and leases have an indefinite life as they are a right to fish within zones established by Government authorities. Licences and leases are carried at director valuation less any impairment losses.

Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development cost are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

i Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

j Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is possible that an outflow of economic benefits will result and that outflow can be reliably measured.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

k Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

l Revenue and Other Income

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from the annual lease of licences is recognised at the beginning of the lease period.

All revenue is stated net of the amount of goods and services tax (GST).

m Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n Comparative Figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest comparative period will be disclosed

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both 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 through the statement of comprehensive income. At the date of this report the Group did not have sufficient reason to believe that the exploration in specific areas of interest will lead to the discovery of viable quantities of mineral resources and the Group has decided not to continue such activity in the specific areas while alternative treatment methods are being investigated. Such capitalised expenditure is carried at reporting date at \$nil and the amount written off through the statement of comprehensive income as exploration and evaluation written off for projects amounted to \$6,493 (2014: \$4,720).

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

o New accounting standards and interpretations
Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year. The group has adopted the following standards and interpretations from 1 July 2013:

The following accounting standards and interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which had a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holding and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

The adoption of these standards have had no impact on the accounting policies of the Group.

(ii) New Accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report. No accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards- Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure

CERVANTES CORPORATION LTD ABN 79 097 982 235 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance conditions' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measurements at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgments made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments; Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial. Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortization); and Amends ASSB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments; Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 2: Revenue and Other Income		
2a. Interest revenues		
- other persons	1,962	4
	1,962	4
2b. Other income		
Lease revenue	5,640	16,280
Profit on share trading	-	34,553
	5,640	50,833
NOTE 3: Loss for the Year		
The profit for the year included the following expenses:		
Fair value adjustment	22,139	37,270
Rental expense on operating leases		
- rental expense for sublease	51,622	45,021
Exploration and evaluation expenditure written off	6,493	4,720

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 4: Income Tax		
Prima facie tax benefit on profit/(loss) before income tax @ 30%.	(68,294)	(24,168)
Add tax effect:		
<i>Non-allowable items</i>		
Impairment of intangible assets	(16,800)	(36,000)
Fair value adjustment	6,642	11,181
<i>Allowable items</i>		
Capital raising cost	-	-
Project assessment cost	-	(1,416)
Tax losses not brought to account	78,452	50,403
Income tax attributable to entity	<u>-</u>	<u>-</u>
Unrecognised deferred tax balances:		
Unrecognised deferred tax asset losses	2,919,967	2,851,673
Unrecognised deferred tax asset other	116,669	106,511
Unrecognised deferred equity adjustment	-	-
Unrecognised deferred tax liabilities	-	-
Net deferred tax asset not brought to account	<u>3,036,636</u>	<u>2,958,184</u>

Unrecognised deferred tax asset losses include deferred tax asset losses relating to Cervantes Gold Pty Ltd in the amount of \$466,185 (2014: \$461,590). These are available for offset against the unrecognised deferred tax loss in Cervantes Gold Pty Ltd.

The Unrealising deferred tax assets will only be available if:

- a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- b) the conditions for deductibility imposed by the tax legislation continue to be complied with; and
- c) no changes in tax legislation adversely affect the Company in realising the benefit.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: Interests of Key Management Personnel (KMP)

Refer to the remuneration report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015	2014
	\$	\$
Short-term employment benefits	187,954	165,440
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
	187,954	165,440
	187,954	165,440

KMP Options Holdings

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

30 June 2015

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
Collin Vost	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

30 June 2014

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
Collin Vost	5,000,000	-	-	(5,000,000)	-
	5,000,000	-	-	(5,000,000)	-
	5,000,000	-	-	(5,000,000)	-

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: Interests of Key Management Personnel (KMP) (cont'd)

KMP 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 2015

	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	48,570,000	-	-	-	-	48,570,000
Justin Vost	10,337,223	2,000,000	-	-	-	12,337,223
Timothy Clark	348,000	2,000,000	-	152,000	-	2,500,000
Patrick O'Neill	400,000	-	-	-	-	400,000
	<u>59,655,223</u>	<u>4,000,000</u>	<u>-</u>	<u>152,000</u>	<u>-</u>	<u>63,807,223</u>

30 June 2014

	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	48,570,000	-	-	-	-	48,570,000
Justin Vost	10,337,223	-	-	-	-	10,337,223
Timothy Clark	348,000	-	-	-	-	348,000
Patrick O'Neill	400,000	-	-	-	-	400,000
	<u>59,655,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,655,223</u>

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP refer to Note 22: Related Party Transactions.

Consolidated Group

2015	2014
\$	\$

NOTE 6: Auditors' Remuneration

Remuneration of the auditor of the parent entity for:

- auditing or reviewing the financial report	<u>9,850</u>	<u>12,350</u>
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**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group

	2015	2014
	\$	\$

NOTE 7: Earnings per Share

(a) Reconciliation of earnings to profit or loss

Profit(Loss)		
Earnings used to calculate basic EPS	(227,646)	(80,560)
Earnings used in the calculation of dilutive EPS	(227,646)	(80,560)

	No.	No.
--	-----	-----

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	296,364,263	294,271,112
Weighted average number of dilutive options outstanding	-	2,500,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	296,364,263	296,771,112

	\$	\$
--	----	----

NOTE 8: Cash and cash Equivalents

Cash at bank	309,179	820
Interest bearing deposit	1,286	4,574

	310,465	5,394
	310,465	5,394

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash & cash equivalents	310,465	5,394
	310,465	5,394
	310,465	5,394

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Group	
	Note	2015	2014
		\$	\$
NOTE 9: Trade and Other Receivables			
Current			
Amounts receivable		550	550
Input tax credits		-	6,119
		550	6,996
		550	6,996

The terms of the amounts receivable are non-interest bearing, payable on 30 day terms. At the date of this report all amounts outstanding at the 30 June 2015 had been received.

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, all the Group credit risk exposure is in Australia.

At the date of this report all the amounts receivable had been repaid in full.

Financial assets classified as loans and receivables

Trade and other receivable			
- Total current		550	6,996
- Total non-current		-	-
Financial assets	23	550	6,996
		550	6,996

NOTE 10: Other Financial Assets

Current			
Opening balance		42,750	168,767
Purchase		160	1,770
Less: Cost of sales		-	(34,019)
Fair value adjustment		(22,139)	(93,768)
Financial assets at fair value		20,771	42,750
		20,771	42,750
Financial assets at fair value through profit and loss			
Held for trading listed shares		20,771	42,750
Other financial assets		20,771	42,750
		20,771	42,750

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.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
		2015	2014
Subsidiary of Cervantes Corporation Ltd:			
Cervantes Gold Pty Ltd	Aust	100	100

Consolidated Group
2015 **2014**
\$ **\$**

NOTE 12: Property, Plant and Equipment

Plant & equipment

- At cost	423	423
- Less: accumulated depreciation	<u>(306)</u>	<u>(280)</u>
	<u>117</u>	<u>143</u>

Office equipment

- At cost	2,900	2,900
- Less: accumulated depreciation	<u>-</u>	<u>-</u>
	<u>2,900</u>	<u>2,900</u>

Total Property, Plant & Equipment

3,017 **3,043**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment.

Consolidated Group

	Plant & Equip.	Office Equip.	Total
Year ended 30 June 2014			
Balance at the beginning of year	175	2,900	3,075
Revaluation increment	-	-	-
Additions	-	-	-
Depreciation expense	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Carrying amount at the end of the year	<u>143</u>	<u>2,900</u>	<u>3,043</u>

Year ended 30 June 2015

Balance at the beginning of year	143	2,900	3,043
Revaluation increment	-	-	-
Additions	-	-	-
Depreciation expense	<u>(26)</u>	<u>-</u>	<u>(26)</u>
Carrying amount at the end of the year	<u>117</u>	<u>2,900</u>	<u>3,017</u>

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 13: Intangibles Assets		
Non-Current		
Licences and leases at valuation	-	490,000
Less provision for impairment	-	(170,000)
Company formation expenditure	670	670
	670	320,670
	670	320,670
Consolidated Group		
	Licences & leases	Company formation expenditure
Year ended 30 June 2014		
Balance at the beginning of the year	200,000	670
Reversal of impairment	120,000	-
	320,000	670
	320,000	670
	Licences & leases	Company formation expenditure
Year ended 30 June 2015		
Balance at the beginning of the year	320,000	670
Add Reversal of impairment	56,000	-
Less Sale of License during year	376,000	-
	-	670
	-	670
NOTE 14: Trade and other payable		
Current		
Unsecured liabilities		
- Trade creditors	8,169	22,636
- Accruals	-	462
- GST payable	1,995	-
	10,164	23,098
	10,164	23,098
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total Current	10,164	23,098
	10,164	23,098

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 15: Borrowings		
Current		
Borrowings	824,200	647,000
	824,200	647,000

The Company arranged a loan facility from an ASX listed company of which the company's directors Mr Collin Vost and Mr Justin Vost are also directors. The lender has the option to secure the loan but has not done so to date. Interest is at the rate of 5.5%pa or the equivalent of the NAB 90 day deposit rate whichever is the lesser with a cap of 7%, for the exposure period and loan period, plus a profit on each venture as mutually agree between the parties. These funds have been used to acquire listed securities, assess various projects including the gold tailings and additional working capital. Whilst the amount is at call and recorded as a current liability it is not expected to be repaid in the next twelve months.

NOTE 16: Issued Capital

298,271,112 (2014: 294,271,112)

Fully paid ordinary shares	12,088,070	12,068,070
	12,088,070	12,068,070
	2015	2014
	No.	No.
Ordinary shares		
At the beginning of reporting period	294,271,112	294,271,112
Shares issued during the year:		
22 December 2014	4,000,000	-
	298,271,112	294,271,112

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Options

On 2 December 2010 the Company issued 5,000,000 unlisted options to a director as a share based payment. These options expired on 31 December 2013, no options were exercised.

	2015	2014
	No.	No.
Options		
Opening number of options issued	-	5,000,000
Number of options issued during the year	-	-
Number of option exercised during the year	-	-
Number of options lapsed during the year	-	(5,000,000)
Closing Number of Options Issued	-	-

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: Issued Capital (cont'd)

Capital Management

Management control the capital of the Group in order to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues. Total borrowings below represents trade and other payables.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Consolidated Group	
2015	2014
\$	\$

NOTE 17: Capital and Leasing Commitments

Operating lease commitments

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

Payable: minimum lease payments

- not later than 12 months	73,000	63,000
- between 12 months and 5 years	-	-
- greater than 5 years	-	-

A serviced office including bookkeeping service and business premises are provided by New York Securities Pty Ltd at a fee of \$6,500 per calendar month (2014: \$5,250).

NOTE 18: Contingent Liabilities

There are no contingent liabilities as at balance date or as at the date of the report.

**NOTE 19: Segment Reporting
Segment Information**

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.

Reportable segment disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and also similar with respect to the following:

- the product sold and/or services provided by the segment;

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: Operating Segments (cont'd)

- the type or class of customer for the product or service; and
- the external regulatory requirements.

Types of products and services by segment

Seafood and Aquaculture

The seafood and aquaculture segment lease craypot licences and evaluates seafood and aquaculture projects.

Mineral exploration and evaluation

The mineral exploration and evaluation segment evaluates projects in the mining industry.

Share Trading

The share trading segment buys and sells shares through the Australian Securities Exchange.

Basis of accounting for the purposes of reporting by operating segment

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives
- impairment of assets and other non-recurring items of revenue or expense
- other financial liabilities
- intangible assets

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the standard.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: Operating Segments (cont'd)

(i) Segment performance

	Seafood & aquaculture \$	Exploration & evaluation \$	Share trading \$	Corporate \$	Total \$
Year ended 30.06.2015					
Revenue					
External sales	5,640	-	-	-	5,640
Revaluation of intangible asset	56,000	-	-	-	56,000
Interest revenue	-	-	-	1,962	1,962
Total segment revenue	61,640	-	-	1,962	63,602
<i>Reconciliation of segment revenue to group revenue</i>					
Total group revenue					<u>63,602</u>
Segment net profit before tax	57,880	-	(22,139)	(256,868)	(221,127)
<i>Reconciliation of segment results to group net profit/(loss) before tax</i>					
Amount not included in segment results but reviewed by the Board:					
Depreciation expenses	-	(26)	-	-	(26)
Write off of exploration & evaluation expenditure	-	(6,493)	-	-	(6,493)
Net loss before tax from continuing operations					<u><u>(227,646)</u></u>

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: Operating Segments (cont'd)

(ii) Segment performance

	Seafood & Aquaculture \$	Exploration & evaluation \$	Share Trading \$	Corporate \$	Total \$
For the year ended 30.06.2014					
Revenue					
External sales	16,280	-	34,553	-	50,833
Revaluation of intangible asset	120,000	-	-	-	120,000
Interest revenue	-	-	-	4	4
Total segment revenue	136,280	-	34,553	4	170,837
<i>Reconciliation of segment revenue to group revenue</i>					
Total group revenue					170,837
Segment net profit before tax	134,064	-	(2,717)	(207,155)	(75,808)
<i>Reconciliation of segment results to group net profit/(loss) before tax</i>					
Amount not included in segment results but reviewed by the Board:					
Depreciation & amortisation	-	(32)	-	-	(32)
Write off of exploration & evaluation expenditure	-	(4,720)	-	-	(4,720)
Net loss before tax from continuing operations					(80,560)

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: Operating Segments (cont'd)

(iii) Segment assets

As at 30.06.2015	Seafood & Aquaculture \$	Exploration & evaluation \$	Share Trading \$	Corporate \$	Total \$
Segment assets	-	117	20,771	314,361	335,249
Segment assets increased for the period					
Capital expenditure	-	6,493	-	-	6,493
Impairment of exploration	-	(6,493)	-	-	(6,493)
Reversal of impairment of intangible asset	56,000	-	-	-	56,000
Acquisitions/(disposals)	-	-	-	-	-
	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,000</u>
<i>Reconciliation of segment assets to group assets</i>					
Total group assets					<u><u>335,249</u></u>

As at 30.06.2014

Segment assets	320,000	143	42,750	15,960	378,853
Segment assets increased for the period					
Capital expenditure	-	4,720	-	-	4,720
Impairment of exploration	-	(4,720)	-	-	(4,720)
Reversal of impairment of intangible asset	120,000	-	-	-	120,000
Acquisitions/(disposals)	-	-	1,770	-	1,770
	<u>120,000</u>	<u>-</u>	<u>1,770</u>	<u>-</u>	<u>121,770</u>
<i>Reconciliation of segment assets to group assets</i>					
Total group assets					<u><u>378,853</u></u>

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: Operating Segments (cont'd)

(iv) Segment liabilities

	Seafood & Aquaculture \$	Exploration & evaluation \$	Share Trading \$	Corporate \$	Total \$
As at 30.06.2015					
Segment liabilities	-	-	-	832,369	832,369
<i>Reconciliation of segment liabilities to group liabilities</i>					
Total group liabilities					<u>832,369</u>
 As at 30.06.2014					
Segment liabilities	-	-	-	670,098	670,098
<i>Reconciliation of segment liabilities to group liabilities</i>					
Total group liabilities					<u>670,098</u>

(v) Revenue by geographical region

All Group revenue attributable to external customers was generated in Australia.

(vi) Assets by geographical region

The Group operated only in Australia.

(vii) Major customers

The Group supplied a single external customer in the seafood and aquaculture segment who accounts for 100% of external revenue (2014: 100%).

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 20: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax	(227,646)	(80,560)
Non-cash flows in profit/(loss) after income tax		
Impairment of intangible assets	(56,000)	(120,000)
Impairment of exploration assets	6,493	4,720
(Profit) Loss on disposal of shares	-	(34,553)
Fair value adjustment	22,139	37,270
Depreciation	26	32
Share based payments	20,000	-
<i>Changes in Assets and Liabilities, net of the effect of purchase of subsidiary</i>		
(Increase)/decrease in trade & term receivables	6,446	(6,119)
Increase/(decrease) in trade & other payables	(12,934)	10,548
<i>Cash flow from operations</i>	(241,476)	(188,662)

NOTE 21: Events After Balance Sheet Date

On 13 August 2015 the Company completed a successful application for an Exploration Licence for a 56 block area within the highly prospective Albany Fraser Range area of Western Australia, in its 100% owned subsidiary, Cervantes Gold Pty Ltd.

Cervantes is now proceeding to finalise any Native Title issues which may be required and carry out research of all and any historical data and exploration of the areas before formulating an exploration program.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	
2015	2014
\$	\$

NOTE 22: Related Party Transactions

Transactions with related parties:

Director or related entities

i) Serviced office fees paid and accrued to New York Securities Pty Ltd, a securities dealing firm where Mr Collin Vost is the director

73,000	63,000
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ii) Brokerage fees paid and accrued to New York Securities Pty Ltd, a securities dealing firm where Mr Collin Vost is a director

-	718
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Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 23: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and loans to subsidiary.

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

	Note	Consolidated Group	
		2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	8	310,465	5,394
Trade and other receivables	9	550	6,996
Financial assets at fair value through profit or loss			
-Held for trading	10	20,771	42,750
		331,786	55,140
Financial Liabilities			
Trade and other payables	14	10,164	23,098
		10,164	23,098

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: Financial Risk Management (cont'd)

Financial Risk Management Policies

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors, in its function as Audit Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for the developing and monitoring the Group's risk management policies.

Interest rate risk

The Group has cash subject to interest and therefore the interest rate risk impact is minimal. Management continually monitors the exposure to interest rate risk. The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

	< 1 Year	Total	Weighted average
	\$	\$	effective interest rate
Year ended 30 June 2015			
<i>Floating rate</i> Cash assets	310,465	310,465	1.24%
Year ended 30 June 2014			
<i>Floating rate</i> Cash assets	5,394	5,394	0.02%

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

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

The table below summarises the maturity profiles of the Group's financial liabilities based on contractual undiscounted payments.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: Financial Risk Management (cont'd)

	Less than 3 months \$	3 to 12 Months \$	More than 12 months \$	Total \$
Year ended 30 June 2015				
Trade and other creditors	10,164	-	-	10,164
	<u>10,164</u>	<u>-</u>	<u>-</u>	<u>10,164</u>
Year ended 30 June 2014				
Trade and other creditors	23,098	-	-	23,098
	<u>23,098</u>	<u>-</u>	<u>-</u>	<u>23,098</u>

The Group also has an office service agreement. The future contracted commitments at year end are disclosed in Note 17.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. In most cases, the Group requires full and final payment either prior to, or upon delivery of the goods to the customer. In limited cases where credit is provided, the Group trades on credit terms with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivables balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

All amounts past due in excess of 30 days are individually assessed and provided for as doubtful if reasonable doubt as to collectability exists.

With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, as disclosed in the balance sheet and notes to the financial statements.

Included in receivables is the amount for GST refundable, this amount is not past due nor impaired.

Net Fair Value

Fair Value Estimation

The fair values of the financial assets and financial liabilities are presented in the following can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information from markets that are actively traded. In this regard, fair value for listed securities are obtained from quoted market bid price

**CERVANTES CORPORATION LTD ABN 79 097 982 235
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: Financial Risk Management (cont'd)

	2015		2014	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Consolidated Group				
Financial Assets				
Cash and cash equivalents	310,465	310,465	5,394	5,394
Financial assets at fair value through profit or loss				
-Held for trading	20,771	20,771	42,750	42,750
Trade and other receivables	550	550	6,996	6,996
	<u>331,786</u>	<u>331,786</u>	<u>55,140</u>	<u>55,140</u>
Financial Liabilities				
Trade and other payables	10,164	10,164	23,098	23,098
	<u>10,164</u>	<u>10,164</u>	<u>23,098</u>	<u>23,098</u>

The fair values disclosed in the above table have been determined based on the following methodologies.

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payable exclude amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) For listed held-for-trading financial assets, closing quoted bid prices at reporting date have been used.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is exposed to securities price risk on investments held for trading or for medium to longer term. Such risk is managed through diversification of investments across industries and geographical location.

The Group's investments are held in the following sectors at reporting date.

	Consolidated Group	
	2015	2014
Energy	74%	74%
Materials	1%	1%
Capital Goods	25%	25%
	<u>100%</u>	<u>100%</u>

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 23: Financial Risk Management (cont'd)
Sensitivity Analysis**

The following table illustrates sensitivity to the Group's exposures to changes in the interest rate. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Consolidated Group	
	Profit	Equity
	\$	\$
2015		
+/- 2% in interest rate	+/- 3159	+/- 3159
2014		
+/- 2% in interest rate	+/- 439	+/- 439

NOTE 24: Share-based Payments

(i) On 22 December 2014, 4,000,000 ordinary shares were granted to two directors for provide dedicated and ongoing commitment and effort to the Company.

(ii) Options granted to key management personnel are as follows:-

Grant Date	Number
2 December 2010	5,000,000

The options are issued with a strike price that was not discounted to the average market price of the underlying shares determined over the previous five trading days.

A summary of the movements of all company options issued is as follows:	Consolidated Group		Parent Entity	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Options outstanding as at 30 June 2013	5,000,000	0.03	5,000,000	0.03
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(5,000,000)	-	(5,000,000)	-
Options outstanding as at 30 June 2014	-	-	-	-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Options outstanding as at 30 June 2015	-	-	-	-

The exercise price of outstanding shares at the end of the reporting period was \$nil (2014: \$nil).

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24: Share-based Payments (cont'd)

The fair value of the options granted to the director is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$nil (2014: \$nil). These values were calculated using the Black Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$0.03
Weighted average life of the option:	3 years
Expected share price volatility:	59%
Risk free interest rate:	4.50%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

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

(iii) Shares granted to key management personnel as share based payments are as follows:-

Grant Date	Number
2 December 2010	5,000,000

The weighted average fair value of those equity instruments, determined by reference to market price, was \$nil (2014: \$nil).

These shares were issued as compensation to key management of the Group. Further details are provided in the Directors' Report.

Included under employee benefits expense in the statement of comprehensive income is \$nil which relates to equity settled share based payment transactions (2014: \$nil).

NOTE 25: Company Details

The registered office and principle place of business of the Company is:

Shop 11 "South Shore Piazza"
85 South Perth Esplanade
South Perth WA 6151

NOTE 26: Parent Entity Information

	2015	2014
Information relating to Cervantes Corporation Ltd:	\$	\$
Current assets	330,803	54,588
Total assets	335,473	378,853
Current liabilities	10,164	670,098
Total liabilities	834,364	670,098
Issued capital	12,088,070	12,068,070
Reserves	-	-
Retained earnings	(12,586,961)	(12,359,315)
Total shareholders' equity	(498,891)	(291,245)
Profit or loss of the parent entity	(227,646)	(80,560)
Total comprehensive income of the parent entity	(227,646)	(80,560)

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: Parent Entity Information (cont'd)

Provision for Impairment of Receivables

Non-current trade and other receivables are assessed for recoverability based on the successful exploration and sale of gold recovered from the retreatment projects currently being assessed by the Group. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. Refer to Note 1, Critical Accounting Estimates and Judgments for recoverability.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1.7.2014	Charge for the year	Amount Written Off	Closing Balance 30.6.2015
	\$	\$	\$	\$
Parent Entity				
i) Non-current wholly owned subsidiary	462,955	5,000	-	467,955
	462,955	5,000	-	467,955
	462,955	5,000	-	467,955
	Opening Balance 1.7.2013	Charge for the year	Amount Written Off	Closing Balance 30.6.2014
	\$	\$	\$	\$
Parent Entity				
i) Non-current wholly owned subsidiary	457,905	5,050	-	462,955
	457,905	5,050	-	462,955
	457,905	5,050	-	462,955

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

**CERVANTES CORPORATION LTD ABN 79 097 982 235
AND CONTROLLED ENTITY
DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report within the Directors' Report are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporate Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June, 2015 and of the performance for the year ended on that date of the Company and Group; and
 - (c) complies with International Financial Reporting Standards as disclosed in Note 1.

2. the Chief Executive Officer and the Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Collin Vost
Director
30 September 2015

*R*OTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Cervantes Corporation Ltd
PO Box 1196
South Perth WA 6951

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2015 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan (Lead auditor)

Rothsay

Dated 30th September 2015



Chartered Accountants



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CERVANTES CORPORATION LIMITED

Report on the financial report

We have audited the accompanying financial report of Cervantes Corporation Limited (the Company) which comprises the balance sheet as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants



Audit opinion

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

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates the basis for preparing the accounts on a going concern basis. We note the consolidated entity had net cash outflows from operating activities for the year ending 30 June 2015 of \$241,476, and has a deficiency of net assets of \$498,891. In the event the consolidated entity is unable to raise additional share capital, obtain additional debt funding and negotiate favourable debt repayment terms or dispose of held for trading listed shares at a profit, there is significant uncertainty as to whether the consolidated entity could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Audit opinion

In our opinion the remuneration report of Cervantes Corporation Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

G.R. Swan

Graham R Swan
Partner

Dated 30th September 2015



Chartered Accountants