



CERVANTES CORPORATION LIMITED

ACN 097 982 235

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00pm (WST)

DATE: 27 November 2020

PLACE: Royal Perth Golf Club, Labouchere Road, South Perth WA
6151

The Company is taking precautions to facilitate an in-person meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way affecting the ability to facilitate an in-person meeting, the Company will provide an update ahead of the meeting by way of an ASX announcement.

Shareholders and proxies should not attend if they are feeling unwell or have travelled overseas in the 14 days before the Meeting.

DRESS POLICY: Royal Perth Golf Club requires all members, guests and visitors to be dressed in smart casual. Denim, t-shirts, thongs and runners are not permitted. Men's shirts must be tucked in. These dress standards also apply to service providers. Admittance to the venue will be refused to those not adhering to the dress policy.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6436 2300.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 25 November 2020.

COVID-19

The health and safety of Shareholders, personnel and other stakeholders is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19 in Western Australia.

Based on the best information available to the Board at the time of this Notice, the Board considers it will be in a position to hold an in-person meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affects the position above, the Company will provide an update ahead of the Meeting by releasing an ASX announcement.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Given the current COVID-19 circumstances in Western Australia, the Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies

and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6436 2300.

Business of the Meeting

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Statement which accompanies this Notice. References to the “Corporations Act” are to the *Corporations Act 2001* (Cth), unless the context requires otherwise.

1. Financial Report

To receive and consider the annual financial report, directors’ report and auditor’s report for the Company and its controlled entities for the year ended 30 June 2020.

Note: There is no requirement for shareholders to approve these documents.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2020.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director – Justin Vost

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes Justin Vost, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. Resolution 3 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, the following resolution as a special resolution:

“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue Equity Securities provided for under Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

5. Resolution 4 – Issue of Options to Director – Collin Vost

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Collin Vost, a director of the Company (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Collin Vost and any other person who will receive a material benefit as a result of the issue (except a benefit solely by reason of being a holder of Shares), or any associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. Resolution 5 – Issue of Options to Director – Justin Vost

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Justin Vost, a director of the Company (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Justin Vost and any other person who will receive a material benefit as a result of the issue (except a benefit solely by reason of being a holder of Shares), or any associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. Resolution 6 – Issue of Options to Director – Marcus Flis

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Marcus Flis, a director of the Company (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Marcus Flis and any other person who will receive a material benefit as a result of the issue (except a benefit solely by reason of being a holder of Shares), or any associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Issue of Options – Patrick O’Neill

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, for the purposes of ASX Listing Rules 7.1 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Patrick O’Neill, or its nominee, on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Patrick O’Neill and any other person who will receive a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares), or any of their Associates. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel

DATED: 15 October 2020

BY ORDER OF THE BOARD

Colin Vost
Executive Chairman / Managing Director

Explanatory Statement

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. **Company Financial Report, Directors' Report and Auditor's Report**

The financial report, directors' report and auditor's report for the Company will be laid before the Meeting. There is no requirement for shareholders to approve these reports. The Chairman will allow a reasonable time for shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, and the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://www.cervantescorp.com.au/>

2. **Resolution 1 - Adoption of the Remuneration Report**

The remuneration report for the Company is set out in the Company's 2020 Annual Report. The remuneration report outlines the Company's remuneration framework and the remuneration outcomes for the financial year the subject of the remuneration report for the Board and Key Management Personnel.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the remuneration report at the meeting.

Under the Corporations Act if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report, then a further resolution (**Spill Resolution**) may be required to be considered at the second annual general meeting as to whether a further meeting be convened to put certain Directors to re-election. The Directors to be put to re-election are those Directors, other than the Managing Director, who were Directors when the resolution to make the directors report was passed.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the requirement for a Spill Resolution will not arise at this Meeting irrespective of the outcome of the vote on Resolution 1.

If you are appointing the Chair as your proxy, please note that the proxy form accompanying this Notice expressly authorises the Chair to vote any undirected proxies in favour of Resolution 1 even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Accordingly, if you are appointing the Chair as your proxy and do not wish your proxy to vote in favour of Resolution 1, you will need to mark "against" or "abstain" where indicated in the proxy form in relation to Resolution 1.

3. Resolution 2 – Re-election of Director

Clause 14.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 14.2 of the Constitution is eligible for re-election.

The Company currently has 3 Directors (including the Managing Director) and accordingly 1 must retire.

Mr Justin Vost, who has been a Director of the Company since 23 November 2011 and was last re-elected by Shareholders on 30 November 2018, retires by rotation and seeks re-election.

Mr Justin Vost has a diploma in Financial Markets and is currently involved in the Capital Markets. He also has experience in mining, manufacturing and business management in Australia and overseas.

The Board considers that Mr Justin Vost will, if re-elected, not qualify as an independent Director.

The Board (other than Mr Justin Vost who has a material interest in the outcome of Resolution 2) supports the re-election of Mr Justin Vost as a Director.

4. Resolution 3 – Approval of 10% Placement Facility

4.1 General

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company may, without shareholder approval, issue or agree to issue that number of Equity Securities that total up to 15% of the number of fully paid, ordinary securities on issue 12 months before the issue or agreement to issue.

ASX Listing Rule 7.1A provides that, in addition to the 15% placement capacity permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue, during the period the approval is valid, a number of quoted Equity Securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period as adjusted in accordance with the formula in ASX Listing Rule 7.1 (**10% Placement Facility**).

An eligible entity is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis). The Company is an eligible entity.

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company has one class of quoted equity securities on issue, being ordinary shares (ASX Code: CVS).

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue quoted Equity Securities under the 10% Placement Facility available under ASX Listing Rule 7.1A. The maximum number of quoted Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue quoted Equity Securities without Shareholder approval available under ASX Listing Rule 7.1A, and will remain subject to the 15% limit on issuing (or agreeing to issue) Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.2 Description of Listing Rule 7.1A and information required by Listing Rule 7.3A

(a) 10% Placement Period

If Shareholders approve Resolution 3, the Company's ability to issue quoted Equity Securities under the 10% Placement Facility will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting.;
- (iii) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.1 or 11.2,

(the **10% Placement Period**).

(b) Minimum Issue Price

The issue price of quoted Equity Securities issued under Listing Rule 7.1A must be a cash consideration per Equity Security of not less than 75% of the volume weighted average market price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(c) **Purpose of Funds Raised**

Funds raised from the issue of quoted Equity Securities under the 10% Placement Facility are intended to be used towards advancing existing assets and investments, the acquisition and development of new assets and investments, corporate and administration costs and working capital.

(d) **Economic and Voting Dilution Risk**

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100% and the voting dilution impact of such an increase. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.002 (50% decrease in current issue price)	\$0.004 (Current issue price)	\$0.008 (100% increase in current issue price)
536,008,309 (Current Variable A)	Shares issued – 10% voting dilution	53,600,831	53,600,831	53,600,831
	Funds raised	\$107,202	\$214,403	\$428,807
804,012,464 (50% increase in Variable A)	Shares issued – 10% voting dilution	80,401,246	80,401,246	80,401,246
	Funds raised	\$160,802	\$321,605	\$643,210
1,072,016,618 (100% increase in Variable A)	Shares issued – 10% voting dilution	107,201,662	107,201,662	107,201,662
	Funds raised	\$214,403.32	\$428,806.65	\$857,613.29

The table has been prepared on the following assumptions.

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused by their own shareholding depending on the specific circumstances.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The Company's Shares have been suspended from trading on the ASX since 30 May 2019, at which time the closing price of the Company's Shares was \$0.004.
- (viii) The Company will only issue the Equity Securities during the 10% Placement Period.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors set out in the Company's allocation policy, including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Substantial Holders and/or new Shareholders who are not related parties or associates of a related party of the Company.

(f) **Use of 10% Placement Facility in prior 12 months**

The Company did not seek Shareholders approval for its 10% Placement Facility at its previous annual general meeting held on 30 November 2019.

(g) **Voting Exclusion**

A voting exclusion statement is not included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

5. Resolutions 4 to 6 - Issue of Options to Directors

5.1 General Comments

It is proposed that, subject to Shareholder approval, a total of 15,000,000 Options (exercise price \$0.01, expiring 31 December 2023) are issued to the Directors of the Company, being Messrs Collin Vost, Justin Vost and Marcus Flis (or their respective nominees) (each a **"Related Party"** and together the **"Related Parties"**) as remuneration for their service as Directors of the Company.

Resolutions 4 to 6 seek Shareholder approval for the issue of the Options to the Related Parties.

5.2 Related Party Transaction

Under the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Options to the Related Parties constitutes giving a financial benefit and, as the Related Parties are Directors, they are each a related party of the Company.

It is the view of the Company that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options because the Options are considered reasonable remuneration in the circumstances.

5.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that, unless one of the exceptions in Listing Rule 10.12 applies, shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to any of the following:

10.11.1: A related party.

10.11.2: A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company.

10.11.3: A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to sit on the board of the Company) pursuant to a relevant agreement which gives them a right or expectation to do so.

10.11.4 An associate of any of the above.

10.11.5 A person whose relationship with the Company or a person referred to above is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

The Related Parties meet the category under ASX Listing Rule 10.11.1 because they are Directors. Any nominee who is issued the Options will be an associate of the applicable Related Party and will fall under ASX Listing Rule 10.11.4. Therefore, the Company requires Shareholder approval in accordance with ASX Listing Rule 10.11 to grant the Options to the Related Parties (or their respective nominees).

If Resolutions 4-6 are passed, the Options will be issued to Related Parties (or their respective nominees).

If a Resolution is not passed, the Company will not be able to issue the Options the subject of that Resolution and will need to assess whether to remunerate the Director in some other fashion.

5.4 Shareholder Approval (Listing Rule 10.13)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Options:

- (a) the Options (being the nature of the financial benefit being provided) are to be issued to the Related Parties (or their nominees) as follows:

Related Party	Number Options
Collin Vost	5,000,000
Justin Vost	5,000,000
Marcus Flis	5,000,000
Total	15,000,000

- (b) Collin Vost, Justin Vost and Marcus Flis are related parties by virtue of being Directors of the Company and so fall under Listing Rule 10.11.1. If the Options are issued to a nominee of Messrs Collin Vost, Justin Vost and Marcus Flis, the nominee will be an Associate of the Director and fall under Listing Rule 10.11.4;
- (c) the material terms of the Options are set out in Schedule 1;
- (d) the Options will be issued to the Related Parties (or their nominees) no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (e) the Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (f) the purpose of the issue of the Options is to provide Mr Collin Vost, Justin Vost and Marcus Flis part remuneration for their services as Directors of the Company;

- (g) the current total remuneration package of the Related Parties (inclusive of superannuation and equity-based remuneration) for the current financial year, and for the previous two financial years, is as follows. This is in addition to the Options proposed to be granted under Resolutions 4-6;

Related Party	Current financial year to 30 June 2021 (estimate)	Financial year Ended 30 June 2020	Financial year Ended 30 June 2019
Collin Vost	\$27,000	\$24,000	\$24,000
Justin Vost	\$40,000	\$22,000	\$24,000
Marcus Flis	\$27,000	\$26,000	\$16,000

- (h) the Company has obtained a valuation from its accountants for the Options using a Black & Scholes valuation method. Based on the exercise price being 250% of the last traded Share price of \$0.004, and the Shares being suspended from trading since May 2019, the Options have been determined using this method to have a nil value;
- (i) as at the date of this Notice of Meeting, the Related Parties have relevant interests in the following Company securities:

Related Party	Shares	Options ¹
Collin Vost	55,070,000	5,000,000
Justin Vost	19,362,225	2,000,000
Marcus Flis	-	-

1. \$0.01 exercise price, expiring 31 December 2022.

- (j) if all of the Options issued under Resolutions 4-6 to the Related Parties are exercised, a total of 15,000,00 Shares would be allotted and issued. This will increase the number of Shares on issue from 536,008,309 to 551,008,309 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 2.72%; and
- (k) the Company's Shares have been suspended from trading on the ASX since 30 May 2019, at which time the closing price of the Company's Shares was \$0.004.

6. Resolution 7 - Issue of Options to Patrick O'Neill

6.1 General Comments

Resolution 7 seeks Shareholder approval for the issue of 3,000,000 Options (exercise price \$0.01, expiring 31 December 2023) to Company Secretary Mr Patrick O'Neill (or his nominee).

6.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue does not fall within any of these exceptions. While it does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that Listing Rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this the Company is asking Shareholders to approve the proposed issue of Options under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

To this end, Resolution 7 seeks Shareholder approval for the proposed issue of the Options to Mr Patrick O'Neill (or his nominee) for the purpose of Listing Rule 7.1.

If Resolution 7 is passed, the proposed issue of Options can proceed without using any of the Company's 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1. If the Options are fully exercised, the Company's cash position will increase by \$30,000 and existing Shareholders will be diluted by approximately 0.6 (assuming no further Shares are issued).

If Resolution 7 is not passed, the proposed issue of Options can still proceed but it will reduce, to that extent, the Company's capacity issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

6.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) 3,000,000 Options are to be issued to Mr Patrick O'Neill (or his nominee), who is not a related party of the Company but is the Company Secretary;
- (b) the material terms of the Options are set out in Schedule 1;
- (c) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the Options will be issued on the same date;
- (d) the Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the purpose of the issue of the Options is to provide Mr Patrick O'Neill with part remuneration for his services as Company Secretary.

GLOSSARY

In this Explanatory Statement (and the Notice of Meeting) the following terms will bear the following meanings, unless the context otherwise requires:

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting and where relevant the Chair for the relevant part of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- A. a spouse or child of the member;
- B. a child of the member's spouse;
- C. a dependent of the member's spouse;
- D. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- E. a company the member controls; or
- F. a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Cervantes Corporation Limited (ACN 097 982 235).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards (as that term is defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, directly or indirectly, including any director (whether executive or non-executive) of the Company or if the Company is part of a consolidated entity of an entity within the consolidated group.

Meeting means the annual general meeting of Shareholders convened by this Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and

the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS – RESOLUTIONS 4-7

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire on 31 December 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date (or such lesser period as required by the ASX Listing Rules), the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

PROXY FORM

CERVANTES CORPORATION LIMITED
ACN 097 982 235

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 2.00pm (WST), on 27 November 2020 at Royal Perth Golf Club, Labouchere Road, South Perth WA 6151, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Important for Resolutions 1 and 4-7: If the Chair of the Meeting is my/our proxy, either by appointment or by default, and I/we have not indicated my/our voting instructions below, I/we are expressly authorising the Chair of the Meeting to exercise the proxy in respect of Resolutions 1 and 4-7 even though the Resolution is concerned directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director – Mr Justin Vost	☐	☐	☐
Resolution 3	Approval of 10% Placement Facility	☐	☐	☐
Resolution 4	Issue of Options – Collin Vost	☐	☐	☐
Resolution 5	Issue of Options – Justin Vost	☐	☐	☐
Resolution 6	Issue of Options – Marcus Flis	☐	☐	☐
Resolution 7	Issue of Options – Patrick O'Neill	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Cervantes Corporation Limited, PO Box 1196, South Perth WA 6951; or
 - (b) facsimile to the Company on facsimile number +61 8 9367 2450; or
 - (c) email to the Company at admin@cervantescorp.com.auso that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.