

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Cervantes Corporation Limited

ABN

79 097 982 235

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	0	0
1.2 Payments for (a) staff costs	(23)	(92)
(b) advertising and marketing		
(c) research and development	(45)	(296)
(d) leased assets		
(e) other working capital	(20)	(141)
1.3 Dividends received		4
1.4 Interest and other items of a similar nature received		5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other –	2	11
Net operating cash flows	(86)	(509)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(86)	(509)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		(33)
(c) intellectual property		
(d) physical non-current assets		(1)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		67
(c) intellectual property		
(d) physical non-current assets	5	5
(e) other non-current assets		
1.11 Loans to other entities		(215)
1.12 Loans repaid by other entities		430
1.13 Other (provide details if material)		
	5	253
Net investing cash flows		
1.14 Total operating and investing cash flows	(81)	(256)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows		
Net increase (decrease) in cash held	(81)	(256)
1.21 Cash at beginning of quarter/year to date	102	277
1.22 Exchange rate adjustments to item 1.20		
	21	21
1.23 Cash at end of quarter		

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	27
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Director's fees and serviced office rental.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	9	8
4.2 Deposits at call	12	94
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	21	102

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~* give a true and fair view of the matters disclosed.



Sign here: Date: 28 July 2010.....
 (Company secretary)

Print name:Patrick Joseph O'Neill.....

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Notes Attached to this Report

The Board of Cervantes has over the last 18 months been assessing a number of gold tailings and other projects both in Australia and overseas and carried out drilling and assays as well as metallurgical work. The specific tailings projects were considered uncommercial based on the current gold price and current treatment processes available for the size and grades of the tailings, but an agreement is in place for any potential ongoing involvement for Cervantes at no cost to Cervantes if circumstances change and or a more suitable treatment process is introduced.

In the meantime the Board, in conjunction with highly experienced consultants and with representatives of Zurich Securities Pty Ltd, a securities dealer (AFSL 317392), are currently assessing projects in Kazakhstan, have commenced various discussions with parties in Jakarta for extremely interesting projects and ventures in Indonesia, as well as a potentially large project in Australia and in Mozambique.

Cervantes' highly loyal shareholder base, extraordinary low operating costs and lack of debt and liabilities makes it a constant target for enquiries by brokers and vendors of projects and ventures and the Board vets all of these opportunities with a critical assessment as to the best value for shareholders.

The Board is especially seeking advanced projects or ventures with potential early cash flow.

The Company has cash and liquid assets in excess of \$380,000, being shares in listed companies and 8 lobster pot licences, which are increasing in value, all of which can be progressively sold to meet commitments as and when required. The Company, based on its current assets and cash, has sufficient reserves to meet its costs and expenses for the next 2 quarters, as and when they fall due.

The Board have agreed however to pursue a capital raising in due course to increase the cash and liquid assets reserves pending the final outcome and closing of any venture or project and this is expected to be announced to shareholders in the near future. This will be the first capital raising by Cervantes since its reinstatement to the ASX in Mid 2007 as the Board have managed that limited capital with the utmost prudence on behalf of shareholders pending a deal on an acceptable project that suits the Company's structure.

A recent visit to Hangzhou in China by representatives of Zurich Securities Pty Ltd has provided the Board with extreme optimism that funding by way of capital raisings and financial support is readily available for the right opportunities and the Board is attempting to ensure such ventures being assessed fall within their guidelines where possible.

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