

# 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 September 2014**

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	6	6
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(18)	(18)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other –		
	(58)	(58)
<b>Net operating cash flows</b>	<b>(70)</b>	<b>(70)</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(70)	(70)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	(70)	(70)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	75	75
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	75	75
<b>Net increase (decrease) in cash held</b>	5	5
1.21 Cash at beginning of quarter/year to date	5	5
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	10	10

+ 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	34
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, bookkeeping and serviced office rental.
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**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

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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

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**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	10	10
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.23)</b>	10	10

**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: 31 October 2014  
 (Company secretary)

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

**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

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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**

Cervantes currently has some \$387000 of liquid assets and listed shares 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.

The Board continues to assess projects, offers and opportunities which it believes will add value to Cervantes shares, based on market conditions, sector activity, and ASX compliance requirements, as well as ensuring the risk to reward ratio favours the Company and its shareholders.

Cervantes has however been approached by a Group with new technology in regards to processing the Company's interests in the JV Gold Tailings deposit in WA and a separate Technology Group has been appointed to re assess other aspects of the material for other treatment options. Cervantes has been investing in and reporting on this project for some years now and with the gold price and market conditions improving, is re instating its assessment of the venture.

Cervantes 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. Cervantes has reached the stage of now having serious discussions in relation to preparing an agreement on the venture, but emphasise that any such agreement will have a number of conditions precedent and will be subject to satisfactory discussions with the ASX, and share holder approval.

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 \$60,000 per annum. This austerity will continue until the Directors and management are able to be adequately rewarded 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.

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.

Cervantes, 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.

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