

CERVANTES CORPORATION LTD A.B.N. 79 097 982 235
AND CONTROLLED ENTITY
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017



CERVANTES
Corporation Limited

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flow	12
Notes to the Financial Statements	13
Directors' Declaration	19
Independent Auditor's Review Report to the Members	20

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2017.

Directors

The names of directors who held office during and since the end of the half-year:

Mr Collin Vost	Chairman/Managing Director	Appointed 9 October 2007
Mr Justin Vost	Non Executive Director	Appointed 23 November 2011
Mr Timothy Clark	Non Executive Director	Appointed 3 July 2012 Removed 29 November 2017
Mr Marcus Flis	Non Executive Director	Appointed 9 October 2017

Review of Operations

PAYNES FIND GOLD

The Paynes Find Gold Project located in the Mid-West Region of WA and only half a day's travel North East of Perth. It covers an area of some 700 hectares, with an estimated 10 kilometre Primrose Fault strike length. The tenement holding represents the major portion of the historical Paynes Find Gold Field, discovered in 1911, which is in close proximity to the Great Northern Highway (*Figure 1*).

During the period the Company advised that the Paynes Find Gold Project acquisition had settled as of 21 December 2017. Mr Marcus Flis, Cervantes Exploration Manager, is currently preparing the exploration program for the project area which is expected to commence around the end of March to early April 2018.

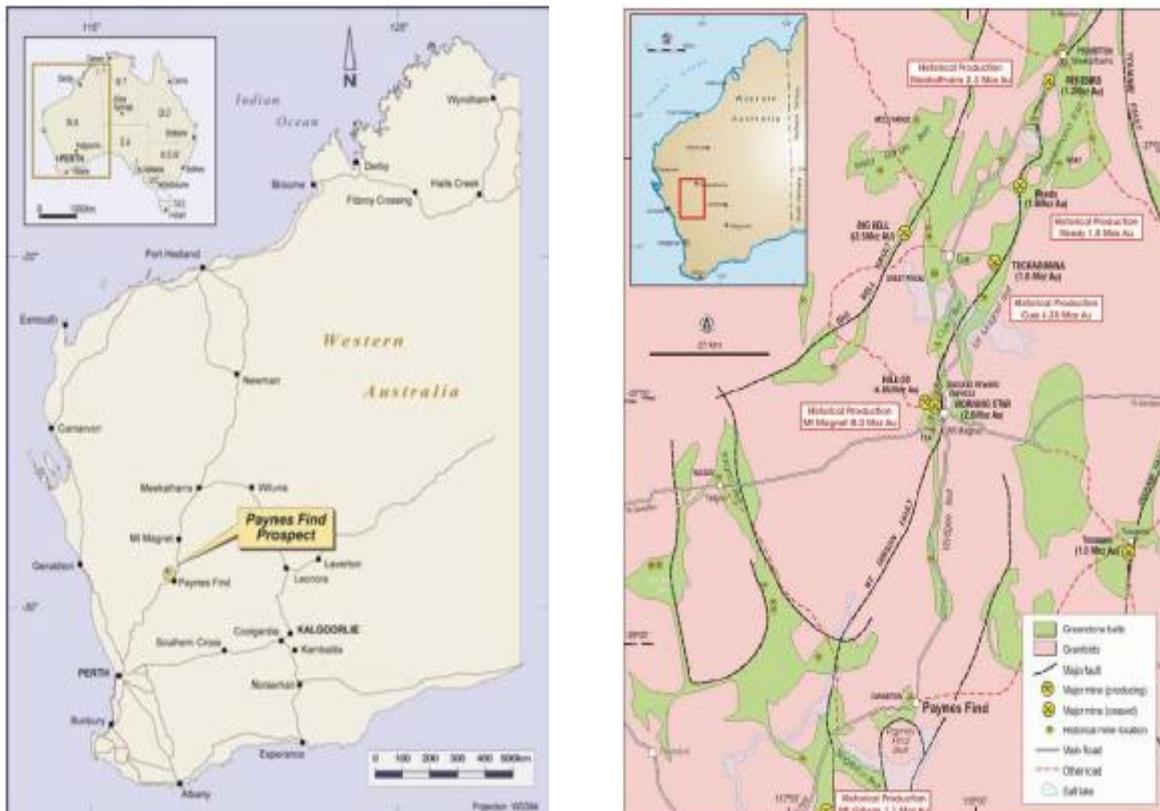


Figure 1. – Location, Paynes Find Gold Project

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
DIRECTORS' REPORT**

The primary goal is to target the areas of highest potential which are highlighted in the data to date, move towards obtaining a resource estimate as soon as possible together with a focused exploration target. Cervantes holds the view that previous work carried out on the project area has indicated not only potential for a significant near surface, high grade gold resource, but deeper higher grade targets, especially along the Primrose Fault (*Figure 2*).

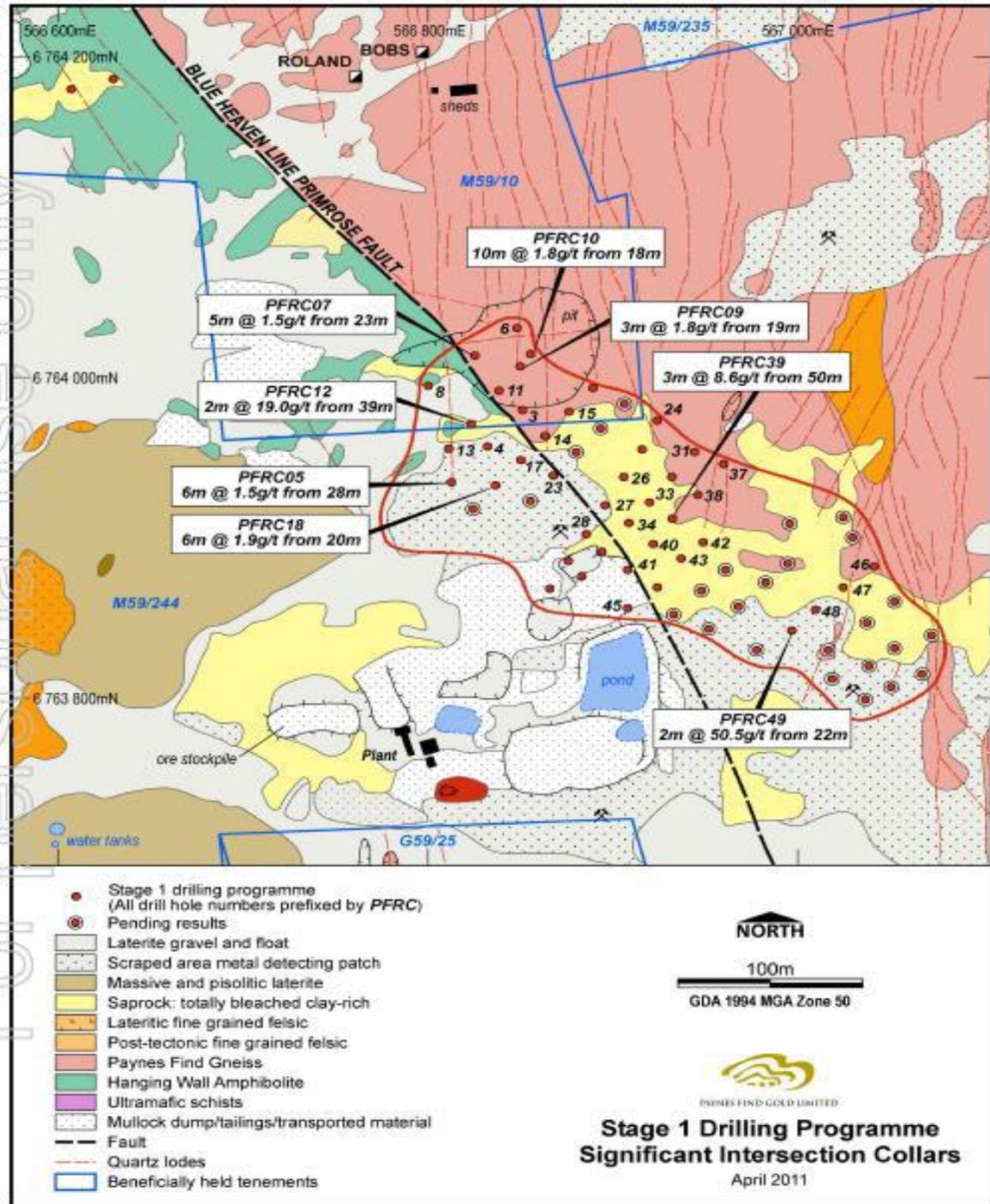


Figure 2. Phase 1 Drilling collars and results (Paynes Find Gold Ltd, 10 August 2011)

ALBURY HEATH

The Albury Heath tenement package (P51/2937, P51/2997 - 3001) is located approximately 23 kilometres South East of the mining town of Meekatharra in Western Australia (*Figure 3*). The board has been very pleased with the progression of the Albury Heath Project. An exploration program is currently being prepared by the Exploration Manager, Marcus Flis, which is expected to commence around the end of March to early April 2018, together with the Paynes Find Project. Access to Albury Heath is via a high quality sealed road from Perth and Kalgoorlie to Meekatharra, with a short extent of good quality gravel road into the project area. The project can therefore be regarded to be readily accessible under most circumstances. Native Title approval is currently still pending for P51/2997 – 3001, however this is expected to be finalised in the near term.

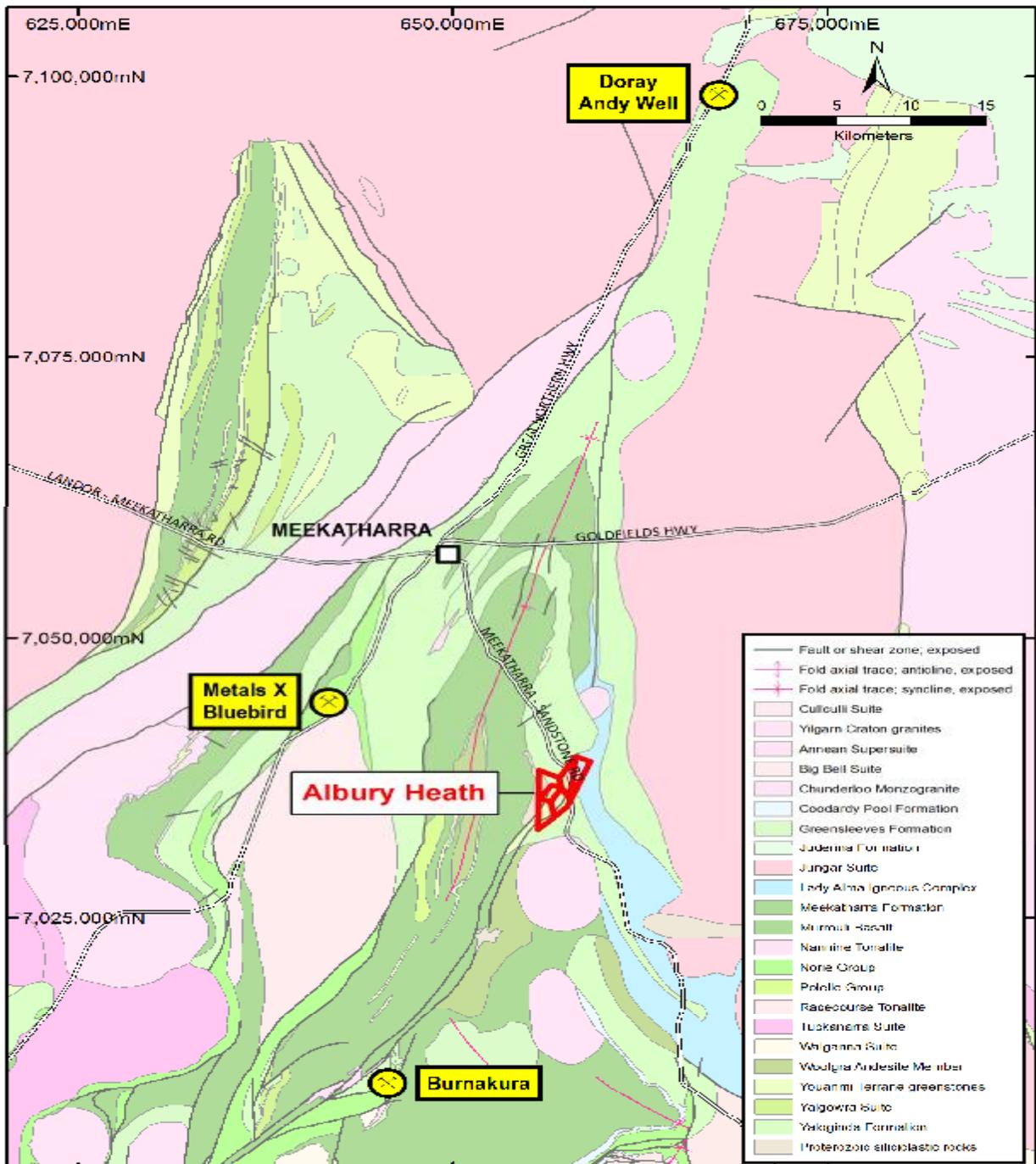


Figure 3. - Location, Albury Heath Project

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
DIRECTORS' REPORT

This project was strategically acquired by the company for its near term production potential and having reached a number of milestones during the previous quarters the potential is gradually coming to fruition.

As announced on 7 February 2017, Continental Resource Management (CRM) estimated a Maiden JORC Resource of Indicated and Inferred Resources of 390,000t at 2.15g/t Au, for a total of 27,000oz of contained gold above a cut-off grade of 0.5g/t Au. This is an 80% increase in estimated ounces since the last published (1999 JORC) Resource Estimate of 164,500t @ 2.87 g/t Au for 15,200oz.

	Tonnes	Grade (g/t)	Au (ounces)
Indicated	300,000	2.25	21,500
Inferred	90,000	1.9	5,500
Totals	390,000	2.15	27,000

Table 1. Resource Summary– above lower cut off of 0.5g/t

Beyond the mineral resource estimated by mining industry consultant CRM the modelling exercise threw up several factors inherent in the drilling technology used at the time and in the resource modelling process, that open the potential for additional exploration potential that may be delineated by a small drilling program. Cervantes is undertaking a process to develop an exploration plan to examine these matters at the earliest possible time. Potential upside exists through three sources;

- 1) Mineralisation – Open at Depth
- 2) No Samples Beneath Open Stopes (RC Cross-over method)
- 3) Depth Extensions of High Grade Lodes

As mentioned above, the Company is planning a small drilling program to target the issues mentioned above related to potential resource upside, but also to collect fresh material for metallurgical testing and to provide geotechnical information to assist in pit design. With fresh material and results from this small exploration program, Cervantes expects to be in a stronger position to continue discussions with nearby mills regarding treatment of the ore.

GARDEN GULLY

Cervantes tenement E63/1721, is strategically located and wholly-owned, it immediately adjoins to the North of Thundelarra Ltd's exciting Garden Gully project in Meekatharra (*Figure 4.*). It's approx 10km South West of Doray Mining Ltd's Andy Well project area and mill, is approx 20km North West of the Meekatharra Township and is approx 40km north of the Bluebird mill.

The Company does not currently have a work program planned for its Garden Gully Project but discussions and planning are underway.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
DIRECTORS' REPORT**

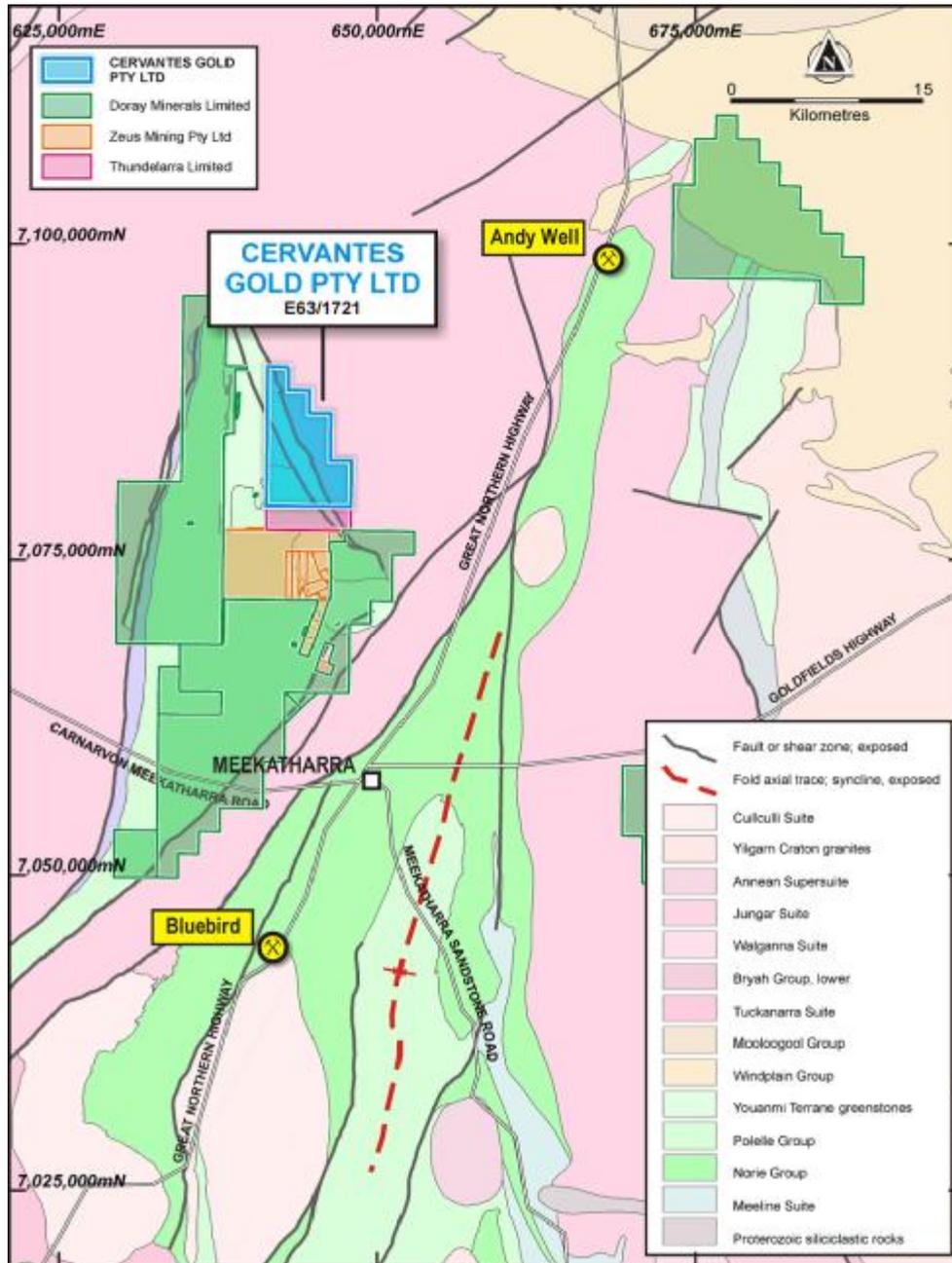


Figure 4. - Location, Cervantes Garden Gully Project area

With a strengthening gold price and increased market interest in junior gold explorers we look forward to an exciting year ahead.

On 12 July 2017 the Company issued 1,000,000 ordinary shares pursuant to resolution 9 passed at the General Meeting of Shareholders held on 27 June 2017 where shareholders approved the issue of 1,000,000 shares to Greg Barnes (or nominee) as consideration for the transfer Albury Heath Prospecting Licence to the Company, in accordance with the terms of the Albury Heath Term Sheet.

On 27 December the Company issued a total of 33,000,000 ordinary shares and 7,000,000 unquoted incentive options. These issues were pursuant to resolution 4 to 8 passed at the General Meeting of Shareholders held on 29 November 2017.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
DIRECTORS' REPORT

25,000,000 shares were issued to European Lithium Ltd in satisfaction for the acquisition of the Paynes Find Project at a deemed issue price of \$0.02 per share, being \$500,000.

1,000,000 ordinary share to Greg Barnes (or nominee) in satisfaction of an \$8,000 fee for the referral of the Paynes Find Gold Project.

5,000,000 ordinary shares to New York Securities Pty Ltd (or nominee) in satisfaction of a \$44,000 fee (inclusive of GST) for the introduction, coordination and facilitating the acquisition of these projects to the Company.

2,000,000 ordinary shares and 2,000,000 unquoted incentive options to Justin Vost (or nominee) and 5,000,000 incentive options to Collin Vost (or nominee) were issued as an incentive for their future involvement as Directors and to grow the Company's business.

On 31 January the Company issued 40,154,000 ordinary shares to professional, sophisticated and other investors under the placement capacity available to the Company under ASX listing rule 7.1 to raise \$281,078.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors:



Collin Vost
Director and Chairman
Dated: 14 March 2018



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

The Directors
Cervantes Corporation Ltd
PO Box 190
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 review of the 31 December 2017 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 14th March 2018



Chartered Accountants

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017

Continuing Operations	Note	Consolidated Group 31 December 2017	31 December 2016
Revenue			
Interest income	2a	6	6
Increase in fair value of other financial assets		5,716	40
		5,722	46
Employee benefits expenses		(32,100)	(36,600)
Financing costs		(206)	(9,690)
Occupancy expenses		(27,218)	(27,331)
Administration expenses		(201,421)	(77,312)
		(255,223)	(150,887)
Profit (Loss) from ordinary activities before related Income Tax benefit			
Income tax benefit relating to ordinary activities		-	-
		(255,223)	(150,887)
Profit (Loss) from ordinary activities after related Income Tax benefit		(255,223)	(150,887)
Other comprehensive income		-	-
		(255,223)	(150,887)
Total comprehensive income		(255,223)	(150,887)
Earnings per share attributable to the ordinary equity holders of the company			
- Basic		(0.078)c	(0.051)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 31 DECEMBER 2017

	Note	Consolidated Group	
		As at 31 December 2017	As at 30 June 2017
Current Assets			
Cash and cash equivalents		26,238	62,302
Trade and other receivables		17,661	9,155
Other assets		-	500
Financial assets		27,395	21,679
Total Current Assets		71,294	93,636
Non-Current Assets			
Property, plant and equipment		2,900	2,900
Exploration assets	3	946,091	238,701
Intangible assets	4	670	670
Total Non-Current Assets		949,661	242,271
Total Assets		1,020,955	335,907
Current Liabilities			
Trade and other payables		198,007	80,419
Financial liabilities	5	1,342,400	1,082,400
Total Current Liabilities		1,540,407	1,162,819
Total Liabilities		1,540,407	1,162,819
Net Assets		(519,452)	(826,912)
Equity			
Issued capital	6	12,858,064	12,295,381
Accumulated losses		(13,377,516)	(12,122,293)
Total Equity		(519,452)	(826,912)

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 FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017

Consolidated Group	\$	\$	\$
	Share Capital Ordinary	Accumulated Losses	Total
Balance at <i>1.7.2016</i>	12,088,070	(12,810,357)	(722,287)
Total comprehensive income	-	(150,887)	(150,887)
Sub-total	12,088,070	(12,961,244)	(873,174)
Shares issued during the period	11,144	-	11,144
Transaction costs	(26,563)	-	(26,563)
Balance at <i>31.12.2016</i>	12,072,651	(12,961,244)	(888,593)
Balance at <i>1.7.2017</i>	12,295,381	(13,122,293)	(826,912)
Total comprehensive income	-	(255,223)	(255,223)
Sub-total	12,295,381	(13,377,516)	(1,082,135)
Shares issued during the period	574,000	-	574,000
Transaction costs	(11,317)	-	(11,317)
Balance at <i>31.12.2017</i>	12,858,064	(13,377,516)	(519,452)

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 HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	31 December 2017	31 December 2016
Cash Flow from Operating Activities		
Cash receipts in the course of operations		
Payments to suppliers and employees	(72,909)	(121,531)
Interests received	6	6
Interest paid	(206)	(15)
Net cash flows from (used in) operating activities	<u>(73,109)</u>	<u>(121,540)</u>
 Cash Flow from Investing Activities		
Proceeds from held for trading investments	(4,247)	-
Proceeds from borrowings - non-related parties	260,000	195,000
Payments for exploration & evaluation	(207,390)	(62,898)
Net cash flows from (used in) investing activities	<u>48,363</u>	<u>132,105</u>
 Cash Flow from Financing Activities		
Proceeds from issue of shares	-	11,144
Costs of share issue	(11,318)	(26,593)
Net cash flows from financing activities	<u>(11,318)</u>	<u>(15,419)</u>
 Net increase (decrease) in cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	(36,064)	(4,857)
Cash and cash equivalents at the beginning of the period	<u>62,302</u>	<u>22,904</u>
Cash and cash equivalents at the end of the period	<u>26,238</u>	<u>18,047</u>

The accompanying notes form part of these financial statements.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 1: Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Cervantes Corporation Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Accounting Policies

Revenue Recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

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 impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Going Concern

The group has a loss for the period of \$255,223 and a deficiency of net assets of \$519,452.

On 31 January the Company issued 40,154,000 ordinary shares to professional, sophisticated and other investors under the placement capacity available to the Company under ASX listing rule 7.1 to raise \$281,078.

The directors are considering raising further equity capital through a share placement. Also, the Group has current assets, being held for sale investments, which could be sold to meet current financial obligations.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The directors continued to seek opportunities for the Group and the Board the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim report and accounts.

Notwithstanding these points the directors have concluded there is a material uncertainty that casts doubt upon the Group's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the interim financial statements 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 Estimates – Deferred Exploration and Evaluation Expenditure

The Group's policy for deferred 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 amount is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the Statement of Comprehensive Income. At the date of this report the Group had sufficient reason to believe that the exploration in specific areas of interest will lead to the discovery of viable quantities of mineral resource and the Group has decided to continue such activity in the specific areas. Such capitalised expenditure is carried at reporting date at \$956,091 and the amount written off through the Statement of Comprehensive Income as exploration and evaluation written off for projects amounted to \$nil (December 2016 \$nil)

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
<hr/>		
NOTE 2: Profit (Loss) for the period		
2a. Interest revenues		
- other persons	6	6
	<hr/>	<hr/>
	<u>6</u>	<u>6</u>

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
NOTE 3: Deferred exploration expenditure		
Exploration and evaluation costs carried forward in respect of exploration areas of interest	946,091	238,701
	<u>946,091</u>	<u>238,701</u>
Movement in carrying amounts		
Balance at beginning of year	238,701	53,076
Acquisitions at fair value	670,500	59,500
Exploration expenditure capitalised	37,390	126,125
Exploration expenditure written off	-	-
Amortisation	-	-
	<u>946,091</u>	<u>238,701</u>
Closing balance	<u>946,091</u>	<u>238,701</u>

Paynes Find acquisition

On 22 December 2016 a Conditional Binding Terms Sheet was signed between Cervantes Gold Pty Ltd, the wholly owned subsidiary of the Company and European Lithium Ltd (ASX:EUR) to purchase 100% of the rights, title and interest in the tenement known as the Paynes Find Gold Project, located in Meekatharra Western Australia.

Consideration for the transaction consists of cash and share capital in the Company as follows:

- a) \$500,000 to be satisfied through the issue of 25,000,000 ordinary shares in the Company at a deemed issue price of two cents per share (\$0.02) on completion of the transaction. These shares were issued by the Company on 22 December 2017.
- b) \$500,000 in cash, paid in the following instalments:
 - \$5,000 on signing of the Terms Sheet (which has been paid);
 - \$20,000 on satisfaction of due diligence in relation to the Paynes Find Gold Project (which has been paid);
 - \$25,000 on signing of the Formal agreement (which has been paid);
 - \$20,000 within 5 days of signing of the Letter Agreement to amend the Formal Agreement dated on or about 30 June 2017 (which has been paid);
 - \$100,000 on or before 30 August 2017 (which has been paid);
 - \$25,000 on or before 20 October 2017 (which has been paid);
 - \$25,000 on or before 15 November 2017 (which has been paid);
 - \$25,000 on or before 15 January 2018 (which has been paid subsequent to 31 Dec 2017);
 - \$25,000 on or before 28 February 2018 (which has been paid subsequent to 31 Dec 2017);
 - and
 - \$230,000 on or before 31 March 2018.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: Deferred exploration expenditure (continues)

Albury Heath acquisition

On 16 December 2016 the Company signed a Binding Terms Sheet to acquire a prospecting licence to add to its current exploration licence in the Meekatharra area in Western Australia.

Consideration for the acquisition consists of the issue of one million (1,000,000) ordinary shares in the Company at a deemed price of one cent (\$0.01) per share and a production royalty of \$5.00 per net ounce produced and sold. The shares were issued by the Company on 12 July 2017.

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
NOTE 4: Intangible assets		
Non current		
Company formation expenses	670	670
	<u>670</u>	<u>670</u>

NOTE 5: Borrowings

Current

Unsecured borrowings	1,342,400	1,082,400
	<u>1,342,400</u>	<u>1,082,400</u>

The Group 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, various projects including assessing the gold tailings and additional working capital. Whist the amount is at call and recorded as a current liability it is not expected to be repaid in the next twelve months. This loan maybe converted to equity and/or other securities subject to mutual agreement.

The Company acquired a short term advance from New York Securities Pty Ltd, the sum of \$25,000 on 27 December 2017. This advance was unsecured and interest free. Mr Collin Vost, a director of the Company is also a director of New York Securities Pty Ltd. This advance was repaid on 5 February 2018.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
NOTE 6: Issued capital		
357,329,716 (June 2017: 298,271,112)		
Fully paid ordinary shares		
Opening balance	12,295,381	12,088,070
Issue 17 November 2016		11,144
Issue 10 February 2017		179,500
Issue 4 May 2017		60,000
Transaction costs	(11,317)	(43,333)
Issue 12 July 2017	10,000	
Issue 22 December 2017	500,000	
Issue 22 December 2017	64,000	
	<hr/>	<hr/>
At the end of the reporting period	<u>12,858,064</u>	<u>12,295,381</u>

	Consolidated Group	
	31 December 2017	30 June 2017
	No.	No.
Ordinary shares		
At the beginning of reporting period	323,329,716	298,271,112
Shares issued during the period:		
Issue 17 November 2016		1,108,604
Issue 10 February 2017		17,950,000
Issue 4 May 2017		6,000,000
Issue 12 July 2017	1,000,000	
Issue 22 December 2017	25,000,000	
Issue 22 December 2017	8,000,000	
	<hr/>	<hr/>
At the end of reporting period	<u>357,329,716</u>	<u>323,329,716</u>

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.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity
NOTE TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: Share based payments

On 12 July 2017 the Company issued 1,000,000 ordinary shares pursuant to resolution 9 passed at the General Meeting of Shareholders held on 27 June 2017 where shareholders approved the issue of 1,000,000 shares to Greg Barnes (or nominee) as consideration for the transfer Albury Heath Prospecting Licence to the Company, in accordance with the terms of the Albury Heath Term Sheet.

On 27 December the Company issued a total of 33,000,000 ordinary shares and 7,000,000 unquoted incentive options. These issues were pursuant to resolution 4 to 8 passed at the General Meeting of Shareholders held on 29 November 2017.

25,000,000 shares were issued to European Lithium Ltd in satisfaction for the acquisition of the Paynes Find Project at a deemed issue price of \$0.02 per share, being \$500,000.

1,000,000 ordinary share to Greg Barnes (or nominee) in satisfaction of an \$8,000 fee for the referral of the Paynes Find Gold Project.

5,000,000 ordinary shares to New York Securities Pty Ltd (or nominee) in satisfaction of a \$44,000 fee (inclusive of GST) for the introduction, coordination and facilitating the acquisition of these projects to the Company.

2,000,000 ordinary shares and 2,000,000 unquoted incentive options to Justin Vost (or nominee) and 5,000,000 incentive options to Collin Vost (or nominee) were issued as an incentive for their future involvement as Directors and to grow the Company's business.

NOTE 8: Operating segments

The consolidated entity operates in a single business segment being mining minerals and exploration in Australia.

The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

NOTE 9: Contingent liabilities

There has been no change in contingent liabilities since the end of the last annual reporting period.

NOTE 10: Event subsequent to balance date

On 31 January the Company issued 40,154,000 ordinary shares to professional, sophisticated and other investors under the placement capacity available to the Company under ASX listing rule 7.1 to raise \$281,078.

There are no matters or circumstances that have arisen since the end of the half-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.

Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity

DIRECTORS' DECLARATION

The directors of Cervantes Corporation Limited (the company) declare that:

1. The accompanying half year interim financial statements and notes:
 - (a) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. 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 and Chairman
Dated: 14 March 2018



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

Independent Review Report to the Members of Cervantes Corporation Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Cervantes Corporation Ltd for the half-year ended 31 December 2017.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Cervantes Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Cervantes Corporation Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants



Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which outlines the consideration of future capital raisings and the sale of current assets and wherein it is stated notwithstanding these points that the directors have concluded there is a material uncertainty that casts doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Rothsay Auditing

**Graham Swan FCA
Partner**

Dated 14th March 2018



Chartered Accountants