Rule 4.7B

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	Quarter ended ("current quarter")
79 097 982 235	**30 September 2013**

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from customers		2	2
1.2	Payments for	(a) staff costs	(18)	(18)
		(b) advertising and marketing		
		(c) research and development		
		(d) leased assets		
		(e) other working capital	(36)	(36)
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 –			
	Net operating cash flows		(52)	(52)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	(52)	(52)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(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)		
	Net investing cash flows		
1.14	**Total operating and investing cash flows**	(52)	(52)
	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	20	20
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.20	Other (provide details if material)		
	Net financing cash flows	20	20
	Net increase (decrease) in cash held	(32)	(32)
1.21	Cash at beginning of quarter/year to date	39	39
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	7	7

+ 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	29
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

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	7	1
4.2 Deposits at call		38
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	7	39

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 /~~does not~~* give a true and fair view of the matters disclosed.

Sign here: .... Date: 30 October 2013.
(Company secretary)

Print name: ....Patrick Joseph 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 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.

+ See chapter 19 for defined terms.

Notes Attached to this Report

Cervantes currently has some $300,000 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 will continue 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 underlying current assets have been severely devalued via "Fair Value Adjustment" accounting standards, creating substantial losses in the trading account as a result of the global market meltdown of stocks, specifically in the junior sector. The Company expect this portfolio of assets, which the Board has considerable faith in, to return to previous highs as institutional and retail confidence returns to the markets both in Australia and globally in 2014. Specifically, we expect these stocks held to attract attention in 2014, allowing the accounts to be re-valued, and profits booked in 2014, as well as increasing the cash available to Cervantes to consider other opportunities it is assessing

During the 2012/2013 period, as previously announced, Cervantes was offered the opportunity to participate in an iron sands (Titano Magnetite) project in the Philippines, contained within an unrelated, unlisted public company which was in a financially distressed situation. The Board believed the assets held were very prospective, but the short time frame of this opportunity and our listing rules prevented the Company from pursuing it at that time. The Board introduced that opportunity to Baraka Energy & Resources Ltd, who Cervantes assisted to regain relisting in 2009, and whose balance sheet and cash resources allowed it to provide the short time frame assistance the distressed company and its contained assets required. This has proven to be a successful decision as the potentially valuable permits that were under threat of forfeiture have since been renewed.

Cervantes was however, granted the right to receive an introduction fee, a reward, and the right to back into the project, as previously announced, for the introduction, subject to the project's success and reaching agreed milestones in the future. Whilst this venture has run into some disputes and difficulties with the board of the unlisted company and a previous transaction, the Board of Baraka believes these can, in due course, be resolved.

Whilst the investment method Baraka arranged, is advantageously via a secured, interest bearing, profit sharing loan agreement, the permits have had minimal, real, in ground exploration work carried out on them. The recent appointment to the board of the Philippine company by the Chairman allows Baraka and Cervantes to have greater oversight of future exploration work, and ensure more transparency as to whether the actual permits stand up to the previously stated potential. The entry via a secured loan and profit sharing agreement would certainly be attractive to Cervantes, as this would allow minimum risk capital involvement to be progressively employed, if the permits prove to be as valuable as claimed by the company holding the permits.

In the event Cervantes is able to obtain ASX approval in due course to pursue this venture, subject to the conditions imposed and the venture gaining the status the Board require, the Company will be able to dispose of the current assets, including the lobster pots, and take advantage of this

+ See chapter 19 for defined terms.

opportunity. If not, Cervantes may still be able to acquire a healthy income and profit from the introduction to Baraka and pursue alternative opportunities.

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, and the entire administration of the company costing less than a junior administrator of $60,000 per annum. This 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.

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.