



June 2008
Shareholder Newsletter

Activities Report

In accordance with our previous report to shareholders, the Board of Cervantes Corporation Ltd (Cervantes) (ASX:CVS) continues to assess various projects from various sources in an attempt to provide diversification and shareholder value.

The Board, after a lengthy due diligence process, have decided to reject the previously reported Pearl Farm project for now, based on the increased capital requirements and the risk to reward ratio not being sufficient, in the Board's judgment, to satisfy shareholders' expectations.

The Abalone project is now progressed to the producing of juveniles. The company's Aquaculture Consultant, Mark Allsopp (BSc (Hons), Grad. Cert. Man.) has reported to the Board that due to recent rains, the current open air breeding facility needs to be improved or alternative premises need to be found. The Board, in conjunction with Mark Allsopp, are investigating the options available.

From June to December 2008 the company is expecting to produce between 500,000 and 1,000,000 spat size abalone for sale to overseas seafood growers and then based on that success re-assess the growth and possible expansion of our program for the following year.

Cervantes have also been approached to consider merging the Abalone project and or extending it to include other parties in a West African country. This is the same country that has other opportunities in the Seafood and related industries reported on in the last newsletter. The Board is considering these proposals.

In the meantime Cervantes has been granted an option to enter into a Joint Venture agreement to assess 3 project areas in Kyrgyzstan which may be potential for Gold and other metals and minerals.

The Option agreement allows Cervantes to finalise a JV agreement satisfactory to both parties within a time frame, allow Cervantes the opportunity to assess the project areas by progressive nominal funding over a period of time, whilst receiving independent reports on the areas. Cervantes will have the right to withdraw or proceed at certain stages of the assessment with or without earning an equity, depending on the stage of withdrawal.

In the event that Cervantes elects to proceed with the Joint Venture beyond the assessment period, the Board will then consider whether Cervantes will proceed in their own right, farm out part of the projects and or allow the Cervantes shareholders to benefit in some other way, possibly by a spinoff IPO entitlement. Whilst the project areas appear to be attractive based on information provided to date, the Board will keep the shareholders informed in the event that the Company progresses to the Joint Venture stage.

The Board continues to assess other projects of interest and as a result, the Board may call a Shareholders Meeting to provide for the placement of up to 100m shares at no less than 80% of the share price on a 5 day Weighted Average Price (WAP) immediately preceding the placement.

This overview of current activities, we hope, gives you a better understanding of your company's current situation as we continue to assess opportunities to add value where we can to your shareholding and we look forward to your ongoing support.

We will continue to keep you informed of the company's progress throughout the year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry MacKinnon', with a long horizontal line extending to the right.

Barry MacKinnon
Chairman

18 June 2008

Shop 11 "Southshore Piazza" 85 The Esplanade , South Perth WA 6151
(P.O. Box 1196, South Perth, WA 6951) ACN 097 982 235
Telephone 61 8 6436 2300 Fax 61 8 9367 2470 Email: admin@cervantescorp.com.au