



17th December 2014

Dear Shareholder General Meeting of Shareholders

As previously announced to the market on a number of occasions, your board has now held discussions with the Australian Securities Exchange (ASX) in relation to disposing of all, or part of our seafood assets, which represented our main assets when your company was relisted in July of 2007, after being resurrected from the liquidators.

Your board has over the last 7 years assessed a great number of potential projects in seafood and aquaculture, exploration and mining tailings, other resource ventures, energy and industrial projects, investments in listed companies and other assets as well as corporate activity. As a result, we have over that period diversified our activities into seafood aquaculture, exploration and assessment of tailings and other resource assets, investments in listed companies and other assets as well as corporate activity, which has been very rewarding and allowed the company to avoid capital raisings at substantially discounted prices.

Whilst the benefit of those investments and especially corporate activity has been rewarding over that period, some of the current assets have been severely impaired in recent times as a result of the global economic conditions, commodity markets and other issues, especially in relation to the junior resource sector.

However, the value of our 8 cray pots and processing licence, which formed part of our original assets, has recovered substantially from being severely impaired and currently maybe at their market premium.

As a result of our discussions and submission to the ASX to dispose of all or part of these assets, the ASX has responded positively and pragmatically in accordance with the listing rules and market conditions for junior companies and approved the sale, subject to shareholders' approval.

This approval also comes with a condition that Cervantes must show an increase in activity in our remaining activities after the disposal of our seafood assets, which has been limited because of market conditions in those sectors.

We have therefore called this meeting to obtain shareholders approval for the Directors to be authorised to dispose of all or part of these assets which currently have a value of at least some \$320,000 based on independent industry sources, at the appropriate time.

The disposal of these assets either in full or progressively will generate sufficient cash for your company to meet its ongoing operational expenses, progress its existing resource interests, assess a number of ventures under consideration in the resources sector, other areas of our activities, reduce current loans and for working capital.

If you would like to receive prompt email notice of announcements please provide your email address.

Yours sincerely

Collin Vost
Chairman



CERVANTES CORPORATION LIMITED

ACN 097 982 235

NOTICE OF GENERAL MEETING

TIME: 10.00am (WST)

DATE: Monday, 19 January 2015

PLACE: Royal Perth Golf Club
Labouchere Road
South Perth WA 6151

DRESS POLICY: Royal Perth Golf Club requires all members, guests and visitors to be dressed in smart casual. Denim, t-shirts, thongs and runners are not permitted. Men's shirts must be tucked in. These dress standards also apply to service providers. Admittance to the venue will be refused to those not adhering to the dress policy.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6436 2300.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am (WST) on Monday 19 January 2015 at:

Royal Perth Golf Club
Labouchere Road
South Perth WA 6151

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 17 January 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - Ø the proxy is not recorded as attending the meeting; or
 - Ø the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal of the Pots, being the main undertaking of the Company, at a minimum price of AUD\$40,0000 (plus GST) per Pot, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 16 December 2014

By order of the Board



Patrick J O'Neill
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

1.1 Background

The Company currently operates the following businesses:

- (a) Seafood and aquaculture: the Company owns 8 lobster pots (Pots), which it leases, via its agent, to commercial cray fishers, and a seafood processing and export licence (Licence). The Company has held the Pots and the Licence since before the Company was reinstated to trading on the ASX in 2007 following its recapitalisation. The value of the Company's Pots has varied greatly over the years, with an initial valuation of \$490,000 at 30 June 2007, \$128,000 (2008), \$80,670 (2009), \$144,000 (2010), \$160,000 (2011), \$188,000 (2012), \$200,000 (2013) and \$320,000 at 30 June 2014, reflecting the variability in the crayfish catch from season to season; and
- (b) Resource exploration and evaluation:
 - (i) the Company's wholly owned subsidiary, Cervantes Gold Pty Ltd, is party to a joint venture in relation to treating gold tailings covered by two WA licences to treat tailings. The Company has spent over \$445,000 on this venture since it was established in 2009; and
 - (ii) the Company has a first right of refusal in respect of a loan and profit share agreement over a Philippino iron sands project acquired in July 2012.

The Company also holds shares in a number of ASX listed resource sector companies. While these shares were valued in excess of \$750,000 in March 2011, the investment portfolio was valued at \$42,000 at 30 June 2014, a substantial reduction reflecting the heat coming out of the resources boom.

The Company has flagged for at least the last 2 years that it is willing to sell some or all of its Pots, if the price is attractive enough, with the funds raised being used to reduce debt, for working capital and to invest in opportunities that the Board considers have the potential to provide better returns to Shareholders.

The Company understands that the market price for crayfish pots is currently in the order of \$40,000 per pot, which is the highest value since 2007.

Given this substantial improvement in the market, the Company is considering selling some or all of its Pots. The Company's agent has indicated the Pots may generate sale funds in the order of \$320,000 - \$340,000 to the Company.

The ASX has advised the Company that the sale of all, or substantially all, of its Pots will constitute the sale of the Company's main undertaking and, as such, any such disposal requires Shareholder approval under ASX Listing Rule 11.2.

ASX Listing Rule 11.2 provides that, where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

Resolution 1 seeks Shareholder approval for the disposal of some or all of the Company's Pots at a price of no less than \$40,000 per Pot (plus GST) on the terms and conditions set out in this Explanatory Statement (Disposal).

The Company has not entered into any agreement at this time to sell any of the Pots, but may do so. Any such agreement will be conditional on Shareholder approval being obtained for the disposal, which is being sought in Resolution 1.

1.2 Indicative Timetable

The Company has not entered into any agreement to sell any Pots at this stage. However, if an agreement is signed before the date of the General Meeting, it is anticipated that it will complete as soon as practicable after Shareholder approval has been obtained under Resolution 1.

It is possible the Company may not sign any sale agreement until after the General Meeting. In this situation, the Company would envisage completing the sale as soon as practicable after the execution date.

1.3 Financial information regarding Main Undertaking

Based on the Company's audited accounts to 30 June 2014, the effect on the Company of disposing of all of its Pots is shown below, assuming a price of \$40,000 per Pot.

A	B	C	D	E
Particulars	Before Disposal	Projected Change due to Disposal	After Disposal	Percentage change due to Disposal
Method of Calculation	From audited figures	Actual Change due to Disposal	B +/- C	C/B
Total consolidated assets (\$)	378,853	(320,000)	58,853	(84%)
Total equity interests (\$)	(291,245)	(320,000)	(611,245)	(110%)
Annual revenue (\$)	170,837	(136,280)*	154,557	(80%)
Annual profit/loss (before tax and extraordinary items)	(80,560)	(136,259)**	(216,840)	(169%)

* Comprises \$120,000 impairment reversal of the Pots due to increase in value, and \$16,280 from leasing Pots.

** Calculated as annual impairment reversal/revenue from Pots (\$136,280).

The cash consideration payable under the Disposal will be used to meet the Company's ongoing operational expenses, progress its existing resource interests, assess a number of ventures under consideration in the resources sector, repay some of its current loans and for working capital.

There will be no impact on the capital structure of the Company, or on the composition of the Board, as a result of the Disposal.

1.4 Reasons for Disposal

After completing an internal strategic and technical review, the Directors believe that the following non-exhaustive list of reasons explains why the Disposal is in the best interests of the Company:

- (a) the current high market value of the Pots, as outlined in section 1.1; and
- (b) the funds generated from the Disposal can be used to further the Company's existing businesses and to fund investment in projects with the potential for better returns to Shareholders.

Advantages

The Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

- (a) the Disposal will allow the Company to decrease its liability for current existing debt;
- (b) current market conditions mean that the Disposal will create significant cash revenue for the Company; and
- (c) the Company can focus on other activities, including the existing businesses and alternative opportunities to increase shareholder value in the resources sector.

Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

- (a) the Company will not be able to participate in or derive any future potential profits from the Pots; and
- (b) the proposed Disposal involves the Company selling its main undertaking, which may not be consistent with the investment objectives of all Shareholders.

1.5 Future activities and direction post Disposal

If Shareholders approve Resolution 1, and the Company disposes of all of its Pots to meet its ongoing operational expenses, progress its existing resource interests, assess a number of ventures under consideration in the resources sector, repay some of its current loans and for working capital.

The Company may also seek to raise funds (in the order of \$500,000 to \$1,000,000) within the next 6 to 12 months to increase the Company's ability to invest in any of the ventures it considers, after conducting due diligence and initial evaluations, to be suitable.

In the event Shareholder approval is not obtained and completion of the Disposal is unable to occur the Company intends to continue to hold its Pots.

1.6 Director interests and recommendations

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares
Mr Collin Vost	48,570,000 ¹
Mr Timothy Clark	348,000 ²
Mr Justin Vost	10,337,223 ³

Notes:

1. 7,770,000 Shares held indirectly by New York Holdings Pty Ltd and 40,800,000 Shares held by New York Holdings Pty Ltd as trustee for the CV Superannuation Fund.
2. 348,000 Shares held indirectly by Li Hwa Pty Ltd as trustee for the Li Hwa A/C.
3. 10,000,000 Shares are held directly by Mr Justin Vost, while 300,000 Shares are held by Mr Justin A Vost and Mrs Jennifer A Vost as trustees for the Avost Superfund A/C. A further 37,223 Shares are held indirectly by Avost Holdings Pty Ltd as trustee for the Bluesky A/C.

The Board has approved the proposal to put the Resolution to Shareholders. Each of the Directors intends to vote all of their Shares in favour of the Resolution.

Based on the information available, all of the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that the Shareholders vote in favour of the Resolution.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Cervantes Corporation Limited (ACN 097 982 235).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Disposal means the disposal of the Company's interest in the Pots on the terms and conditions set out in the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Pots has the meaning given in section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the Resolution set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM

APPOINTMENT OF PROXY
CERVANTES CORPORATION LIMITED
ACN 097 982 235

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.0am (WST) on Monday 19 January 2015 at Royal Perth Golf Club, Labouchere Road, South Perth WA 6151 and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 Disposal of main undertaking	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. (Appointing a proxy): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. (Direction to vote): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. (Signing instructions):
 - (Individual): Where the holding is in one name, the Shareholder must sign.
 - (Joint holding): Where the holding is in more than one name, all of the Shareholders should sign.
 - (Power of attorney): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (Companies): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. (Attending the Meeting): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. (Return of Proxy Form): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) deliver to Shop 12 "South Shore Piazza", 85 South Perth Esplanade, South Perth;
 - (b) post to Cervantes Corporation Limited, P.O. Box 1196, South Perth, WA 6951; or
 - (c) facsimile to the Company on facsimile number +61 8 9367 2450; or
 - (d) email to the Company at admin@cervantescorp.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.