

JUNE 2017 QUARTERLY ACTIVITY REPORT

Cervantes Corporation Ltd (ASX:CVS) (“the Company” or “Cervantes”) continues to make progress on its portfolio of projects, located in the safe mining province of Western Australia. During the June quarter the board continued enquiries to commence preliminary discussions with nearby mills regarding the Albury Heath Project, together with progressing the acquisition of the Paynes Find Gold Project. On 27 June 2017, at the General Meeting of shareholders, Cervantes obtained shareholder approval to place up to 75m shares and additionally has the right to place another 15% in accordance with the ASX listing rules.

PAYNES FIND GOLD

Background: The Paynes Find Gold Project incorporates some 18 tenements made up of 11 Prospecting Licences and 7 Mining Leases covering an area of some 700 hectares, with an estimated 10 kilometre Primrose Fault strike length. These tenements represent the major portion of the historical Paynes Find Gold Field, discovered in 1911, which is located in the Mid-West Region of WA and only half a day’s travel North East of Perth, and in close proximity to the Great Northern Highway (Figure 1).

During the period the Company continued its acquisition progress of the project. Due diligence carried out during the previous period proved very positive and as a result the company proceeded with the signing of the Formal Sale Agreement, subject to shareholder approval, and a further payment of \$25,000 as required under the Binding term Sheet announced on the 22 December 2016. Subsequent to the signing of the Formal Sale Agreement and the 27 June General Meeting of Shareholders, where approval was given for the acquisition, the board together with European Lithium Ltd mutually agreed to amend

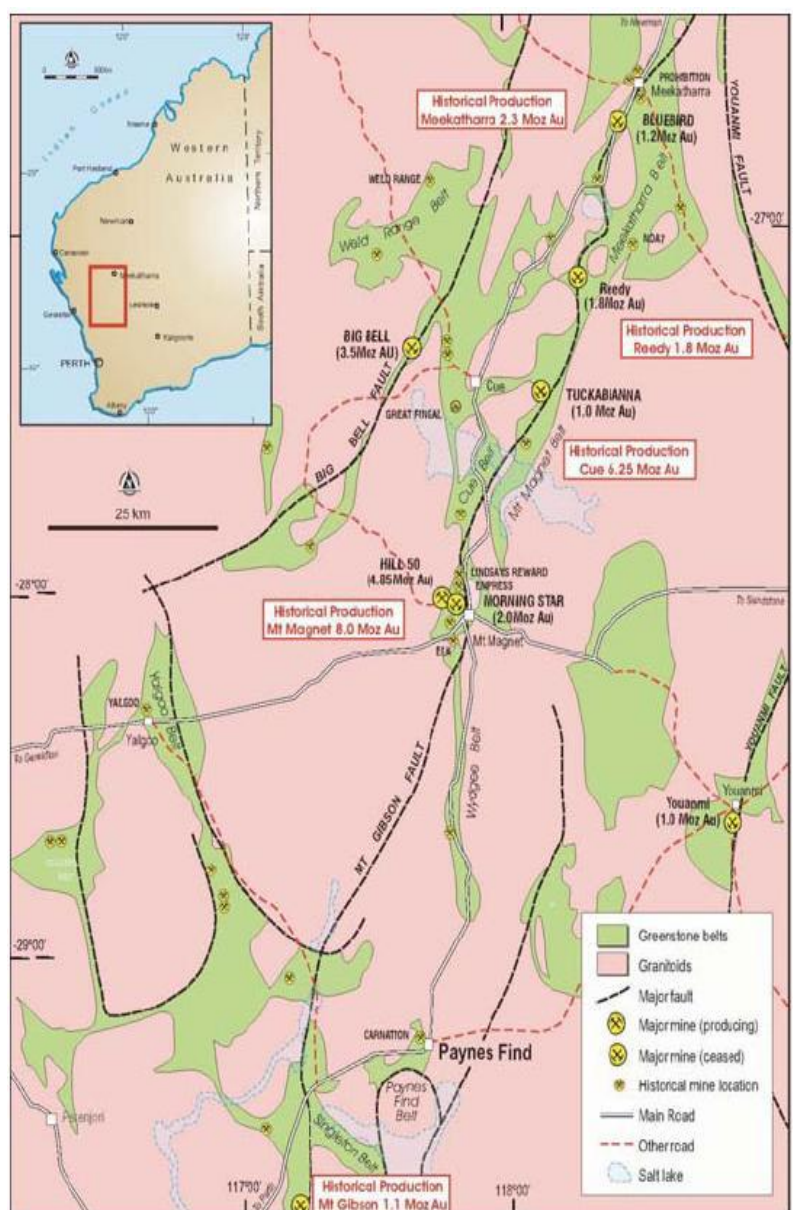


Figure 1. Location (Paynes Find Gold 2010)

the Sale Agreement to provide more time to obtain all necessary approvals for the transaction. The board considers this to be a significant milestone for the Company and are keen to finalise the acquisition to expeditiously progress the exploration it duly deserves. Cervantes has since applied for 2 additional tenements and obtained an option over another 2 tenements to complement the project area. It should be noted that Native Title does not exist on any tenements within the Paynes Find Gold project area. Importantly, Cervantes consultants acquired from various sources all historical data, including drill results, and began compiling this into a consolidated data base for a conceptual geologist to provide an assessment of the project area as a whole. A summary of this assessment was released 15 June 2017.

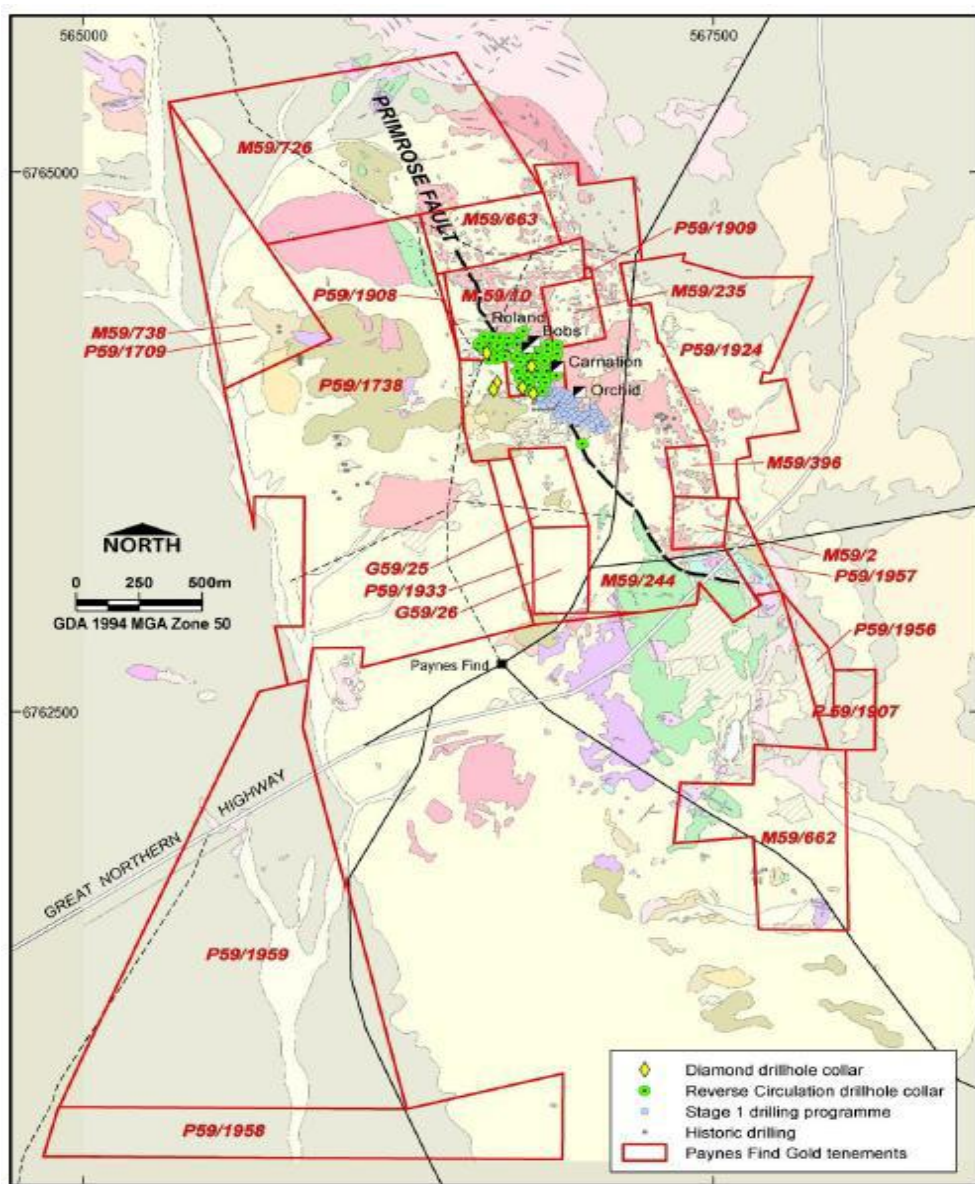


Figure 2. Please note: tenements M59/726, P59/1738, M59/738, P59/1709, G59/25, P59/1933, G59/26 shown in Fig. 6 do not form part of the Cervantes Acquisition.

The primary goal is to review the areas of highest potential which are highlighted in the data to date, and move towards obtaining a resource estimate as soon as possible together with an 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.

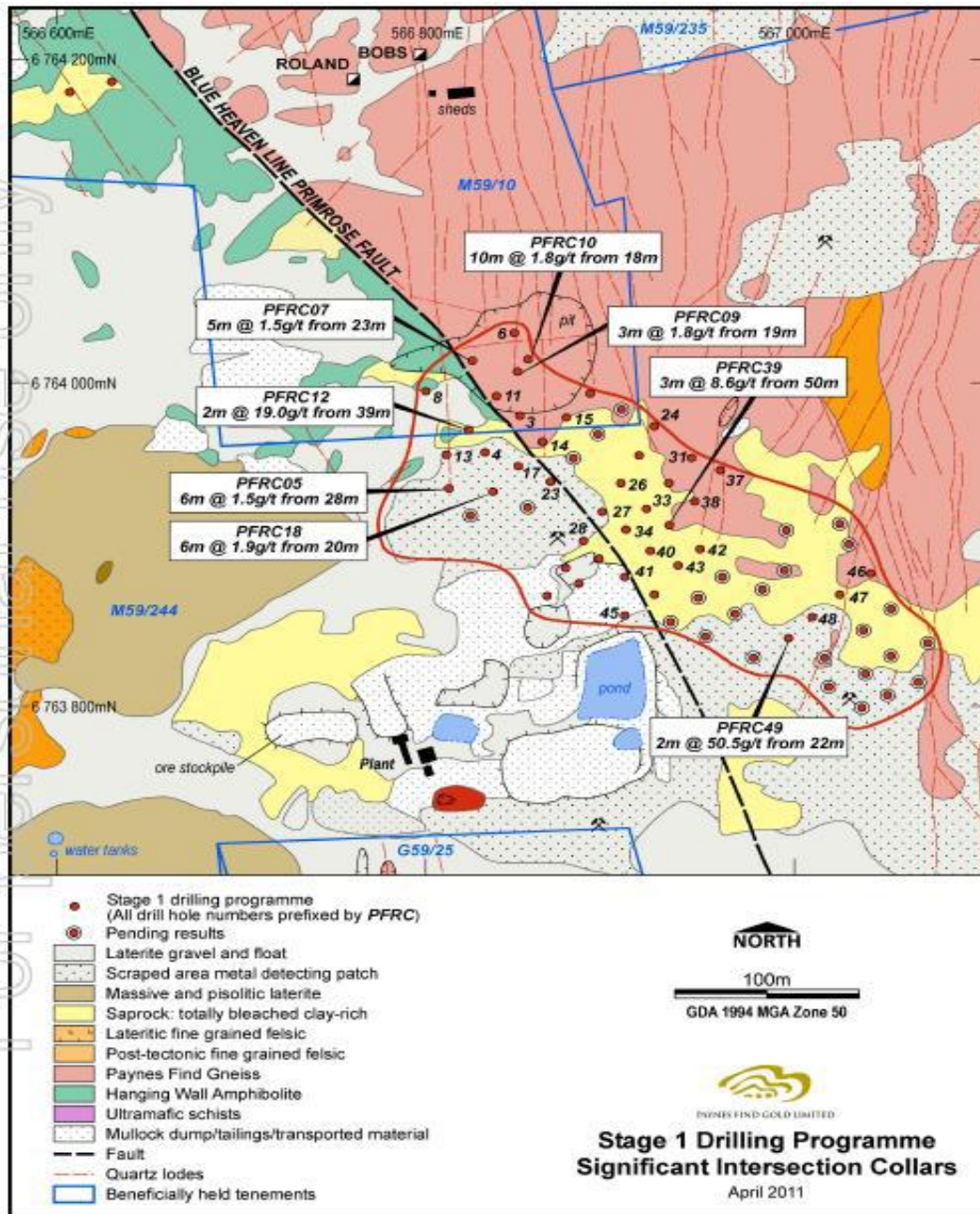


Figure3. Phase 1 Drilling collars and results (Paynes Find Gold Ltd, 10th August 2011)

ALBURY HEATH

Background: The Albury Heath tenement (P51/2937) is located approximately 23 kilometres South East of the mining town of Meekatharra in Western Australia. 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. In addition, Cervantes has applied for 5 surrounding PL's and is currently waiting for Native Title approval.

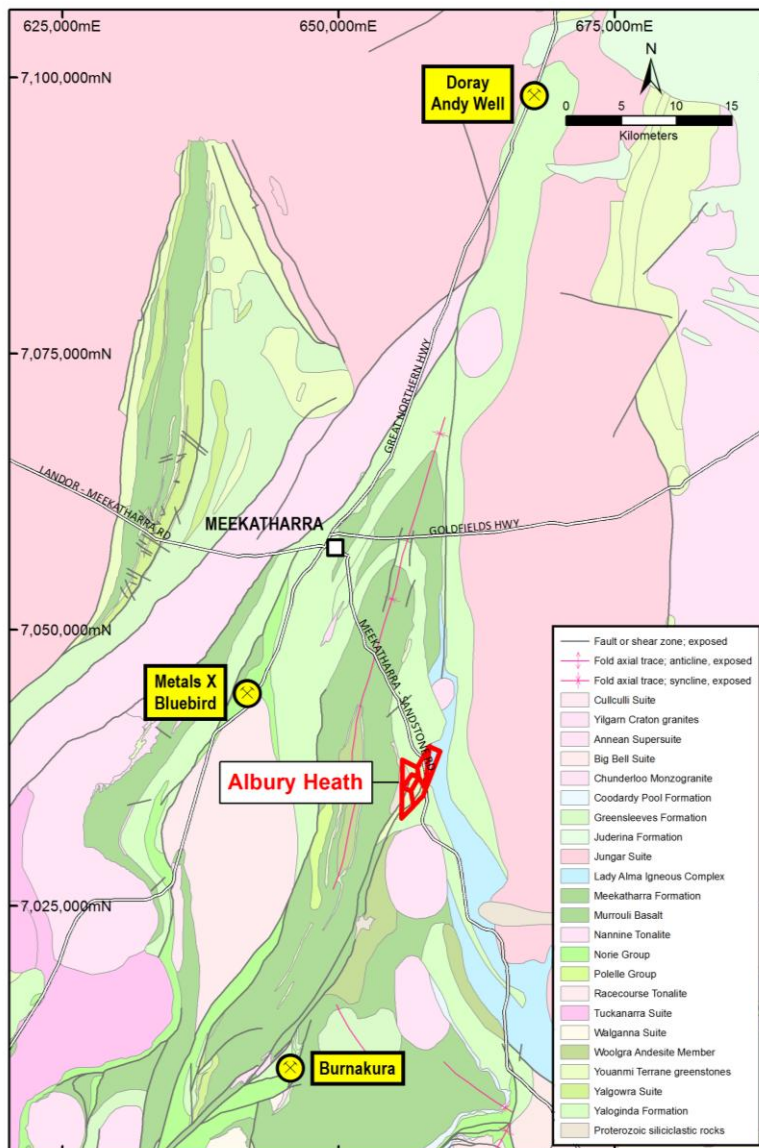


Figure 4. Location, Albury Heath

The board has been very pleased with the progression of the Albury Heath Project. This project was strategically acquired by the company for its near term production potential and having

reached a number of milestones during the previous quarter 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 cutoff 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**

Cervantes is undertaking an exercise to develop exploration plans aimed at examining near term production options for Albury Heath. Previous companies had carried out preliminary feasibility work on the Albury Heath Project, including metallurgy, pit design and processing options. Cervantes has access to all of these studies, but takes the view that much of the work needs to be updated to reflect the current gold price and operating cost environment, and the presence of nearby mills, that were not available when previous work was undertaken.

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. Cervantes will also commence preliminary discussions with nearby mills regarding treatment of the ore.



GARDEN GULLY

This 100% owned strategically located Exploration Licence E63/1721, immediately adjoins to the North of Thundelarra Ltd’s exciting Garden Gully project in Meekatharra, is 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. Thundelarra has achieved excellent results so far, including 7m @ 24.5g/t AU, from a recent drilling programme and have expressed considerable excitement as they continue to explore the area. Any northerly extensions of gold mineralisation add to the enthusiasm of our tenement. Cervantes has no current work activities planned for its Garden Gully Project as resources are instead focussed on the company’s Paynes Find Gold and Albury Heath Projects, however we watch Thundelarra Ltd’s exploration program with great anticipation.

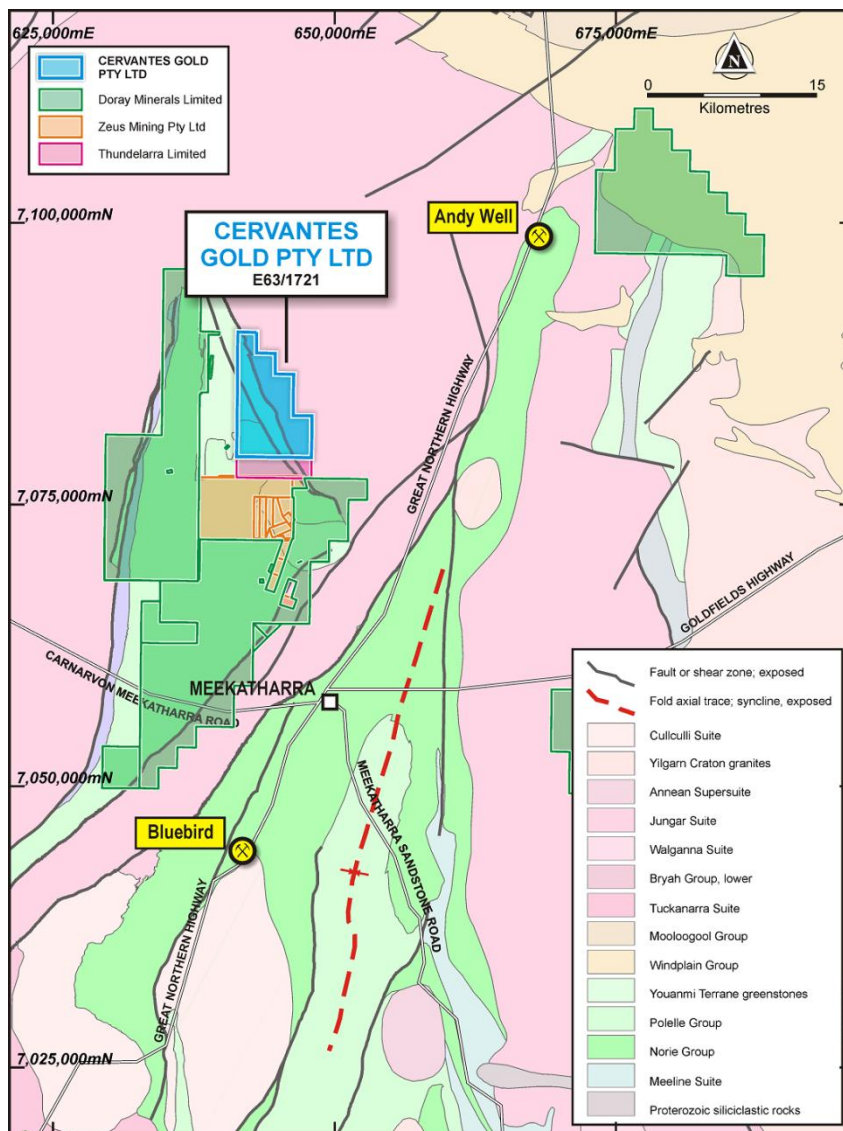


Figure 5. Location, Albany Fraser Range Tenement

ALBANY FRASER RANGE

Cervantes owns 100% of an Exploration Licence immediately adjoining Mt Ridley Mines Ltd in the Albany Fraser Range area, also currently receiving considerable attention from Newsletter promotions and a current exploration and drilling program. No work activities are currently planned in the Albany Fraser region as resources are instead focussed on the company’s Paynes Find and Albury Heath Projects. Whilst continuing to review the data on the Albany Fraser Range Project, we are closely following the advanced exploration activities of our immediately adjoining neighbour, Mt Ridley Mines Ltd.

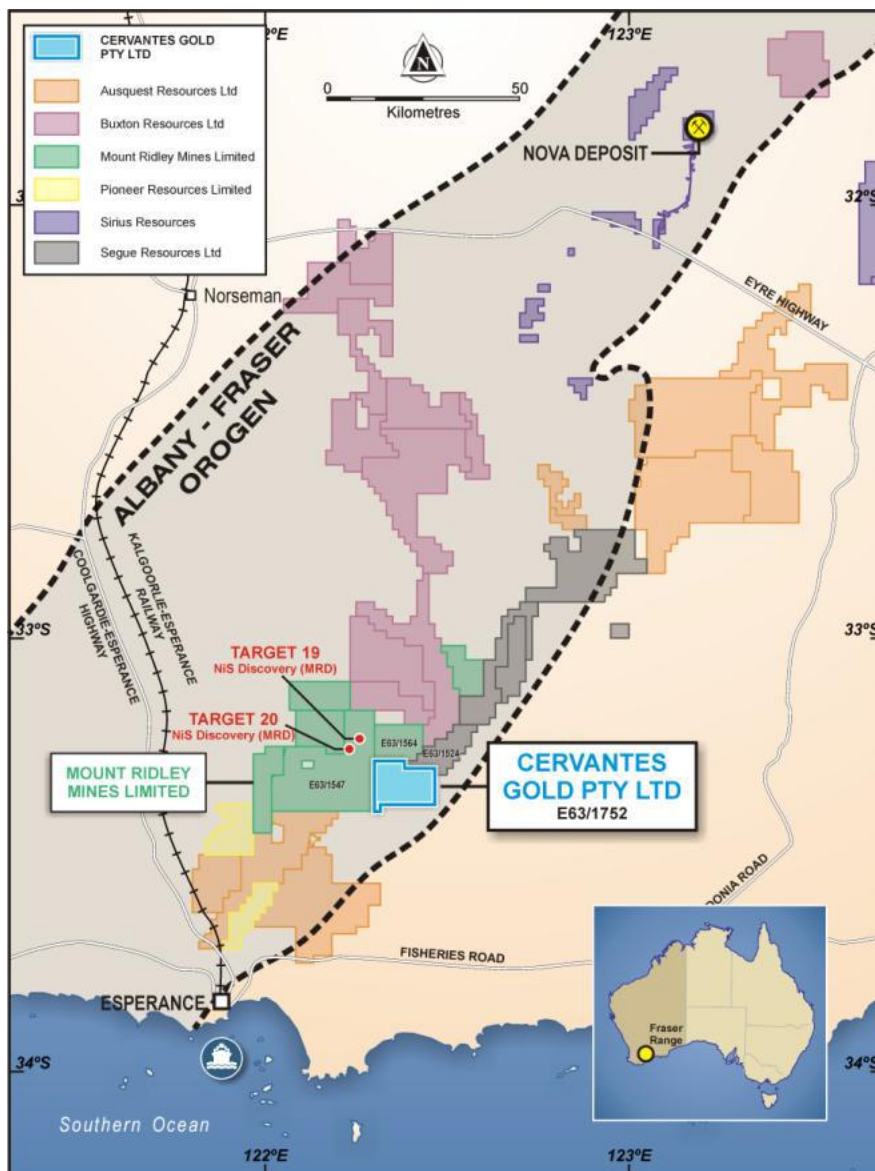


Figure 5. Location, Albany Fraser Range Tenement

Appendix 5B

The Appendix 5B for the quarter ended 30th June 2017 is attached.

Forward-Looking Statements

This press release may contain forward-looking information that involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Cervantes, including, without limitation, statements pertaining to management's future plans and operations. All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such information. Any forward-looking statements are made as of the date of this release and Cervantes does not assume any obligation to update or revise them to reflect new events or circumstance.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Cervantes Corporation Ltd

ABN

79 079 982 235

Quarter ended ("current quarter")

30 June 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (18) | (115) |
| (b) development | - | |
| (c) production | - | |
| (d) staff costs | (18) | (73) |
| (e) administration and corporate costs | (38) | (174) |
| 1.3 Dividends received(see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (74) | (363) |

| | | |
|--|------|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | (25) | (60) |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | (25) | (60) |

| | | |
|---|-----------|------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 50 | 250 |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (16) | (43) |
| 3.5 Proceeds from borrowings | - | 255 |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 34 | 462 |

| | | |
|---|-----------|-----------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 127 | 23 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (74) | (363) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (25) | (60) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 34 | 462 |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of period | 62 | 62 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances | 62 | 127 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 62 | 127 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 18 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Directors fees

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | 7 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Bookkeeping and Serviced Offices provided by a Directors company

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | | |
| 8.2 Credit standby arrangements | | |
| 8.3 Other (please specify) | | |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

Pursuant to Resolution 8, passed at the General Meeting of Shareholders held on 27th June 2017, where shareholders approved the issue of up to 75,000,000 Shares at an issue price of not less than 80% of the 5 day volume weighted average price (**VWAP**) to raise funds for working capital, exploration of existing assets, assessment of new assets, to meet progressive payments for the acquisition of the Paynes Find Gold Project and any expenses and costs related thereto (**Capital Raising**). The Company will be allowed to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|-----------|
| 9.1 Exploration and evaluation | 25 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 18 |
| 9.5 Administration and corporate costs | 38 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 81 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|---------------------------------|---|----------------------------------|----------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | Refer to ' Schedule of Tenements ' below | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 31 July 2017

Print name: Timothy Clark
(Non Executive Director/Company secretary)

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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SCHEDULE OF TENEMENTS

As at 30 June 2017

| Project / Tenement | Interest at Start of Quarter | Interest at End of Quarter | Acquired During the Quarter | Disposed During the Quarter |
|--|------------------------------|----------------------------|-----------------------------|-----------------------------|
| Western Australia | | | | |
| Mt Heywood Project | | | | |
| Mt Heywood, Albany Fraser Range | E63/1752 | 100% | 100% | - |
| Garden Gully Project (*subject to native title) | | | | |
| Garden Gully, Meekatharra | E51/1721* | 100%* | 100%* | - |
| Albury Heath Project (*subject to settlement) | | | | |
| Albury Heath, Meekatharra | P51/2937* | - | 100%* | 100%* |

| Project / Tenement | Interest at Start of Quarter | Interest at End of Quarter | Acquired During the Quarter | Disposed During the Quarter | |
|---|------------------------------|----------------------------|-----------------------------|-----------------------------|---|
| Western Australia | | | | | |
| Albury Heath Project continued (**subject to native title) | | | | | |
| Albury Heath, Meekatharra | P51/2997** | - | - | 100%** | - |
| Albury Heath, Meekatharra | P51/2998** | - | - | 100%** | - |
| Albury Heath, Meekatharra | P51/2999** | - | - | 100%** | - |
| Albury Heath, Meekatharra | P51/3000** | - | - | 100%** | - |
| Albury Heath, Meekatharra | P51/3001** | - | - | 100%** | - |
| Paynes Find Project (**subject to finalisation of acquisition from European Lithium Ltd) | | | | | |
| Paynes Find | P59/2101** | - | - | 100%** | - |
| Paynes Find | P59/1959** | - | - | 100%** | - |
| Paynes Find | P59/1958** | - | - | 100%** | - |
| Paynes Find | P59/1957** | - | - | 100%** | - |
| Paynes Find | P59/1956** | - | - | 100%** | - |
| Paynes Find | P59/1942** | - | - | 100%** | - |
| Paynes Find | P59/1941** | - | - | 100%** | - |
| Paynes Find | P59/1924** | - | - | 100%** | - |
| Paynes Find | P59/1909** | - | - | 100%** | - |
| Paynes Find | P59/1908** | - | - | 100%** | - |
| Paynes Find | P59/1907** | - | - | 100%** | - |
| Paynes Find | M59/663** | - | - | 100%** | - |
| Paynes Find | M59/662** | - | - | 100%** | - |
| Paynes Find | M59/396** | - | - | 100%** | - |
| Paynes Find | M59/244** | - | - | 100%** | - |
| Paynes Find | M59/235** | - | - | 100%** | - |
| Paynes Find | M59/10** | - | - | 100%** | - |
| Paynes Find | M59/2** | - | - | 100%** | - |
| Paynes Find Project (*subject to application approval) | | | | | |
| Paynes Find | E59/2242* | - | - | 100%* | - |
| Paynes Find | E59/2130* | - | - | 100%* | - |

** Denotes, as indicated above, particular tenements that are secured, however they remain subject to Native Title Approval, Settlement of acquisition, application approval and/or finalisation of acquisition.