CERVANTES
Corporation Limited

SEPTEMBER 2017 QUARTERLY ACTIVITY REPORT

Cervantes Corporation Ltd (ASX:CVS) ("the Company" or "Cervantes") current portfolio of projects are all located in the safe mining province of Western Australia. During the September quarter the board continued discussions with nearby mills regarding the Albury Heath Project, together with progressing the slow but steady acquisition of the Paynes Find Gold Project.

PAYNES FIND GOLD

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).

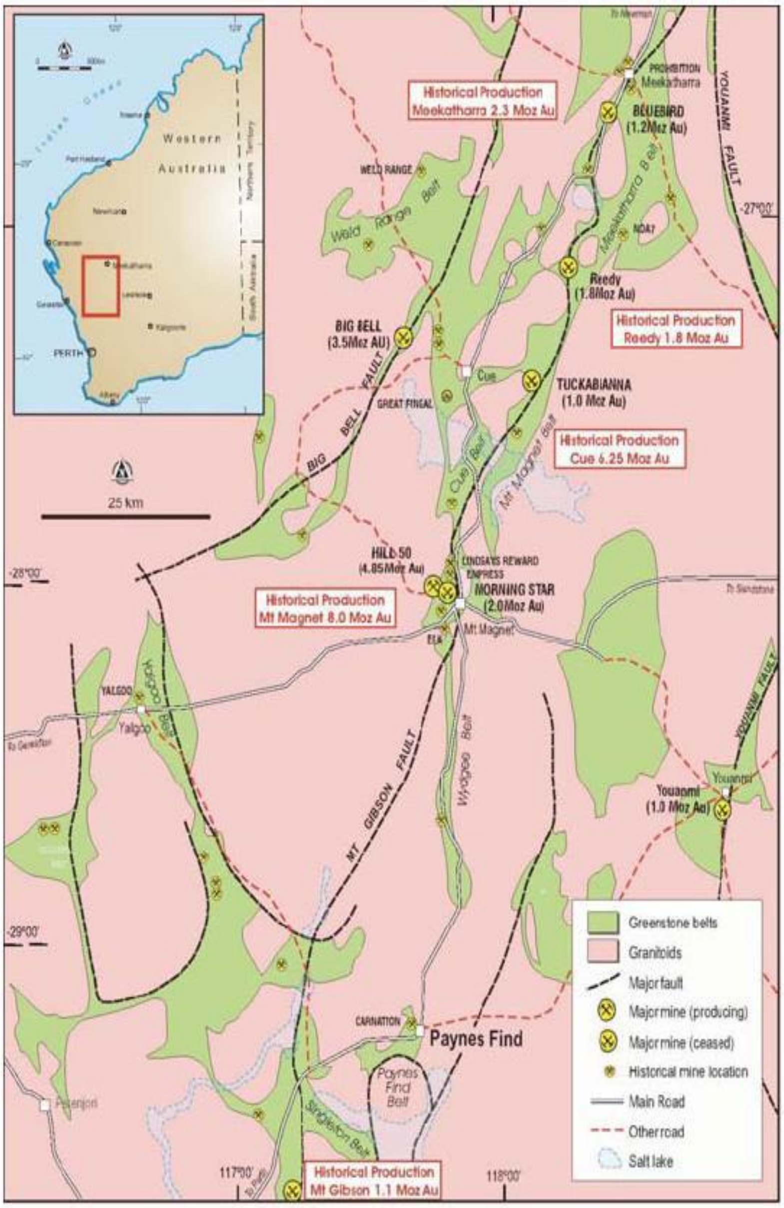

Figure 1. Location (Paynes Find Gold 2010)

During the period the Company continued the acquisition process of the project. 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 the Sale Agreement to providing additional time for the transaction. The board is keen to finalise the acquisition to expeditiously progress the exploration the project duly deserves. Cervantes since applied for 2 additional tenements in the Paynes Find area which have now been granted. 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

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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.

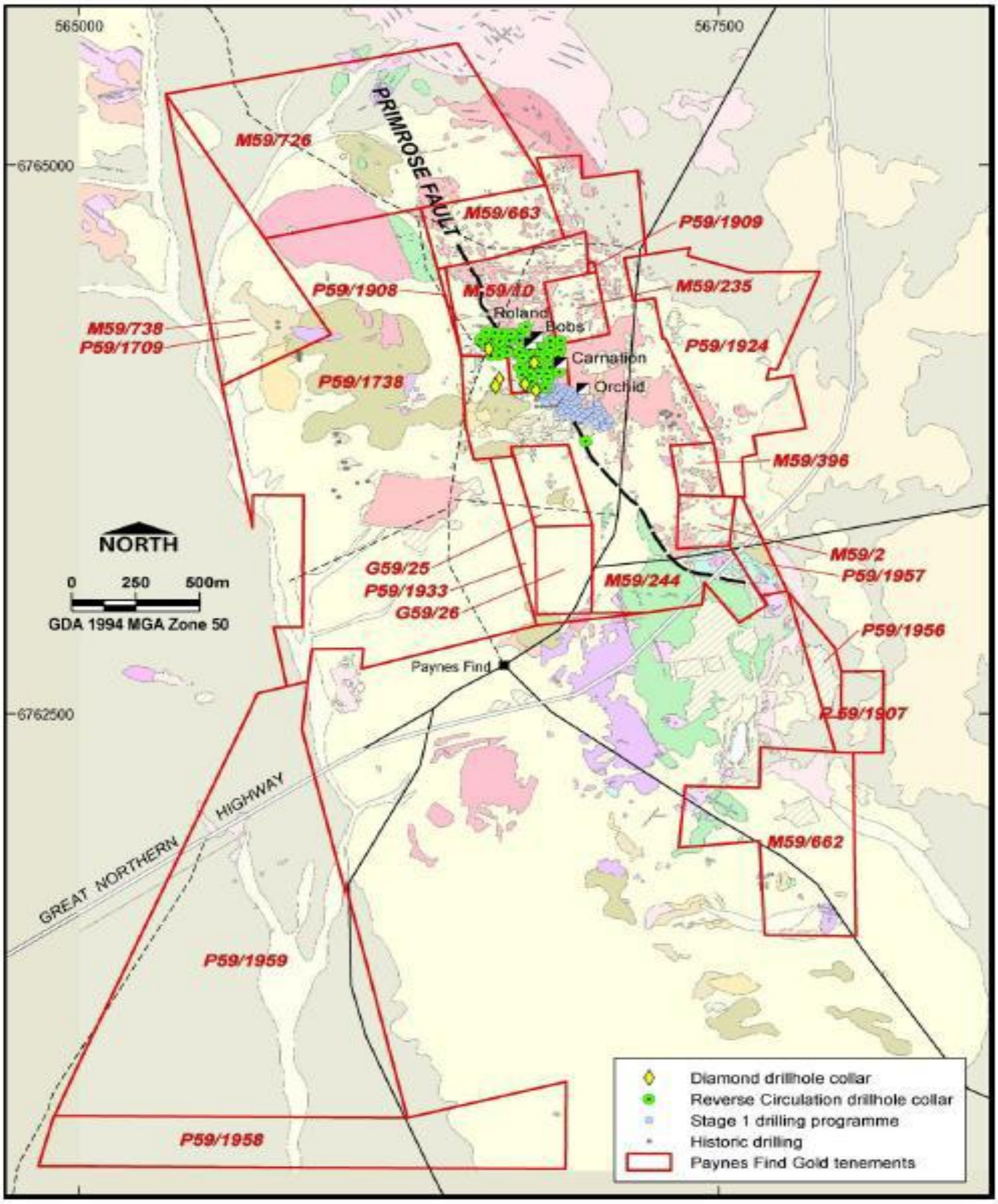

Figure 2. Please note: tenements M59/726, P59/1738, M59/738, P59/1709, G59/25, P59/1933, G59/26 shown in Fig. 6 do not form part of the Cervantes Acquisition.

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.

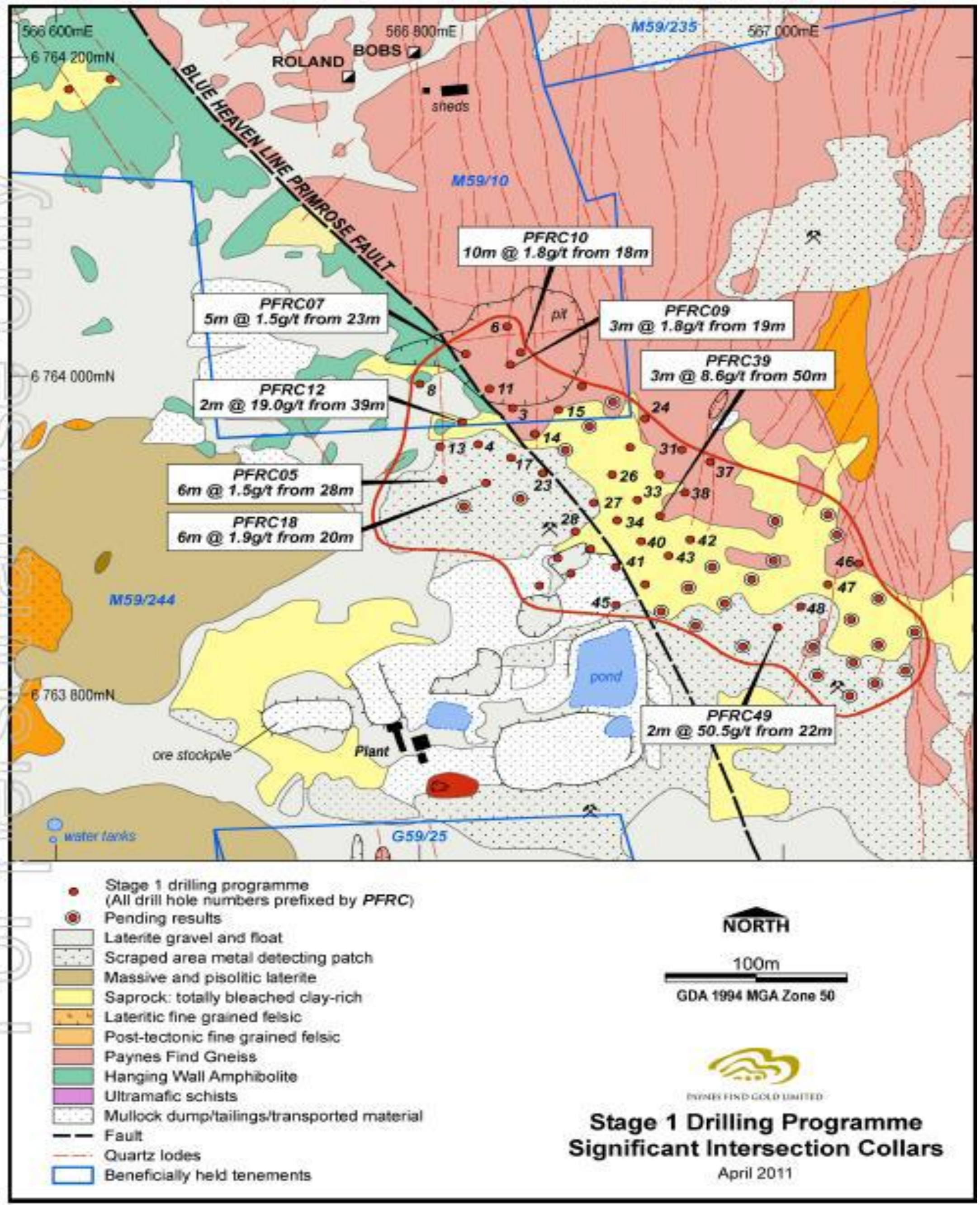

Figure3. Phase 1 Drilling collars and results (Paynes Find Gold Ltd, 10th August 2011)

ALBURY HEATH

The Albury Heath tenement (P51/2937) is located approximately 23 kilometres South East of the mining town of Meekatharra in Western Australia (Figure 4.). 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 still waiting for Native Title approval.

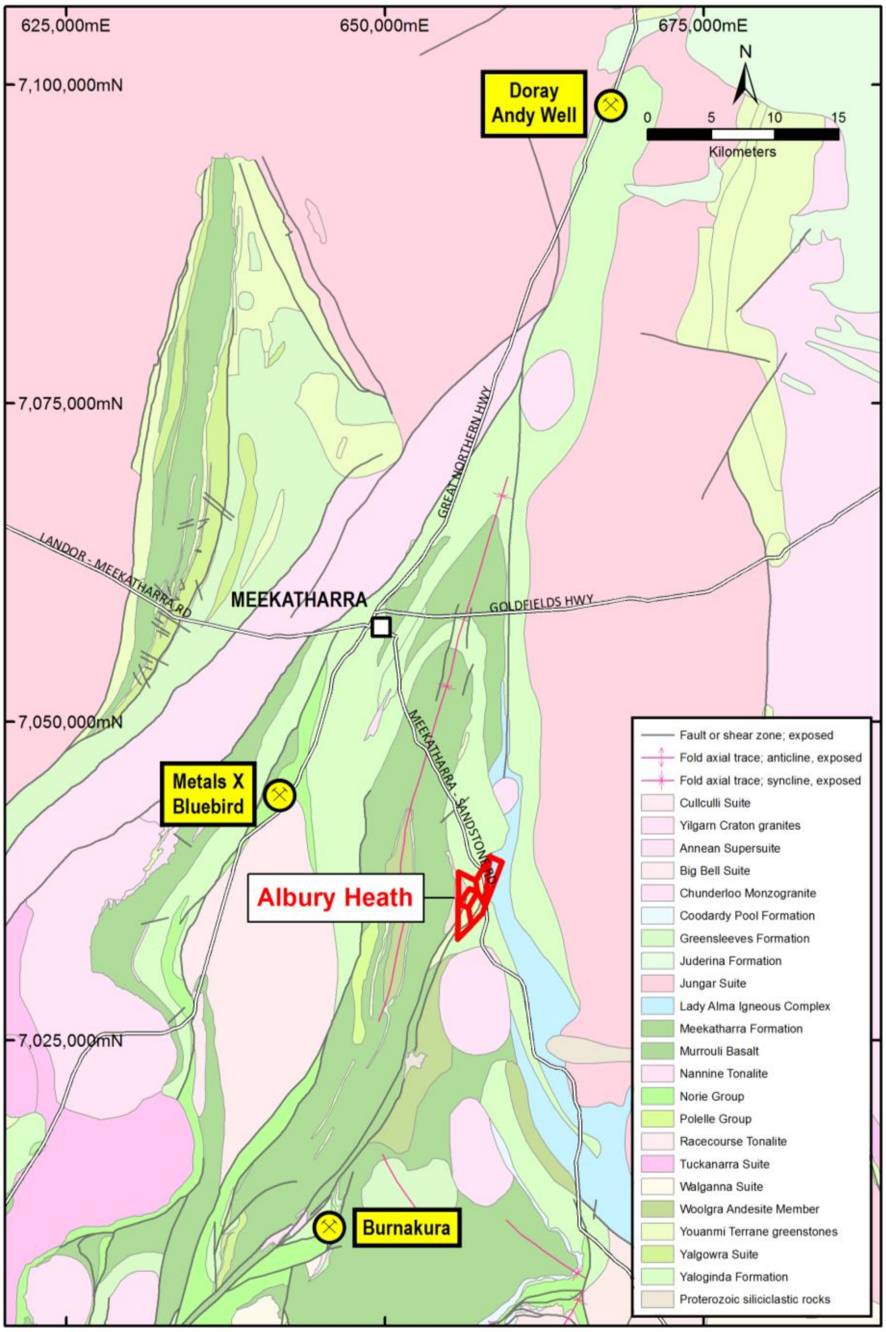

Figure 4. Location, Albury Heath Project

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 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 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 continues to discuss and 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 continues discussions with nearby mills regarding treatment of the ore.

GARDEN GULLY

Exploration Licence 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 5.). 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. Thundelarra has achieved excellent results so far, including 7m @ 24.5g/t AU, from a drilling programme at the Lydia prospect.

Thundelarra have expressed considerable excitement as they continue to drill and explore the area. An extension of gold mineralisation to the north of Thundelarra's tenement area adds to the enthusiasm of our tenement. Cervantes doesn't have a work program planned for its Garden Gully Project at this stage. However, once sufficient funds have been raised, the Company will first finalise the Paynes Find Gold Project acquisition, then plan initially small programs over the Paynes Find, Garden Gully and Albury Heath Projects. We continue to watch Thundelarra Ltd's exploration program with great anticipation.

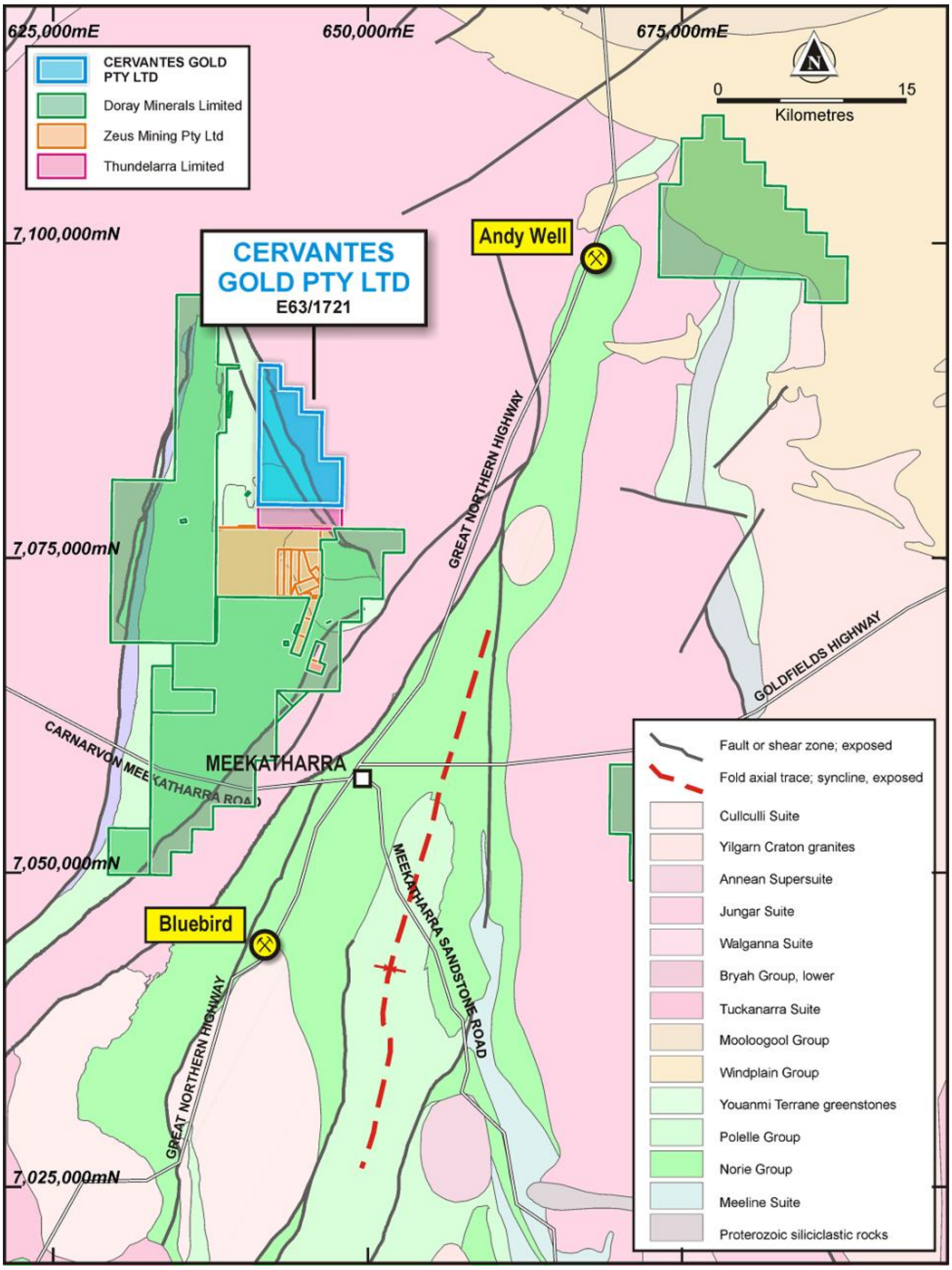

Figure 5. Location, Cervantes Garden Gully Project area.

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ALBANY FRASER RANGE

Cervantes owned 100% of an Exploration Licence E63/1721 immediately adjoining Mt Ridley Mines Ltd in the Albany Fraser Range area at the start of this quarter. However, the Company has elected to relinquish this tenement in August 2017.

Appendix 5B

The Appendix 5B for the quarter ended 30^{th} September 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.

+Rule 5.5

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	**Quarter ended ("current quarter")**
79 079 982 235	30 September 2017

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	exploration & evaluation	(27)	(27)
	(b)	development	-	
	(c)	production	-	
	(d)	staff costs	(14)	(14)
	(e)	administration and corporate costs	(52)	(52)
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**		**(93)**	**(93)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	-	-
	(b)	tenements (see item 10)	(120)	(120)
	(c)	investments	-	-
	(d)	other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(120)**	**(120)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	160	160
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**	**160**	**160**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	62	62
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(93)	(93)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(120)	(120)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	160	160
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9**	**9**

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	9	62
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)**	**9**	**62**

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	20
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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements	100	
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.

Cervantes continues its discussions with a number of parties in relation to a capital raising, as announced previously, to complete the acquisition of the Paynes Find Gold Project, fund exploration of existing assets, assessment of new assets and to meet working capital requirements. Until this has been finalised, Cervantes continues to have a credit standby arrangement with Baraka Energy & Resources who benefits from an interest rate of 5.5% or the equivalent of NAB 90day deposit rate on the funds advanced.

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: 27 October 2017

Print name: Collin Vost
(Executive Chairman)

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 September 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					
Garden Gully, Meekatharra	E51/1721	100%	100%	-	-
Albury Heath Project					
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%*	100%*	-	-
Albury Heath, Meekatharra	P51/2998*	100%*	100%*	-	-
Albury Heath, Meekatharra	P51/2999*	100%*	100%*	-	-
Albury Heath, Meekatharra	P51/3000*	100%*	100%*	-	-
Albury Heath, Meekatharra	P51/3001*	100%*	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					
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.*