



ASX Announcement/Media Release

19th January 2009

“Cervantes Finalises Funding/Profit Sharing Gold Project”

Cervantes Corporation Ltd (Cervantes) (ASX:CVS) has signed and advanced initial funds on a Heads of Agreement (HOA) in relation to financing a Gold Project in return for priority repayment of capital and a share of profits.

The Borrower will commence the drilling and necessary retesting of the project material during January 2009 and subject to this drilling, sampling, and recovery analysis confirming the previous data, it is expected production could commence within 6 months based on the current Business Plan submitted to Cervantes.

Cervantes will release further details and data as the HOA is formalised and the results of the drilling, sampling and recovery are received in accordance with the agreement and with the approval of the ASX.

This project currently fits within the Risk to Reward ratio's previously outlined in our market releases that the Board has been seeking and the investment is modest in regards to our funds in hand. Subject to the results matching the Business Plan the return could substantially increase Cervantes cash position and allow the Board to expand the size of other opportunities being offered to generate positive cash flows.

Cervantes Corporation Ltd has also created a fully owned subsidiary called “Cervantes Gold Pty Ltd” to carry out this project and others of a similar nature that the Board of Cervantes are considering and assessing.

Cervantes has also instigated further investment policies to maximise the return on cash funds in hand during the current market conditions and to ensure its shareholders gain maximum value on their invested funds.

Cervantes Board will continue to assess and appraise all proposals and investment opportunities put to them that fit the Risk to Reward ratios set by the Board whilst continuing to seek out the larger proposals that could raise Cervantes profile in the market.

A number of opportunities are still in appraisal stage by the Board and may fit our prudent guidelines.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Collin Vost', is written over a light blue horizontal line.

Collin Vost

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