

ASX ANNOUNCEMENT/MEDIA RELEASE

27th September 2017

Gold Projects Update

Cervantes Corporation Limited (ASX:CVS) (Cervantes) advises an update on the acquisition of the Payne's Find Gold Project from European Lithium Limited (ASX:EUR) (EUR) as previously announced 15 August 2017.

The parties have agreed to amend the terms of the Tenement Sale Agreement with a payment of \$100,000 by Cervantes to EUR, the end Date for the acquisition is now the 16th October 2017. The total consideration payable in relation to the acquisition remains unchanged and comprises \$500,000 cash (of which \$170,000 has been paid to date) and \$500,000 in share consideration through the issue of 25,000,000 shares in CVS, at a deemed issue price of 2 cents each, on completion of the Transaction.

Cervantes is involved in discussions with a number of parties regarding capital raising to complete the acquisition and to commence the highly anticipated exploration of this Historical WA Gold Field. The board expects these discussions to be completed in the short term at which time the board will announce via an ASX release the terms thereof. A prospectus to also allow retail investors to participate is being considered by the board. Funds raised for exploration will be primarily focused on the objectives as outlined in the ASX release of the 15th June 2017.

Regional Primrose Fault

It is apparent that the Primrose Fault was an important structure for the emplacement control of mineralization in the Payne's Find area. These brittle-ductile relationships provide for some exploration targets along the southern extent of the Primrose Fault zone not only where it is associated with the contact of the Payne's Find Gneiss, but also in association with other pre- to syn-tectonic gneisses and granitoids

The mineralization to the south at Pansy and Daffodil would seem to be as a result of the emplacement of small brittle granitoids within a mafic/ultramafic host. However, between these deposits and the historical drilling of Paynes Find Gold, there is potentially 6-7km of strike of the Primrose fault that has not been explored and lies under cover, offering the potential for multiple repetitions of Pansy style mineralization or even large occurrences if suitable hosts exists.

However as the area is covered, there is no detailed magnetic data, and no drilling, as such the area is untouched.

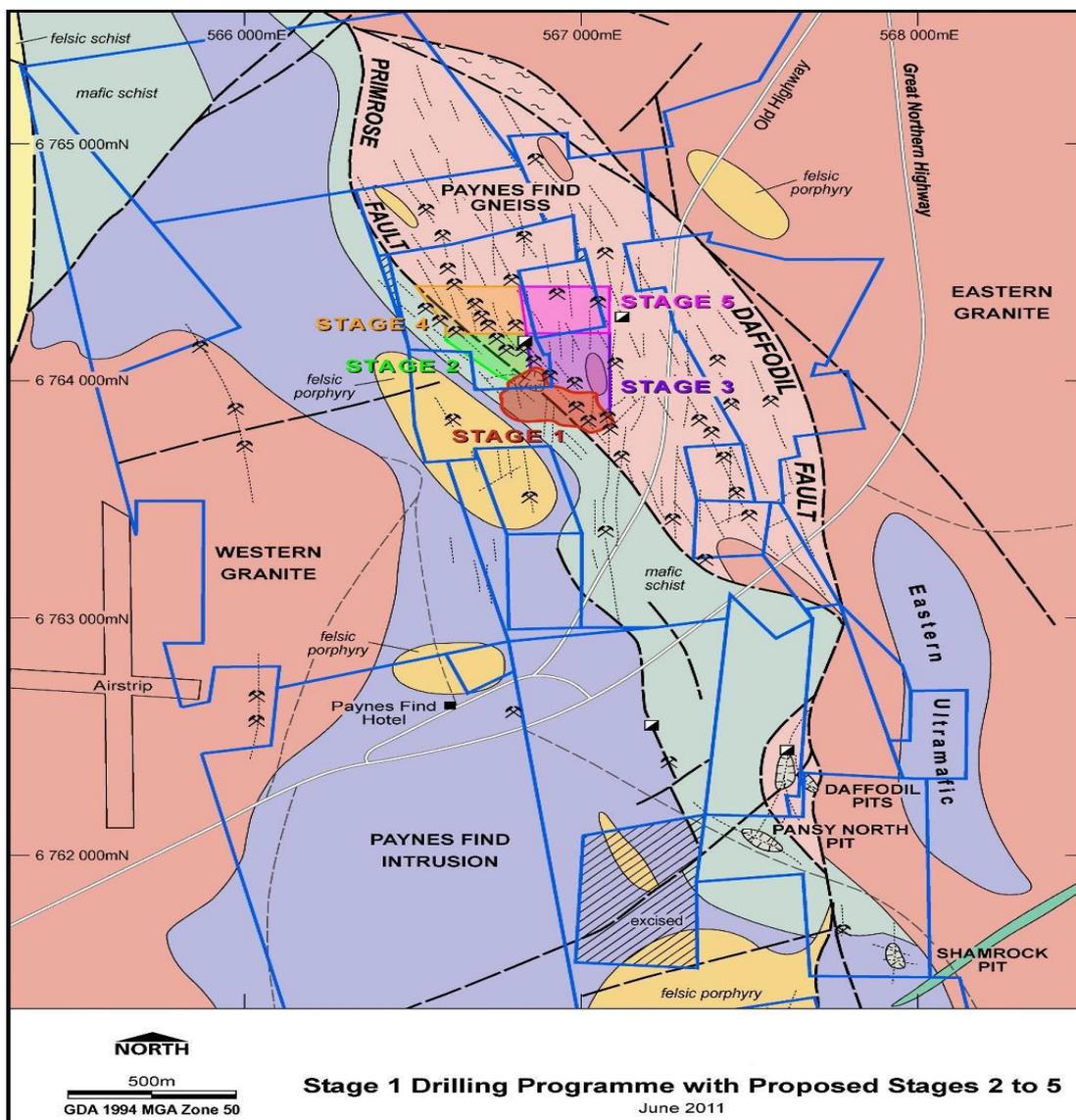
Pansy

Please refer to 4 May 2017 ASX release in regards to previous drilling results.

The Pansy deposit was historically mined to a depth of approximately 5-8m, and then followed by a small (22 hole) drilling program in 1987 to test for the depth extent of mineralization. This depth extension was confirmed, however little or no actual interpretation was undertaken and the mineralization was assumed to be a simple and somewhat tabular shear zone hosted style, possibly situated along a secondary NW-SE splay off the southern extension of the Primrose fault, which ran N-S through the adjacent Daffodil deposit.

However recent detailed mapping would suggest that the Pansy Deposit lies upon the western limb of the bifurcated Primrose Shear Zone and is associated with discrete granitic intrusive bodies within a mafic/ultramafic host. The felsic units afforded a sharp competency break during subsequent reactivation and shearing of the Primrose fault which provided a focus for strain and associated mineralization.

This alternative interpretation suggests much wider potential for not only expansions of the existing Pansy deposit, but repetitions of this style along the much greater length of the Primrose Fault.



Exploration Programs

An exploration program will be designed to address the various styles of mineralization that are evident within the Payne's Find area. Early work however should focus on gaining a more detailed understanding of the primary structural and lithological controls on the substantial gold mineralization that are seen throughout the area.

Aeromagnetic Program

Given the complex structural controls of the region, a high resolution magnetic data would be the fundamental exploration tool that should precede all other work.

Re-interpret Previous Drilling

There was only a superficial attempt to develop a cohesive geological picture from the previous drilling, which in part may have been a result of concentrating the drilling in a previously mined area.

A better understanding of the litho-structural controls on mineralization and re-logging of core (including assay of core not previously assayed) may provide a more cohesive picture of the mineralization and so potentially enhance the economic potential of this area.

Follow up drilling and bulk sampling

Results from the above step may then warrant follow up drilling to infill areas of high potential or to extend areas of existing high grade that were not followed up – such as north of Green Heaven. In addition, it may be necessary to include a program of shallow bulk sampling along un-mined veins in order to develop a better understanding of the coarse gold distribution.

Pansy

Pansy, because of the existing drilling, simpler geological controls, and Historical Estimate, may present the best near term production opportunity within the Payne's Find area.

The magnetic survey should provide insight into the form and placement of the small granitic intrusions that are felt to control mineralization and assist in targeting drilling within and without the existing pit.

Project Benefits:

- 4 ½ hour's drive from Perth on bitumen roads.
- Native Title does not exist over the project area.
- Adjoining Roadhouse for accommodation.
- Earthmoving contractor adjoining project area.
- Airstrip alongside project area.
- All safety services located within district.
- Located in Supportive mining State of WA
- Minimal Sovereign risk
- 2 Mills in the district.
- No remote Fly in Fly out expenses.
- Advanced exploration data and gold results

A Brief History of Paynes Find Gold Mining Centre

Paynes Find takes its name from Thomas Payne, who was the first prospector to register (1911) a lease for gold mining with the Mines Department of Western Australia. As a reward for discovering gold in the area he was not charged to put a crushing of gold bearing ore through the State Government Battery. This was also the first crushing in the area.

Tom Payne's leases were reasonably productive for many years. They were; Lease 601, Pansy, 287 tonnes for 160.66 ounces crushed between 1912-1913; 602, Pansy North, 62 tonnes for 38.84 ounces crushed in 1912; Lease 603, Carnation, 5,811 tonnes for a return of 8,189.07 ounces of gold between 1912-1927.

The large dry blowing patch on this lease officially returned 130.88 ounces of gold. However, the quantity was probably far greater, as it is believed the 110 ounces nugget found by Huffa and Gessner in 1912 came from this patch. Also the area, by July 1911, was reported to be supporting nearly 300 diggers, who were mostly dry blowing. No records are available for production of lease number 604.

During the 1930's, about 500 people lived with their families, prospecting for gold by underground and dry blowing, hoping to strike it rich. During World War II many men were called away leaving only a few families remaining. "Almost all the gold mining has been confined to underground mining, where from 1911-1982 some 69,000t of ore produced 1,784kg (63,000 ounces) of gold at an average grade of 25g/t Au".

In 1987 the State Government Battery was sold to the Taylor family and is still operating, today as the Paynes Find Gold Battery, and is now a popular tourist attraction. A display centre is next to the battery.

The depth of the mining by the historical prospectors was limited by the water levels and the physical capacity of lifting the ore, as well as the grade of the ore being mined which was uncommercial below 22g/t. There are some 37 old mines dating back to 1911 within the project area.

Payne's Find was reported by the GSWA as having produced 2,204kg from 89,850 tonnes at an average grade of 24.5g/t.

Albury Heath (Meekatharra)

This project comprises 5 prospecting licences, with the main tenement being the historical Albury Heath mine, close to two mills in Meekatharra. Cervantes has expressions of interest from the two nearby mills on this project, and we refer you to the detailed report on this project released on the 2nd August 2017 where a Maiden JORC Resource estimate of 390,000 @ 2.15g/t for 27,000 oz (Indicated and inferred) was announced.

It is expected we will redrill this tenement to increase the tonnages and provide fresh metallurgy for processing from exploration funds being raised.

Garden Gully (Meekatharra)

This tenement is a strategically located Exploration Licence immediately adjoining the Northern boundary of Thundelarra's exciting Gold exploration program. It 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 owned by Westgold. 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 with recently raised funds. Any northerly extensions of gold mineralisation add to the enthusiasm of our tenement and we watch Thundelarra Ltd's exploration program with great anticipation.

Competent Persons Statements

Information contained in this report that relates to exploration results and geological interpretations at Payne's Find are based on information compiled by Mr. Bradley George, a competent person who is a member of the Australian Institute of Geoscientists. Mr. George is an employee of Total Earth Solutions Pty Ltd and consults to Cervantes Gold Limited on a part time basis. Mr. George has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr. George consents to the inclusion in the report of the matters based on this information in the form and context in which it is appears.

For Further information please contact:

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