

29 May 2019

Elizabeth Harris  
Principal Adviser, Listing Compliance (Perth)  
Australian Securities Exchange  
152-158 St Georges Terrace  
Perth WA 6000

By email: [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Elizabeth

Cervantes Corporation Limited (“CVS” or “the Company”)

We refer to your letter of 24 May 2019 in relation to the Company’s Quarterly Cash Flow Report in the form of an Appendix 5B for the period ended 31 March 2019, released to ASX Limited on 30 April 2019.

The Company provides the following:

Question 1

Yes.

Question 2

Yes, the Company has entertained some five groups regarding funds but the board did not believe they would be acceptable as some required the acquisition of overpriced assets, which would have been dilutive and incurred government duties, as well as compounding the expenditure requirements beyond those needed for the Company’s current advanced and highly potential gold projects.

Question 3

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| 3.1 | Nil.   |
| 3.2 | The loan from New York Securities Pty Ltd is not subject to any specific terms, is interest free and is unsecured. Collin Vost, the Chairman of CVS, has personally and voluntarily provided this facility to assist the Company and its shareholders, as he believes in the Company’s future and the value of these projects. |
| 3.3 | Yes, the Company is in compliance with the covenants, if any, and terms of the loan agreements.  |
| 3.4 | No, not to the Company’s knowledge and no communications in this regard have been received.  |
| 3.5 | The loans will be repaid when sufficient funds are available from capital raising, issue of shares or assets are sold, without prejudicing the ongoing exploration to achieve the full potential of each of the individual projects.   |



Question 4

The Company has been involved with some five groups regarding fund raising as outlined in above with one such party being at an advanced stage. The Company will continue to contact and pursue discussions with capital providers to raise the capital required to progressively explore and develop the Company's two (2) advanced gold projects.

Question 5

Yes, the Company expects to meet its business objectives and its exploration and development programs as outlined to the market on a number of occasions when funds are progressively raised, on terms acceptable to the board.

Question 6

Yes, the Company is in compliance listing rules 3.1

Question 7

Yes, the response is authorised and approved by the board.

Further, the Company continues to operate its costs prudently in relation to its current projects and in its current activities, for the benefit of shareholders.

CVS continues to have strong support of the major shareholders for the plans going forward, and with its low operating costs, probably the lowest of any listed companies on the ASX in accordance with Directors' fiduciary duties, as outlined in the Company's quarterly reports on a consistent basis.

The Board is concentrating on opportunities that will provide the best value for shareholders.

Yours sincerely



Patrick J O'Neill  
Company Secretary





24 May 2019

Mr Patrick O'Neill  
Company Secretary  
Cervantes Corporation Limited  
Shop 12 South Shore Piazza, 85 The Esplanade  
South Perth WA 6151

By email: Pat@jacksongreeve.com.au

Dear Mr O'Neill

**Cervantes Corporation Limited ('CVS'): Appendix 5B Query**

ASX refers to CVS's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 30 April 2019 (the 'Appendix 5B').

ASX notes that CVS has reported:

- negative net operating cash flows for the quarter of \$107,000;
- cash at the end of the quarter of \$1,000;
- estimated cash outflows for the next quarter of \$93,000;
- details in section 8 of fully drawn loans provided to CVS by Global Vanadium Ltd (\$900,000) and New York Securities Pty Ltd (\$82,000) respectively (together, the "Loans"); and
- that CVS continues discussions with multiple groups regarding funding.

It is possible to conclude, based on the information in the Appendix 5B that if CVS were to continue to expend cash at the rate indicated by the Appendix 5B, CVS may not have sufficient cash to continue funding its operations.

In view of that, ASX asks CVS to respond separately to each of the following questions and requests for information:

1. Does CVS expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CVS taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. In relation to the Loans please provide the following information:
  - 3.1 how much of each Loan has been repaid (if any);
  - 3.2 the term of the Loan from New York Securities Pty Ltd;
  - 3.3 whether CVS is in compliance with the covenants in the loan agreements relating to each Loan (together, "Loan Agreements");
  - 3.4 whether an event of default has occurred under either Loan Agreement;
  - 3.5 when and how CVS proposes to repay each Loan.
4. Please provide an update on the discussions with multiple groups regarding funding which are referred to in section 8 of the Appendix 5B.

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5. Does CVS expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
  6. Please confirm that CVS is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
  7. Please confirm that CVS's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CVS with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4.00 PM AWST Wednesday, 29 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CVS's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CVS's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CVS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CVS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CVS's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

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We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

**Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Elizabeth Harris**  
Principal Adviser, Listings Compliance (Perth)