

ASX RELEASE

22nd December 2016

ACQUISITION OF PAYNES FIND GOLD PROJECT

Cervantes Corporation Limited (ASX:CVS) is pleased to announce that it has executed a Binding Terms Sheet (**Terms Sheet**) with European Lithium Ltd (Vendor) via its 100% owned subsidiary Cervantes Gold Pty Ltd, to buy 100% of the right, title and interest in the tenements known as Paynes Find Gold Project (**Tenements**), located in Western Australia (**the Transaction**).

Consideration for the Transaction consists of cash and share capital in CVS as follows:

- \$500,000 to be satisfied through the issue of 25,000,000 shares in CVS, on completion of the Transaction.
- \$500,000 in cash, paid in the following instalments:
 - \$5,000 on signing of the Terms Sheet (non-refundable)
 - \$20,000 on completion of the due diligence process by the Purchaser
 - \$25,000 on signing of a formal agreement
 - \$100,000 on completion of the Transaction
 - \$150,000 on the later of CVS completing a \$1 million capital raising, or completion of the Transaction
 - \$200,000 on the later of 60 days following the Purchaser completing the \$1 million capital raising, or completion of the Transaction.

Completion of the Transaction is dependent on Cervantes completing due diligence, receipt of all necessary shareholder, regulatory and third party approvals, the Vendor and CVS, and a formal agreement being entered into.

Cervantes is pleased to add this project to its inventory of strategically located permits and intends making further announcements in the New Year in relation to the project when our consultants have commenced the Due Diligence.

Collin Vost
Executive Chairman
Cervantes Corporation Ltd
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