

ASX ANNOUNCEMENT/ MEDIA RELEASE

16th May 2017

PAYNES FIND AND OTHER PROJECT PROGRESS

Cervantes Corporation Ltd (ASX: CVS, “Cervantes”) is pleased to advise on the progress on a number of issues relating to its projects.

Paynes Find Gold Project

Cervantes has provided the Vendors of the Paynes Find Gold Project a draft acquisition agreement in accordance with the ASX release of the 22nd December 2016 for review. The draft Notice of Meeting for shareholders to approve the acquisition is also under review.

Cervantes applied for 2 leases (ELs) within the Paynes Find Gold Field which it did not own, and or were not contained in the Acquisition Agreement, but which may be strategic in any future exploration program within the field. These were Prospecting Licence P59/2130 and E59/2242, Cervantes is pleased to have been informed that both of these permits have now been granted.

E59/2242 covers the potential northern strike of the highly prospective Primrose fault while P59/2130 fills in a small strategic gap in the centre of the lease package.

In addition Cervantes has been successful in securing a 3 month option for \$5,000 over 2 prospecting leases in the South Eastern area of the field, adjoining the previously mined Pansy Deposit which is located within M59/662 and forms part of Cervantes acquisition package, and adjacent to the previously mined Daffodil Deposit, which does not form part of Cervantes’ package.

Recent field work by the Cervantes technical team has suggested an alternative interpretation of the litho-structural controls on gold mineralisation at Pansy and Daffodil, enhancing the prospectivity of these two leases.

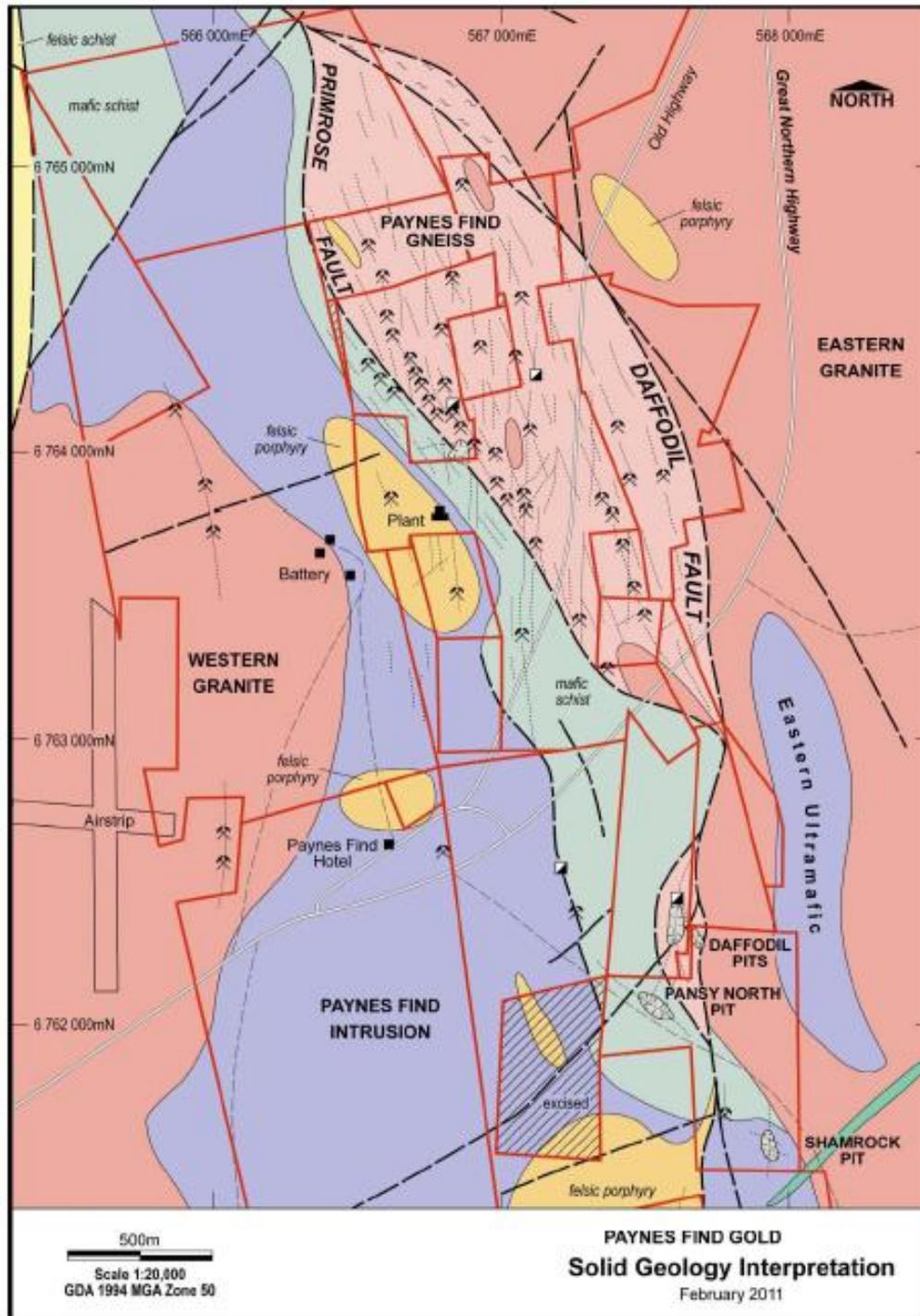


Figure 1. Paynes Find Geology and Open Pits

Native Title

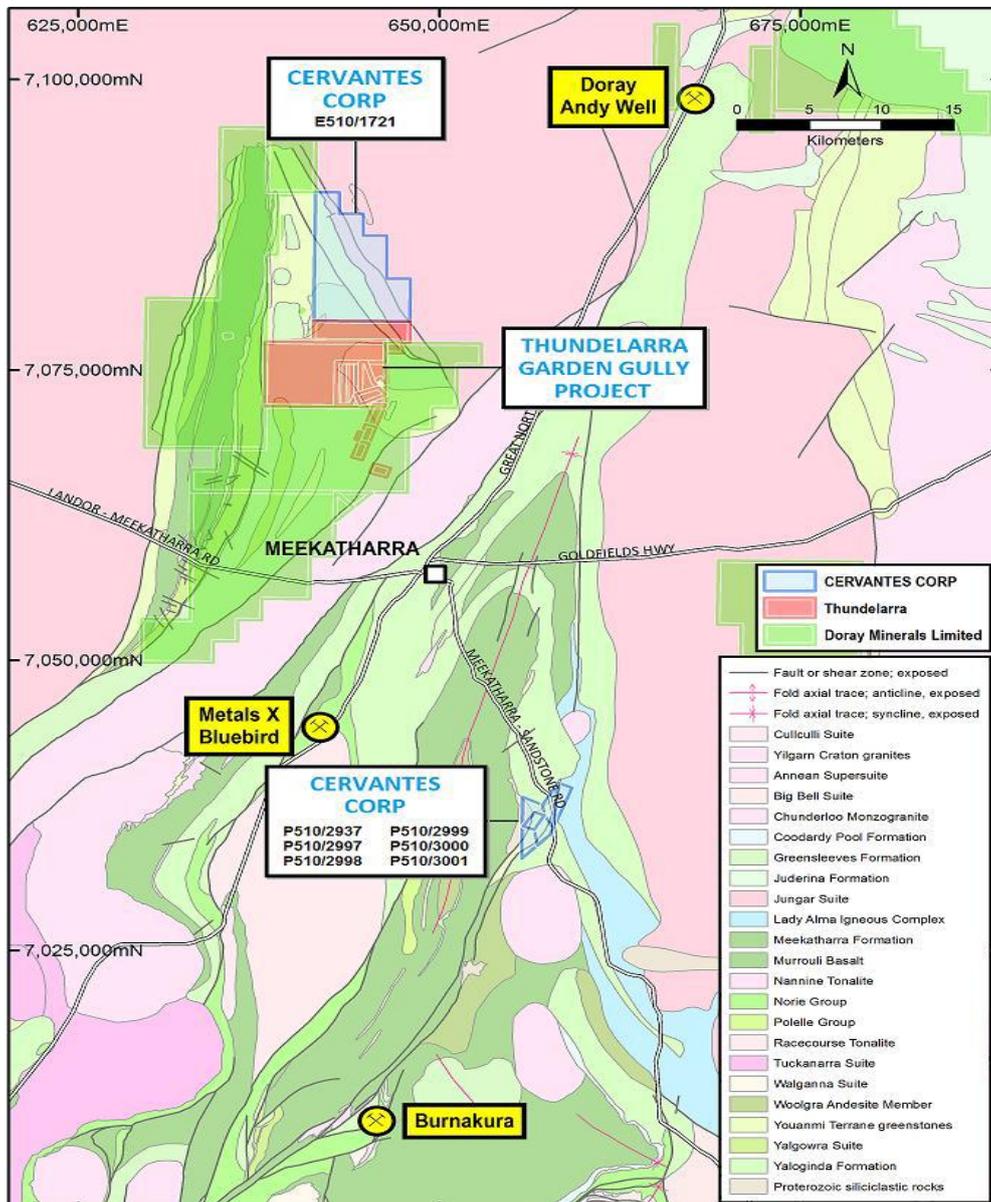
Cervantes has been informed by its legal and tenement consultants that Native Title does not currently exist over the Paynes Find Gold Field, adding a further positive dimension to the Project in relation to the expeditious preparation and approval process of any exploration programs.

The Garden Gully Project in Meekatharra

Cervantes is pleased to advise that its application for exploration licence E51/1721 has been granted. The lease covers 5,220 hectares of strategically located exploration ground immediately adjoining the northern boundary of Thundelarra Limited’s (ASX: THX) exciting Garden Gully project.

On 24th February 2017 Thundelarra reported, “The results and interpretation of the data gathered so far show Garden Gully has the potential to be a significant new gold discovery in an area that has hosted several major gold mines over the year.”

On the 12th May 2017 Thundelarra announced commencement of the third phase of drilling at Garden Gully, where approximately 20 RC holes for 4.000m are planned. Several of these holes have been set aside to test the “Young” prospect against the northern margin of Thundelarra’s lease and upon a structural corridor that would seem to extend into the adjacent Cervantes lease E51/1721. Cervantes will watch this program with interest and continue to refine its view of E51/1721 as more information is released by Thundelarra.



Our adjoining projects are strategically located to both the Andy Well and Bluebird Mills as outlined in the above map.

Albury Heath – Meekatharra

Cervantes Albury Heath permit P51/2937 is currently proceeding through the government agencies and we expect transfer into our name in the very near future. In the meantime based on our geological work to date, our consultants are preparing a drilling program that is hoped will not only increase the tonnages and ounces previously reported, but provide valuable metallurgy work for the processing of the ore, as well as provide data for expanding exploration into our surrounding 5 permits. On the 7th February 2017 Cervantes announced a Maiden JORC Resource for the Albury Heath of 390,000 tonnes @ 2.15 g/t for 27,000 ounces.

The Albury Heath permit is only some 30 km's from a Mill as shown in the above map that has indicated a willingness to discuss the processing of the ore subject to metallurgical results and final tonnages. Other options may also be considered as well.

Cervantes not only applied for 5 additional prospecting licences surrounding the Albury Heath mine, which are pending Native Titles resolution, but has also been approached by other permit holders in the district who wish to work with us or sell their licences to add scale of operations.

Albany Fraser Range

Cervantes Exploration Permit EL63/1752 immediately adjoins the Eastern boundary of Mount Ridley Mines Ltd (ASX: MRD) project area, which has undergone an extensive exploration process, and announced on the 9th May 2017 that Diamond Drilling was to commence on the 11th May 2017. "All three electromagnetic plates (A, B & C) have been RC pre-collared to the required depths in preparation for diamond drilling. All three holes encountered intervals of gabbronorite to pyroxenite intrusive. Diamond drilling is due to commence this Thursday 11 May 2017 on plate B, followed by plates A and C. Plate B was RC drilled to approximate target depth at 277m, and an end of diamond drill hole depth is planned at ~450m. All drill holes will be surveyed using downhole EM upon completion of the diamond drilling."

Mount Ridley Mines Ltd is a Perth based Australian Exploration Company focusing primarily on projects in the Albany Fraser Range region of Western Australia, 70kms north east of a major port in Esperance. The project has the potential to host major mineral deposits in base and precious metals including nickel, copper, cobalt, silver and gold.

Mount Ridley Mines Ltd is actively targeting nickel and copper sulphide deposits in the Albany Fraser Range Province of Western Australia, the site of Independence Groups Nova Nickel-Copper Deposit discovered by Sirius Resources NL.

The Company currently has a tenement portfolio of approximately 1,000sq/kms in what is fast becoming the world's most exciting emerging nickel and copper province.

Cervantes continues to assess other potential projects which can add value to company's shares on behalf of its shareholders.

For further information please contact

Collin Vost, Executive Chairman on (08) 6436 2300 or cvost@cervantescorp.com.au

COMPETENT PERSON STATEMENTS

Information contained in this report that relates to the exploration results at the Paynes Find Project is 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 attests that the information in this announcement related to Exploration Results is an accurate representation of the available data for the Paynes Find Project. Mr. George consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information contained in this report that relates to Mineral Resources of the Albury Heath Deposit is based upon information compiled by Mr. John Doepel, a competent person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Doepel is a principal of Continental Resource Management, and consults to Cervantes Gold Ltd on a part time basis. Mr. Doepel has sufficient experience that is relevant to style of deposit under consideration and the type of 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. Doepel consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.