



CERVANTES CORPORATION LIMITED

ACN 097 982 235

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:45 PM WST

DATE: 29 November 2017

PLACE: Royal Perth Golf Club, Labouchere Road, South Perth WA 6151

DRESS POLICY: Royal Perth Golf Club requires all members, guests and visitors to be dressed in smart casual. **Denim, t-shirts, thongs and runners are not permitted.** Men's shirts must be tucked in. These dress standards also apply to service providers. Admittance to the venue will be refused to those not adhering to the dress policy.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2:45 PM WST on 27 November 2017.

CHAIRMAN'S LETTER

Dear Shareholder,

After a very tough year for junior companies, albeit with the acquisition of some very promising ventures by Cervantes, circumstances appear to be improving, both in commodity prices and investor confidence.

Whilst capital raising at the junior end has been negligible for the last 12 months, there appears to be improving conditions resulting in a number of companies announcing successful capital raisings.

Cervantes now has three very promising and strategically located Gold projects in varying degrees of progress.

Interest has been expressed in our **Garden Gully E51/1721** exploration tenement in **Meekatharra** because of its strategic location to Doray's Andy Well mill, the Westgold Mill, and because its Southern boundary immediately adjoins the Thundelarra gold exploration project. Thundelarra has been releasing exciting results from their program, and recently commenced a new drilling program, and we wish them every success. We are planning specific work over this area in the near future.

Our **Albury Heath** prospect in **Meekatharra**, which has a JORC resource of 390,000t @ 2.15g/t AU for 27,000oz AU (Indicated and Inferred) as announced on the 7th February 2017, has had an interest expressed in it by 2 local mills for either outright purchase or future processing. The board currently believes that the prospect should be further developed by drilling and exploration of our surrounding prospecting tenements to expand and increase the quality of the resource, and to add value.

Whilst the settlement of the **Paynes Find gold project** has been delayed by a combination of reasons, we expect to finalise this acquisition before year's end, and commence the eagerly awaited exploration of an Historic old Goldfield, which has in the past lacked a modern exploration approach.

The project area contains some 37 old Historical workings from its first discovery in 1911, with recoveries from the mines producing from 1 oz to 5 oz per tonne, and we refer you to our detailed release of the 27th September 2017.

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 in the area 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 Geological Survey of Western Australia as having produced 2,204kg from 89,850 tonnes at an average grade of 24.5g/t.

Cervantes is currently pursuing capital to finalise the acquisition and commence exploration on all of its projects, and hopes to make an announcement on this in the near future.

The Gold price whilst being volatile as a result of a number of Global factors is nevertheless reaping gold producers very handsome profits in Australia.

We believe Cervantes has very exciting projects, in extremely strategic locations, geographically, economically and with a Gold history, and will provide you with a very eventful next 12 months.

We look forward to your support in voting in favour of all the resolutions recommended by the Directors.



Collin Vost
Managing Director

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TIMOTHY CLARK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Timothy Clark, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MARCUS FLIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Marcus Flis, a Director who was appointed as an additional director on 9 October 2017 retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – ISSUE OF SHARES TO EUROPEAN LITHIUM LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 5 – 8 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares to European Lithium Limited or its nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – ISSUE OF SHARES TO GREG BARNES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4 and Settlement of the Transaction, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Greg Barnes or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY – NEW YORK SECURITIES PTY LTD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4 and Settlement of the Transaction, for the purposes of ASX Listing Rule 10.11 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 5,000,000 Shares to New York Securities Pty Ltd or its nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by New York Securities Pty Ltd (or its nominee/s) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY – JUSTIN VOST

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4 and Settlement of the Transaction, for the purposes of ASX Listing Rule 10.11 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,000,000 Shares and 2,000,000 Options to Justin Vost or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Justin Vost (or his nominee/s) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – COLLIN VOST

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4 and Settlement of the Transaction, for the purposes of ASX Listing Rule 10.11 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Collin Vost or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Collin Vost (or his nominee/s) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

Dated: 25 October 2017

By order of the Board



Collin Vost
Managing Director

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or

number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6436 2300.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cervantescorp.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TIMOTHY CLARK

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Timothy Clark, who has served as a director since 3 July 2012 and was last re-elected on 30 November 2015, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Timothy Clark has served in the financial industry for over 7 years, gathering a diverse knowledge in capital markets. He brings with him experience from serving on a number of boards including a boutique advisory firm and managed fund. Mr Clark is also a Non-Executive Director of JV Global Ltd.

3.3 Independence

If elected the board considers Timothy Clark will be an independent director.

3.4 Board recommendation

The Board does not support the re-election of Timothy Clark and recommends that Shareholders vote against Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MARCUS FLIS

4.1 General

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Marcus Flis, having been appointed by other Directors on 9 October 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.2 Qualifications and other material directorships

Marcus Flis has over 10 years' experience in the iron ore industry and 37 years in mineral resources, with roles including exploration manager for iron ore with major companies, Global Business Development Director for Rio Tinto Iron Ore, and Managing Director of publically listed Royal Resources Limited. In recent years Marcus Flis has worked as a broad ranging consultant for Business Development and Strategic Repositioning in the minerals exploration and development industry.

4.3 Independence

Marcus Flis has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Marcus Flis will be an independent director.

4.4 Board recommendation

The Board supports the election of Marcus Flis and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 - ISSUE OF SHARES TO EUROPEAN LITHIUM LIMITED

5.1 Background

As announced to the ASX on 22 December 2016, the Company, through its wholly owned subsidiary Cervantes Gold Pty Ltd (**Purchaser**), has executed a binding terms sheet (**Terms Sheet**) with European Lithium Limited (**Vendor**) to acquire as a going concern the Paynes Find Gold Project located in Western Australia, subject to the satisfaction of certain conditions precedent (**Transaction**).

As announced to the ASX on 14 June 2017, the Company, the Purchaser and the Vendor have entered into a Tenement Sale Agreement in relation to the Transaction (**Formal Agreement**).

The Formal Agreement was subsequently amended by letter agreements entered into by the Company, the Purchaser and the Vendor on or about 30 June 2017, 14 August 2017, 26 September 2017 and 18 October 2017.

As at the date of this Notice, consideration for the Transaction consists of cash and Shares in the Company as follows:

- (a) \$500,000 to be satisfied through the issue of 25,000,000 Shares in the Company at a deemed issue price of \$0.02 per Share, on Settlement of the Transaction. The Vendor has agreed to the Shares being subject to a 6 month voluntary escrow from the date of issue; and

- (b) \$500,000 in cash, paid in the following instalments:
- (i) \$5,000 on signing of the Terms Sheet (which has been paid);
 - (ii) \$20,000 on satisfaction of due diligence in relation to the Paynes Find Gold Project (which has been paid);
 - (iii) \$25,000 on signing of the Formal agreement (which has been paid);
 - (iv) \$20,000 within 5 days of signing of the Letter Agreement to amend the Formal Agreement dated on or about 30 June 2017 (which has been paid);
 - (v) \$100,000 on or before 30 August 2017 (which has been paid);
 - (vi) \$25,000 on or before 20 October 2017 (which has been paid);
 - (vii) \$105,000 on the later of the Company completing a capital raising for at least \$1,000,000 and Settlement of the Transaction; and
 - (viii) \$200,000, 60 days following the Company completing a capital raising for at least \$1,000,000, subject to Settlement of the Transaction.

Settlement of the Transaction is conditional on receipt of all necessary shareholder, regulatory and third party approvals by the Vendor, the Purchaser and the Company and a formal agreement being entered into.

The conditions must be satisfied or waived on or before 28 November 2017 or such later date as agreed by the parties.

5.2 Paynes Find Gold Project

The Paynes Find Gold Project comprises the following mining tenements (**Tenements**) together with alluvial processing plant and associated equipment located on the Tenements (**Equipment**), and all mining information relating to the Tenements (**Mining Information**) and certain contractual rights:

P59/1959	P59/1958	P59/1957
P59/1956	P59/1942	P59/1941
P59/1924	P59/1909	P59/1908
P59/1907	M59/663	M59/662
M59/396	M59/244	M59/235
M59/10	M59/2	P59/2101

Background

The Company has entered into the agreement to acquire the Paynes Find Gold Project area as an add-on complementary portfolio of highly prospective gold permits to its currently held prospective areas of Garden Gully and Albury Heath in the Meekatharra District.

The tenements which make up the Paynes Find project cover a substantial area over historically prospective ground in the Payne's Find district of Western Australia (Figure 1).

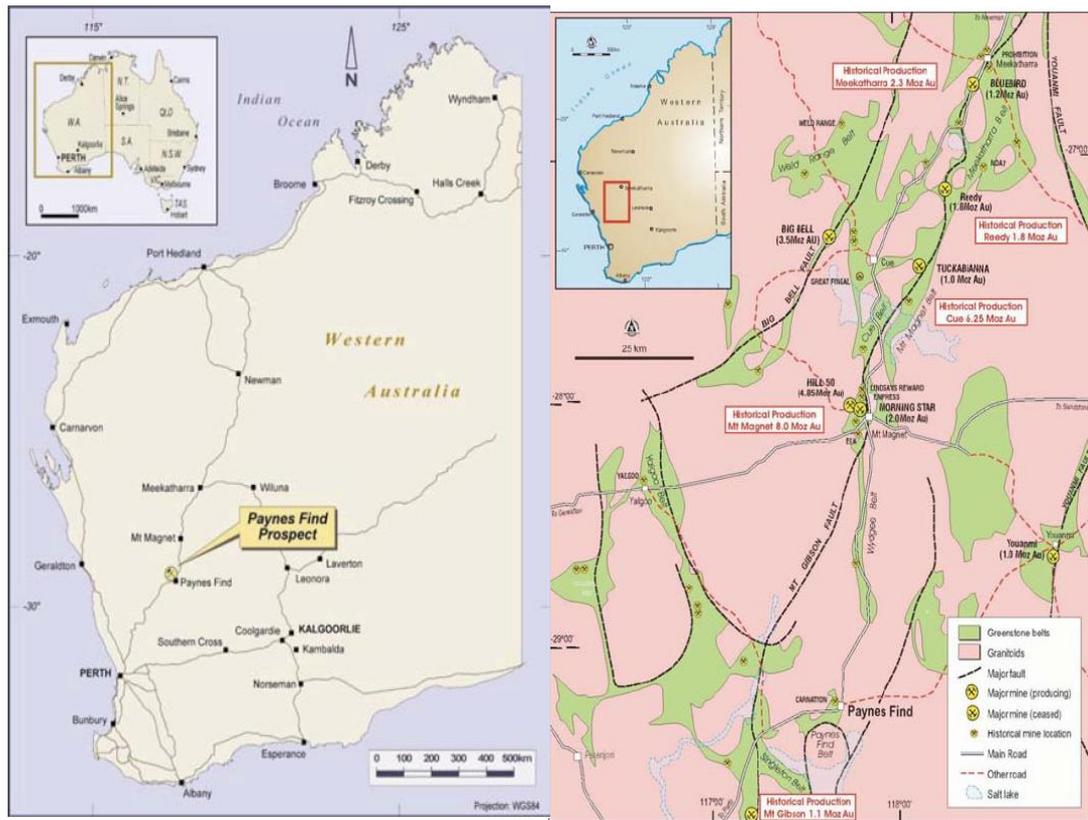


Figure 1 – Payne's Find Project Location

Included within the tenement holdings are the main Paynes Find and Carnation fields (Figure 2), which were historically exploited as small scale underground mines since 1911. During this time, Battery records recorded that 2,204kg of gold was produced at an average recovered grade of 24.5g/t Au.

The region has been explored in a cursory fashion up until the late 1990s, most particularly by Falcon Australia Limited, which exploited the small Pansy Deposit in the south of the project tenements and by Kirkwood Gold NL, which drilled several holes in the main Paynes Find field from 1996 to 1998.

However it was not until 2011 - 2012 that more systematic modern exploration took place after the historically disparate leases were consolidated and used as the basis for the IPO of Paynes Find Gold Limited (ASX:PNE).

Exploration by PNE ceased in early 2013 due to lack of funds, but during their tenure, several substantial phases of drilling were undertaken in one small area of the project, focussing on the initial drilling by Kirkwood Gold NL. The results from these programs were reported by PNE at the time.

The Company released historical exploration results for the Paynes Find gold project on the ASX on 4 May 2017. Additional background information in relation to Paynes Find Gold Limited is available on the following websites:

- (a) on the ASX website under the company's listed code **PNE** at <http://www.asx.com.au/> on the ASX announcements platform (in particular, Shareholders may find it helpful to refer to the exploration and activity reports for Paynes Find Gold Limited from 2011 – 2012); and

- (b) on the Company's website at <http://www.cervantescorp.com.au/> (in particular, Shareholders may find it helpful to refer to the Prospectus used in relation to the IPO for Paynes Find Gold Limited).

Geology

The regional geology of the Paynes Find region comprises a thick series of Archaean-aged folded mafic volcanic rocks that are separated by large granitoid intrusions although outcrop is largely concealed by an extensive cover of alluvium and laterite. The rock types consist of interlayered, basaltic and dacitic, meta-volcanics, subordinate banded iron formations and ultramafic schists. These rocks host rich gold-bearing lodes that in the past have been extensively mined to depths in excess of 300 metres.

The mineralisation within the Paynes Find area is structurally controlled and associated with late tectonic ductile to brittle structures. The Primrose Fault Zone which bifurcates to the south, is an east verging, sinistral transpressional thrust fault zone which juxtaposes a hanging wall amphibolite with the Paynes Find gneiss (Figure 2).

Much of the exploited historic mineralisation is associated with boudinaged quartz veins hosted along subsidiary structures to the Primrose Fault and within the Paynes Find Gneiss. These lodes comprised high-grade zones associated with the quartz vein boudins.

West of the Primrose Fault, penetrative shearing of the amphibolite also host mineralisation which previous work suggested may represent a more consistent style of mineralisation.

It is apparent that the Primrose Fault was an important structure for the emplacement control of mineralisation in the Paynes Find area. In addition, the shearing along the contacts between rheologically contrasting lithologies was associated with the brittle to brittle ductile subsidiary faulting developing within the relatively strong lithological host.

While several major drilling programs were undertaken in a small area of the Paynes Find Gneiss, it is thought that most previous work was based upon a flawed understanding of structural and lithological controls to gold mineralisation and was to a large extent ineffectual.

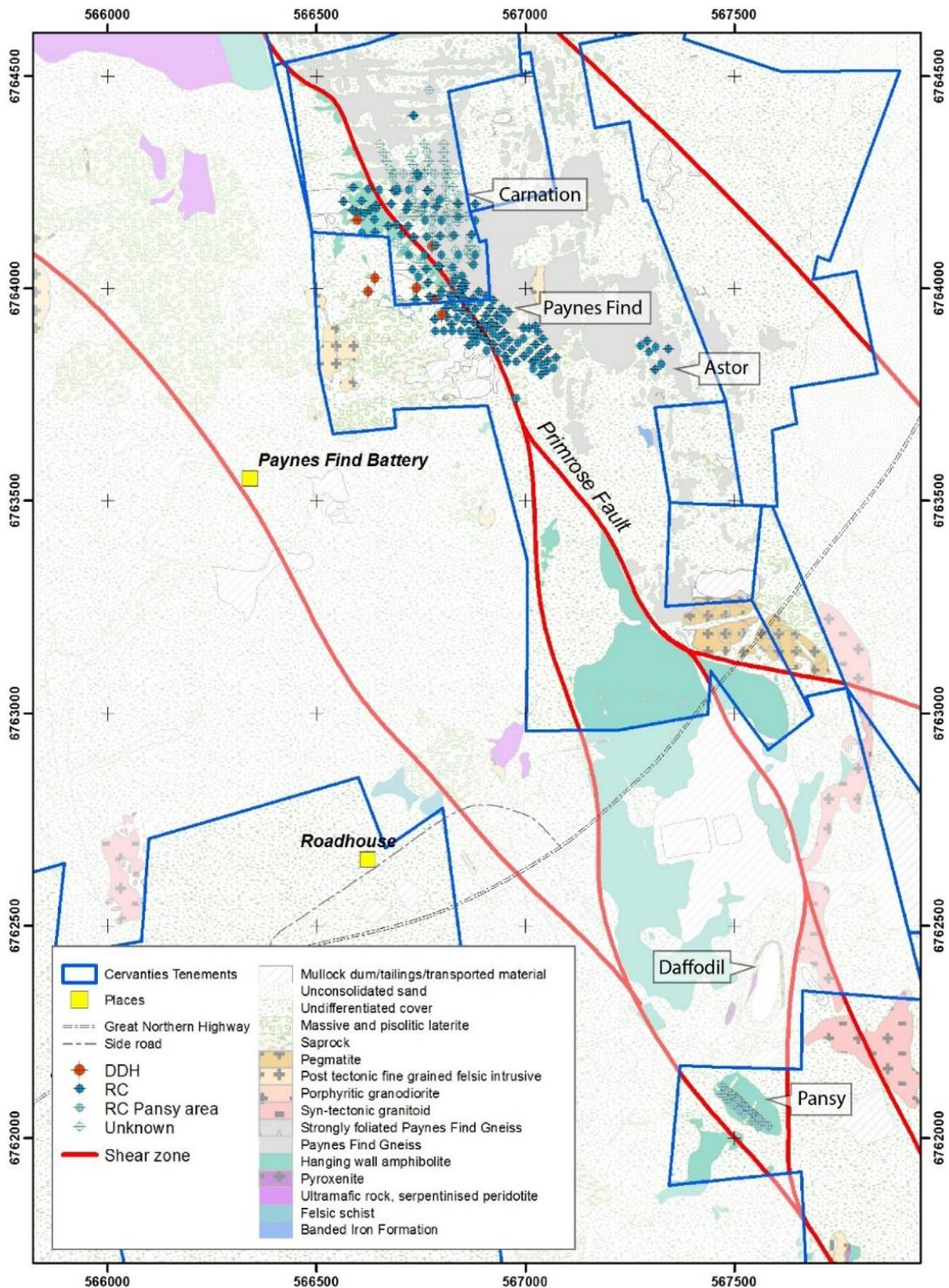


Figure 2 – Primrose Fault Zone and Geology

Resources and Reserves

No JORC-2012 compliant Resource or Reserve Estimates currently exist within the Paynes Find project leases.

Falcon Australia Limited undertook a small drilling program beneath the Pansy pit in 1987 in order to determine its ongoing potential and an historical “Resource Estimate” was published at the time. However this was before the JORC Code and is therefore not considered reportable under current guidelines.

Contained within the Independent Geologists Report of the original Paynes Find Gold Limited Prospectus in late 2010, was a highly speculative "Exploration Target" that was compliant with JORC 2004 and the listing rules of the time. However, since this was published, significant work has been undertaken on the project that must now be taken into account, such that this "Exploration Target" is no longer considered current or relevant.

Competent Persons Statement

The information contained in the report set out in section 5.2 (Paynes Find Gold Project) of this Explanatory Statement relates to the summarising of Historical Exploration Results and is based on, and fairly represents, 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 Pty Ltd on a part time basis.

Mr George has sufficient experience that is relevant to the style of mineralisation 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 the above report related to Historical Exploration Activities is an accurate representation of the available data and studies 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 is appears.

5.3 General

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 25,000,000 Shares at a deemed issue price of \$0.02 per Share to the Vendor, on Settlement of the Transaction, in part consideration for the Vendor transferring the Paynes Find Gold Project to the Purchaser.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of this Resolution will be to allow the Company to issue the Shares to the Vendor in accordance with the terms of the Formal Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.4 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (a) the maximum number of Shares to be issued is 25,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the deemed issue price will be \$0.02 per Share;

- (d) the Shares will be issued to European Lithium Limited (or its nominee), which is not a related party of the Company, and European Lithium Limited will ensure that its nominee(s) (if any) will not be a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and subject to a 6 month voluntary escrow restriction;
- (f) no funds will be raised from the issue of the Shares as they will be issued in part consideration for the Vendor transferring the Paynes Find Gold Project to the Purchaser; and
- (g) it is intended that the issue date will be the date of Settlement of the Transaction.

6. RESOLUTION 5 – ISSUE OF SHARES TO GREG BARNES

6.1 General

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 1,000,000 Shares to Greg Barnes in satisfaction of an \$8,000 fee for referring the Paynes Find Gold Project to New York Securities Pty Ltd, which subsequently introduced that project to the Company.

A summary of the requirements of ASX Listing Rule 7.1 is set out in section 5.3 above.

The effect of this Resolution will be to allow the Company to issue the Shares to Greg Barnes during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (a) the maximum number of Shares to be issued is 1,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the deemed issue price will be \$0.008 per Share;
- (d) the Shares will be issued to Greg Barnes (or his nominee), who is not a related party of the Company, and Greg Barnes will ensure that his nominee(s) (if any) will not be a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Shares as they will be issued for nil cash consideration; and

- (g) it is intended that the issue date will be the date of Settlement of the Transaction.

7. RESOLUTIONS 6-8 - ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 7,000,000 Shares and 7,000,000 Related Party Incentive Options (together, the **Related Party Securities**) to the following related parties on the terms and conditions set out further below:

- (a) 5,000,000 Shares to New York Securities Pty Ltd (or its nominee) in order to satisfy a fee of \$44,000 (inclusive of GST) payable by the Company to New York Securities Pty Ltd for the introduction of the Transaction to the Company;
- (b) 2,000,000 Shares and 2,000,000 Options exercisable at \$0.01 each expiring 5 years after grant (**Incentive Options**) to Justin Vost (or his nominee); and
- (c) 5,000,000 Incentive Options exercisable at \$0.01 each expiring 5 years after grant to Collin Vost (or his nominee).

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Securities constitutes giving a financial benefit and Collin Vost and Justin Vost are related parties of the Company by virtue of being Directors, and New York Securities Pty Ltd is a related party of the Company by virtue of being controlled by Director Mr Collin Vost.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires that shareholder approval is obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Securities to New York Securities Pty Ltd (or its nominee), Collin Vost (or his nominee) and Justin Vost (or his nominee) (the **Related Parties**):

- (a) Collin Vost and Justin Vost are related parties by virtue of being Directors of the Company, and New York Securities Pty Ltd is a related party by virtue of being controlled by Collin Vost, a Director of the Company;
- (b) the maximum number of Related Party Securities (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 5,000,000 Shares to New York Securities Pty Ltd (or its nominee);
 - (ii) 2,000,000 Shares and 2,000,000 Incentive Options to Justin Vost (or his nominee); and
 - (iii) 5,000,000 Incentive Options to Collin Vost (or his nominee).
- (c) the Related Party Securities will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Securities will be issued on one date;
- (d) the Related Party Securities will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (f) the terms and conditions of the Incentive Options are set out in Schedule 1;
- (g) the value of the Related Securities and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice of Meeting are set out below:

Related Party	Shares
New York Securities Pty Ltd	0
Justin Vost	12,337,223 Shares, being comprised of: 2,037,223 (held by AVOST Holdings Pty Ltd as trustee for the Bluesky Trust) 10,000,000 (held by Justin Vost) 300,000 (held by Justin Vost and Jennifer Vost as trustees for the Avost Superfund)
Collin Vost	48,570,000 Shares, being comprised of:

	40,800,000 (held by New York Holdings Pty Ltd as trustee for the CV Superfund) 7,770,000 (held by New York Holdings Pty Ltd)
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- (i) the remuneration and benefits paid from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year (excluding the Related Party Securities contemplated by Resolutions 6 – 8) are set out below:

Related Party	Current Financial Year	Previous Financial Year
New York Securities Pty Ltd	\$93,770	\$78,000
Justin Vost	\$24,000	\$24,000
Collin Vost	\$24,000	\$24,000

- (j) if the Incentive Options granted to the Related Parties are exercised, a total of 14,000,000 Shares would be issued. This will increase the number of Shares on issue from 324,329,716 to 338,329,716 (assuming that no other Options are exercised and no Shares other than the total of 7,000,000 Shares contemplated by Resolutions 6 and 7 of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.14% (being 14,000,000 divided by 338,329,716), comprising 1.48% by New York Securities Pty Ltd, 1.48% by Collin Vost and 1.18% by Justin Vost;
- (k) the market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at any time any of the Incentive Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company;
- (l) as at the date of this Notice, the Shares are trading on ASX at a price greater than the exercise price of the Incentive Options. The Board resolved to issue the Related Party Options, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price lower than the exercise price of the Incentive Options, but Shareholder approval has not been able to be obtained until this Meeting. The Board resolved to issue those Incentive Options to the Related Parties on 22 December 2016 when the previous closing price of Shares on ASX was \$0.008; and
- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.015	15 March 2017
Lowest	\$0.008	30 October 2016
Last	\$0.014	24 October 2017

- (n) the primary purpose of the grant of the Related Party Securities to the Related Parties is as set out below:

- (i) 5,000,000 Shares are to be issued to New York Securities Pty Ltd (or its nominee) in order to satisfy the fee of \$44,000 (inclusive of GST) payable by the Company to New York Securities Pty Ltd for the introduction of the Transaction to the Company;
 - (ii) 2,000,000 Shares and 2,000,000 Incentive Options are to be issued to Justin Vost (or his nominee) as an incentive for his future involvement as a Director and to grow the Company's business; and
 - (iii) 5,000,000 Incentive Options are to be issued to Collin Vost (or his nominee) as an incentive for his future involvement as a Director and to grow the Company's business;
- (o) Collin Vost declines to make a recommendation to Shareholders in relation to Resolutions 6 and 8 due to his material personal interest in the outcome of the Resolutions on the basis that New York Securities Pty Ltd is to be granted Shares in the Company should Resolution 6 be passed and he is to be granted Incentive Options in the Company should Resolution 8 be passed. However, in respect of Resolution 7, Collin Vost recommends that Shareholders vote in favour of this Resolution for the following reasons:
- (i) the grant of Incentive Securities under Resolution 7 will align the interests of Justin Vost with those of Shareholders;
 - (ii) the grant of the Incentive Securities is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Securities upon the terms proposed;
- (p) Justin Vost declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Securities in the Company should Resolution 7 be passed. However, in respect of Resolutions 6 and 8, Justin Vost recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (o);
- (q) Timothy Clark declines to make a recommendation to Shareholders in respect of Resolutions 6, 7 and 8;
- (r) with the exception of Collin Vost, no other Director has a personal interest in the outcome of Resolutions 6 and 8;
- (s) with the exception of Justin Vost, no other Director has a personal interest in the outcome of Resolution 7;
- (t) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Securities to be granted as well as the exercise price

(being \$0.01 in respect of the Incentive Options) and expiry date of those Incentive Options and their respective contributions to the Company, including the contribution of New York Securities Pty Ltd in relation to the Transaction; and

- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 – 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTION 9 - REPLACEMENT OF CONSTITUTION

8.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in 2008;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, SCH Business Rules and Proper SCH Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (<http://www.cervantescorp.com.au/>) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6436 2300).

Shareholders are invited to contact the Company if they have any queries or concerns.

8.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and

- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Cervantes Corporation Limited (ACN 097 982 235).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equipment has the meaning given in section 5.2 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

Formal Agreement is defined in section 5.1 of the Explanatory Statement.

Incentive Option means an Option with the terms and conditions set out in Schedule 1.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity,

directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Mining Information has the meaning given in section 5.2 of the Explanatory Statement.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Paynes Find Gold Project has the meaning in section 5.2 of this Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Related Party Securities means the Shares and Incentive Options to be issued by this Notice of Meeting.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Settlement means the settlement of the sale and purchase of the Paynes Find Gold Project in accordance with the terms and conditions of the Formal Agreement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Tenements has the meaning given in section 5.2 of the Explanatory Statement

Terms Sheet has the meaning given in section 5.1 of the Explanatory Statement.

Transaction has the meaning given in section 5.1 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date 5 years after the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the

Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY SECURITIES

The Related Party Securities to be issued to the Related Parties pursuant to this Notice of Meeting have been valued by Stantons International Securities Pty Ltd ABN 42 128 908 289 (AFS Licence Number 448697) (**Stantons**).

Shares:

The value of Shares is the price of Shares traded on the ASX, which varies over time. The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.015	15 March 2017
Lowest	\$0.008	30 October 2016
Last	\$0.014	24 October 2017

Incentive Options

Using the Black & Scholes option valuation methodology and based on the assumptions set out below, the Incentive Options were ascribed the following value:

Assumptions:	
Valuation date	13 October 2017
Market price of Shares	1.50 cents (being the closing price of a listed share in the Company as at the close of 13 October 2017). This is the price that has been used in determining the value of the Options.
Exercise price	The exercise price of the 7,000,000 Incentive Options is 1 cent per Option
Expiry date (length of time from issue)	5 years from the date of issue
Risk free interest rate	2.31%
Volatility (discount)	The Incentive Options do not have any vesting conditions. To reflect the unlisted status of the Incentive Options a discount rate of 20% may be applied. For the purpose of this valuation, a discount rate has not been applied. Volatility percentage: 100%
Indicative value per Option (before discount)	1.135 cents
Total Value of Options	\$79,450 (being 1.135 cents x 7,000,000 Incentive Options)

- Justin Vost	\$22,700
- Collin Vost	\$56,750

Note:

1. The valuation noted above is not necessarily the market prices that the Incentive Options could be traded at and is not automatically the market prices for taxation purposes. The recipient of the Incentive Options should seek its own tax advice as to the tax treatment of receiving Incentive Options in the Company and the value for taxation purposes.
2. This Incentive Option valuation methodology has been used with the expectation that the majority of the Incentive Options would be exercised towards the end of the term of the Incentive Options.
3. The valuation has been provided for International Financial Reporting Standards purposes only. The Incentive Options will need to again be valued for International Financial Reporting Standards purposes following shareholder approval.
4. It is assumed that no dividends are expected to be declared or paid by the Company during the term of the Incentive Options.
5. The lowest share price of a Share in the Company was 0.8 cents and the highest was 1.5 cents (since the announcement of the proposal to acquire the Paynes Find Gold Project Tenements, however the one-year low share price to 25 October 2017 was 0.8 cents on 30 October 2016). The volumes of trades are extremely low so the simple volatility since the Paynes Find announcement has been ignored (the basic volatility taking into account the movement between low and high since the Paynes Find announcement is around 87.5%). The Company's Share price will, after being dormant for a long period of time, be sensitive to ASX announcements particularly with the opportunities in relation to the Paynes Find Gold Project Tenements, which it is assumed will be acquired. In the opinion of Stantons, after taking into account the various ASX announcements, the basic volatility, the relatively medium term of the Incentive Options (5 years), and the general trend in the shares of the companies in similar businesses and trading on the ASX over the past 3 and 6 months, Stantons is of the opinion that the volatility factor for the purposes of valuation should be 100% as at 13 October 2017.

PROXY FORM

**CERVANTES CORPORATION LIMITED
ACN 097 982 235**

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 2:45 PM WST, on 29 November 2017 at Royal Perth Golf Club, Labouchere Road, South Perth WA 6151, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 6-8 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6-8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions, other than Resolution 2 where the Chair intends to vote against. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Timothy Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Marcus Flis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to European Lithium Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Greg Barnes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Related Party – New York Securities Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares and Options to Related Party – Justin Vost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Related Party – Collin Vost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Shop 11, "South Shore Piazza", 85 The Esplanade, South Perth WA 6151; or
 - (b) facsimile to the Company on facsimile number +61 8 9367 2450; or
 - (c) email to the Company at admin@cervantescorp.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.