

MARCH 2018 QUARTERLY ACTIVITY REPORT

Cervantes Corporation Ltd (ASX:CVS) (“the Company” or “Cervantes”) is pleased to provide the March quarter activity report. Much like the last quarter, the Company has ticked over another milestone with the commencement of its inaugural exploration program since converting to an Exploration Company. The initial soil sampling program at the Abbots project (previously referred to as Garden Gully) and a portion of the Primrose project (previously referred to as Paynes Find Gold) commenced at the end of the quarter with drilling to commence in the short term at the Albury and Primrose projects, results from these programs will be released once available.

Post the March 2018 quarter, Cervantes successfully raised \$781,397 and is now well positioned to meet all of its ongoing commitments including further evaluation and development all of the current gold projects. In addition, after further review of the Primrose project tenement package, the Company now has access to the base metal rights on a number of the permits and intends evaluate previous work carried out in these areas related to base metals. The Company will continue to look for other opportunities that provide additional value to the portfolio or enhance the current projects.

PRIMROSE PROJECT

The Company recently completed a comprehensive review of the gold potential of the gold potential of the Primrose Shear contained within the Primrose project (previously referred to as Paynes Find Gold). This shear is related to high grade gold mineralisation that was mined historically (Figure 1). The review took in work done by previous explorers as well as records from historic gold producers in the project area. In recognition of the significance of this mineralised shear, the area is now referred to as the Primrose Project.

Cervantes controls in excess of 8km strike length of the Primrose Shear. The package of tenements, representing the major portion of the historical Gold Field discovered in 1911, includes mining leases which are the subject of an acquisition from European Lithium Ltd (CVS’ ASX release on 15 Nov., 2017), a

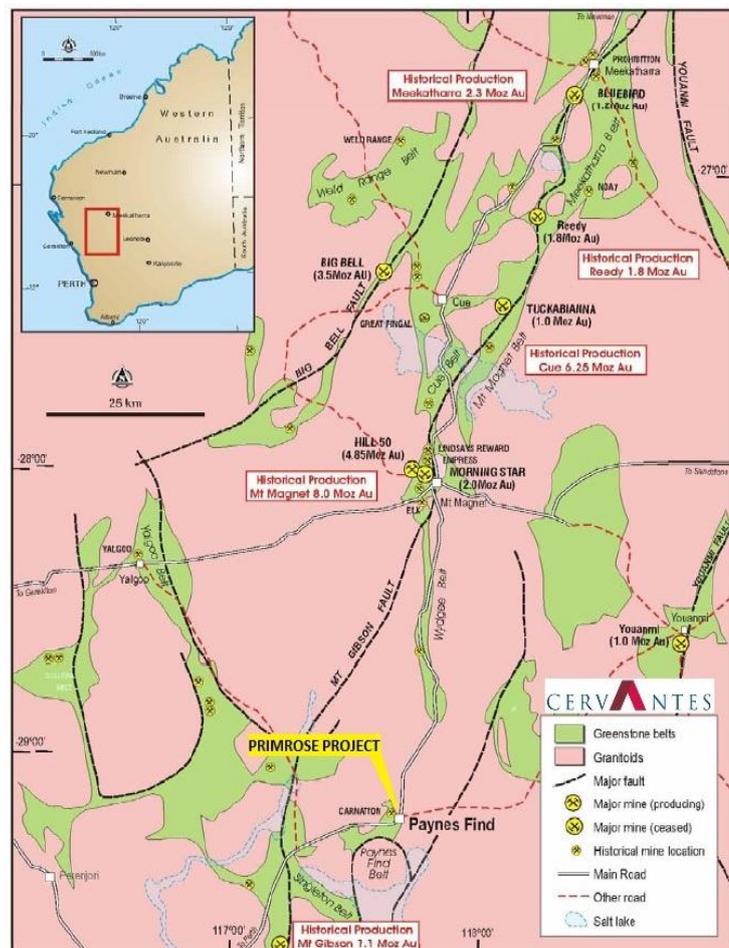


Figure 1: Primrose Project location on regional geology; showing regional historical gold production

number of Cervantes currently owned tenements, tenements recently acquired and applied for but awaiting approval (Table 1, Figure 2).

The aim of the review was to identify opportunities not pursued by previous workers and, where appropriate, materially increase and validate the mineralisation previously defined.

A large body of drilling at the Carnation Prospect has been ear-marked for a detailed analysis.

Tenement	Name	Owner
M 59/02	Havela	EUROPEAN LITHIUM LTD
M 59/10	Marigold	EUROPEAN LITHIUM LTD
M 59/235	Sweet William	EUROPEAN LITHIUM LTD
M 59/244	Paynes Find	EUROPEAN LITHIUM LTD
M 59/396	Havea	EUROPEAN LITHIUM LTD
M 59/662	Pansy	EUROPEAN LITHIUM LTD
M 59/663	Blue Bell	EUROPEAN LITHIUM LTD
P 59/1957	Goodingnow East	EUROPEAN LITHIUM LTD
P 59/1941	Roadhouse	EUROPEAN LITHIUM LTD
P 59/1924	Sty	EUROPEAN LITHIUM LTD
P 59/1958	Southern Margin	EUROPEAN LITHIUM LTD
P 59/1942	Northern Margin	EUROPEAN LITHIUM LTD
P 59/1956	Daffodil	EUROPEAN LITHIUM LTD
P 59/2101	Western Granite	EUROPEAN LITHIUM LTD
P 59/1959	Airport	EUROPEAN LITHIUM LTD
P 59/2130	Battery	CERVANTES GOLD PTY LTD
P 59/2152		CERVANTES GOLD PTY LTD
P 59/2151		CERVANTES GOLD PTY LTD
P 59/2153		CERVANTES GOLD PTY LTD
E 59/2242	Deep Well	CERVANTES GOLD PTY LTD
P 59/2159		CERVANTES GOLD PTY LTD
P 59/2160		CERVANTES GOLD PTY LTD
P 59/2161		CERVANTES GOLD PTY LTD
P 59/2076		BROSNAN/GRANT
P 59/2094		BROSNAN/GRANT

Table 1: List of tenements controlled by Cervantes



Figure 2: Primrose Project tenements. Over 8km of the auriferous Primrose Shear is covered

Regional opportunities

The historic workings in the project area were based on at surface, late stage, quartz-vein related gold mineralisation. This style of gold, while generally of a high grade, is discontinuous and size limited. Past explorers were distracted from pursuing the greater prize of a potentially much larger tonnage target by these historic occurrences.

The following references are made in respect to historic exploration data that are the subject of announcements to the ASX by Paynes Find Gold Ltd (ASX: PNE) on 14 June, 2011 and 19 November, 2012 and Cervantes Corporation Limited (ASX:CVS) on 4 May, 2017.

Consultants CSA Global undertook a field-wide study for the purpose of improving understanding of the structural and lithostratigraphic controls on mineralisation with implications for exploration targeting. The following critical conclusions were drawn:

- Two major gold mineralising episodes are recognised:
 - Shear related quartz veining with high-grade gold in boudinaged quartz veins hosted by gneiss. This was the main target for historic mining activities (Type 1 mineralisation).
 - Lower grade, but consistent gold mineralisation along the sheared contact between mafic amphibolite and gneiss (Type 2).
 - Extensive quartz veining containing gold mineralisation in the western mafic / ultramafic sequence (Type 3 mineralisation). This is an under explored gold target.
- The gneissic terrain that hosts the historic workings are a lower priority target because of the inconsistent gold mineralization.
- The sheared and intensely altered contact between the mafic unit and the gneiss should be the prime focus. This target is likely to exhibit consistent and significant thicknesses and may be open to depth and along strike.

The two styles of gold mineralisation are shown schematically in Figure 3. Type 1 gold mineralisation was extensively pursued in the past. Intercepts such as 3m at 92.1g/t gold (Au) in drill hole PFRC120 represent this type, while intercepts such as 12m at 6.61g/t Au in hole PFRC116 (PNE announcement 21 Nov., 2012) are interpreted to represent Type 2 gold mineralisation. While lower grade, this type has the ability to be present in much higher tonnages and total contained gold.

The Primrose Shear related gold target has not been fully pursued by previous explorers, yet presents as the greatest opportunity in this historic gold field. Of the approximately 8km of strike Cervantes controls on this shear and its offshoots, only 0.55km has been drill tested.

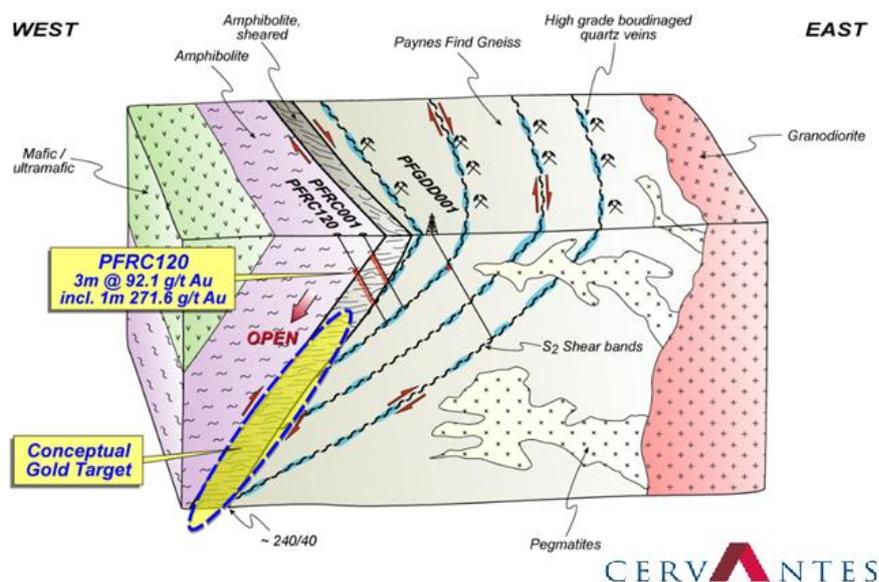


Figure 3: Primrose Shear hosted conceptual gold target

An initial three pronged exploration programme has been designed to begin the process of systematic, target focused, model driven testing of this highly auriferous area.

Regional sampling programme

The regional review has identified seven prospects for follow-up with four being chosen for testing with aircore (AC) drilling during the current phase of exploration, namely Blue Bell, Princess Mary, Goodingnow, and Pansy (Figure 4). All lie on flexures in the Primrose Shear and have associated with them elevated surface geochemistry gold signatures. The aim of this work is to identify parts of the Primrose Shear that are auriferous as a pathfinder for deeper RC drill testing. Seventy holes are planned.

Pansy Pit

The Pansy Pit (Figure 4 and 5) was mined in 1912-13 and produced at an average grade of 17.4g/t Au. It represents the currently known southernmost extension of known gold mineralisation along the Primrose Shear.

Cervantes reviewed all previous work, including drilling undertaken by Falcon Australia Limited in 1987 (“Summary of Pansy Prospect, Paynes Find for Falcon Australia”, A.Peerless, K.H.Morgan & Assoc., 1987, DMIRS report A21516). Field inspections were also done. As announced on 28 March 2018, a notional exploration target of 10,000t to 35,000t at a grade of 2.0g/t to 4.5g/t gold has been estimated based on 21 RC holes (Figure 5) and ancillary data. The potential quantity and grade of this target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

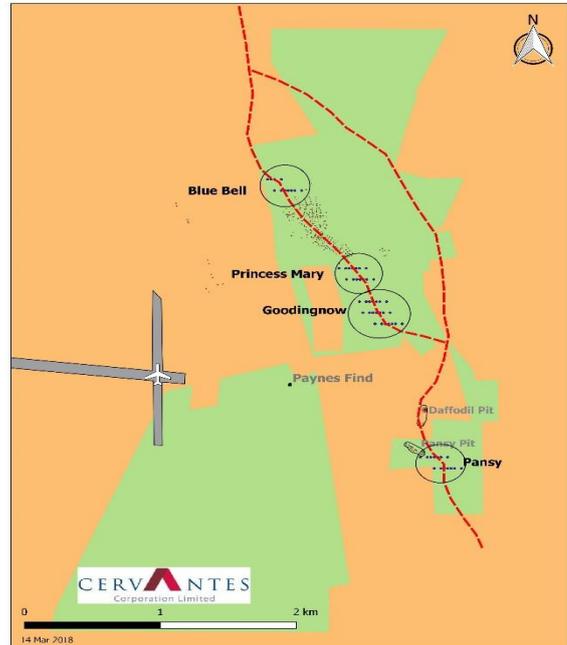


Figure 4: Proposed shallow aircore drilling on flexures in the Primrose Shear exhibiting gold anomalism (large dots). Smaller dots show existing drill holes.

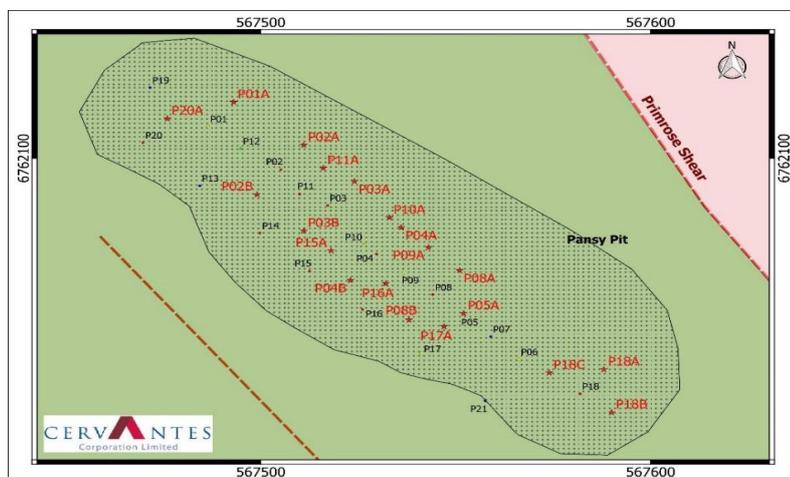


Figure 5: Proposed Pansy Pit drilling (shown as stars) in relation to existing drill holes (black dots). The Pansy Pit is 5 to 8m deep

Resource.

Sixteen RC holes for 550m to test down-dip, up-dip and along strike of the historic holes are planned (Figure 5). Drilling is pending Programme of Work assessment by Department of Mines Industry Regulations and Safety (WA) and is expected to be completed by July, 2018. This data will be used to confirm and extend the known mineralisation as a prelude to possible resource definition drilling.

Carnation Prospect

The previous explorer, Paynes Find Gold (PNE), focused its extensive drilling campaigns on the footwall side of the Primrose Shear within the Paynes Find Gneiss. This gneiss, bounded by the Primrose Shear to the west and the Daffodil Shear to the east, forms a rigid brittle body that hosts the vein swarms that host the historically mined high grade, low tonnage, late stage veined gold. Insufficient continuous mineralisation was defined by PNE to estimate an economic resource.

Drill holes that were collared in the hanging wall amphibolites to the west tended to indicate the potential for thicker intersections of more continuous gold mineralisation.

A more in-depth review of this particular prospect is planned. This will include assaying of drill hole sections not yet sampled, mapping of alteration to determine if an alteration signature to the gold exists, and a synthesis of litho-structural controls on gold mineralisation.

ALBURY HEATH

The Albury Heath tenement package (P51/2937, P51/2997 - 3001) is located approximately 23 kilometres South East of the mining town of Meekatharra in Western Australia (*Figure 4.*). The board continues to be very pleased with the progression of the Albury Heath Project. Native Title approval for P51/2997 – 3001 was received during the quarter and the exploration program prepared by the Exploration Manager, Marcus Flis, will commence around the end of April 2018.

As mentioned in previous quarters, the project was strategically acquired by the company for its near term production potential. Having reached a number of milestones during the previous quarters and moving towards Cervantes inaugural exploration drilling program on this project, the Company is excited about the potential that is gradually coming to fruition.

As announced on 7 February 2017, Continental Resource Management (CRM) estimated a Maiden JORC Resource of Indicated and Inferred Resources of 390,000t at 2.15g/t Au, for a total of 27,000oz of contained gold above a cut-off grade of 0.5g/t Au. This is an 80% increase in estimated ounces since the last published (1999 JORC) Resource Estimate of 164,500t @ 2.87 g/t Au for 15,200oz.

	Tonnes	Grade (g/t)	Au (ounces)
Indicated	300,000	2.25	21,500
Inferred	90,000	1.9	5,500
Totals	390,000	2.15	27,000

Table 1. Resource Summary– above lower cut off of 0.5g/t



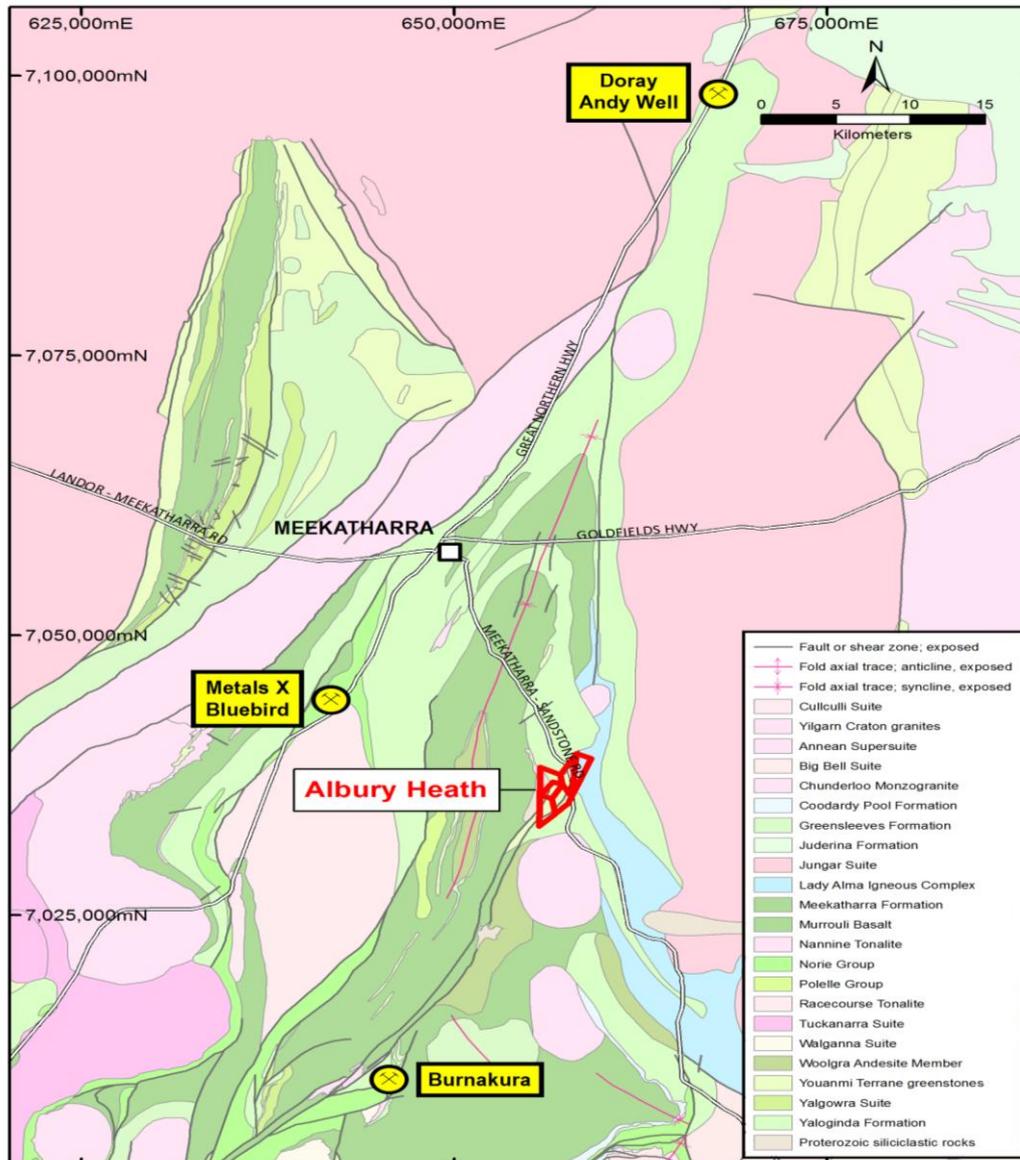


Figure 4. Location, Albury Heath Project

Beyond the mineral resource estimated by mining industry consultant CRM the modelling exercise threw up several factors inherent in the drilling technology used at the time and in the resource modelling process, that open the potential for additional exploration potential that may be delineated by a small drilling program. Cervantes is undertaking a process to develop an exploration plan to examine these matters at the earliest possible time. Potential upside exists through three sources;

- 1) **Mineralisation – Open at Depth**
- 2) **No Samples Beneath Open Stopes (RC Cross-over method)**
- 3) **Depth Extensions of High Grade Lodes**

The planned drilling program is to target the issues mentioned above related to potential resource upside and to collect fresh material for metallurgical testing and to provide geotechnical information to assist in pit design. With fresh material and results from this exploration program, Cervantes expects to be in a stronger position to continue discussions with nearby mills regarding treatment of the ore.

ABBOTTS

The Company's Abbotts project tenement E63/1721 (previously referred to as Garden Gully), is strategically located and immediately adjoins to the North of Thundelarra Ltd's Garden Gully project in Meekatharra (Figure 5.). It's approx 10km South West of Doray Mining Ltd's Andy Well project area and mill, is approx 20km North West of the Meekatharra Township and is approx 40km north of the Bluebird mill.

Thundelarra have expressed considerable excitement as they continue to drill and explore the area. The Company believes that any extension of gold mineralisation to the north of Thundelarra's tenement area will likely add value to our tenement. At the end of the March quarter, the Company commenced an initial soil sampling program at the Abbotts project, any results from these programs will be released once available.

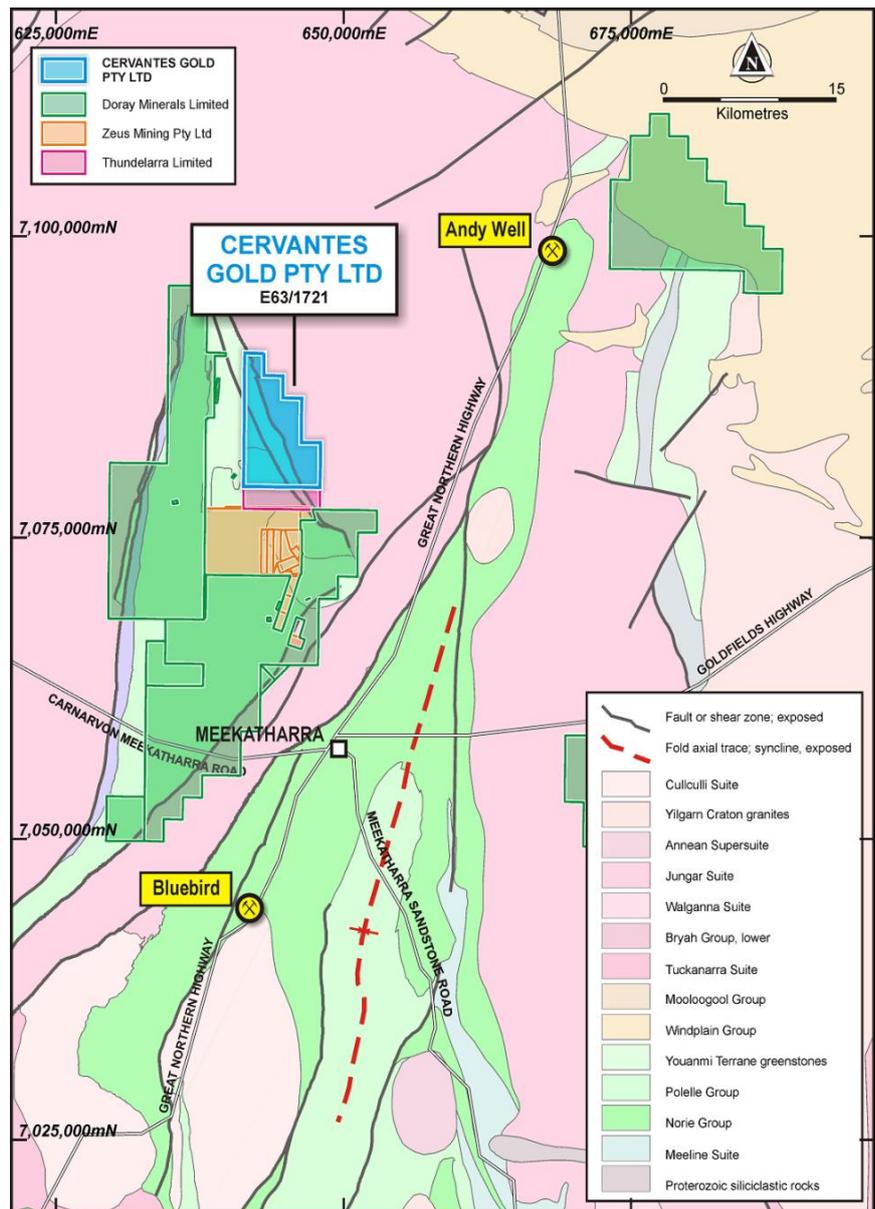


Figure 5. Location, Cervantes Garden Gully Project

With a strengthening gold price and increased market interest in junior gold explorers we look forward to an exciting year ahead.

Appendix 5B Statement

The Appendix 5B for the quarter ended 31 March 2018 is attached.

About Cervantes Corporation Limited

Cervantes is an emerging gold explorer and aspiring gold miner. It has built up a portfolio of gold properties in well-known and historically producing gold districts with a strategy to apply novel exploration and development thinking. Cervantes has identified opportunities in those districts that were overlooked by previous explorers. The company is committed to maximizing shareholder value through the development of those opportunities.

About the Primrose Project

The Primrose Project covers in excess of 8km of the highly gold mineralised Primrose Shear in the Murchison District of the Eastern Goldfields, Western Australia. Over 37 gold mines, of various sizes, operated in this field from 1911 till 1982. Some 63,000 ounces of gold was mined at an average grade of 25g/t during this period. It is generally accepted that significantly more gold than this was won from alluvial and unreported production.

Cervantes now controls 25 mining leases, prospecting licences, and an exploration licence that cover the majority of this historic gold field. A large database of drilling, surface geochemistry, geological, and geophysical data has been assembled to allow the field to be better understood than at any time in its history.

Competent Person's Statement

The details contained in this report that pertain to exploration results and exploration targets are based upon information compiled by Mr Marcus Flis and fairly represent information and supporting documentation prepared by Mr Flis. Mr Flis is a Director of Cervantes Corporation Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

Forward Looking Statement

This report contains forward looking statements concerning the projects owned by Cervantes Corporation Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Cervantes Corporation Ltd

ABN

79 079 982 235

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(116)	(152)
(b) development	-	
(c) production	-	
(d) staff costs	(18)	(50)
(e) administration and corporate costs	(84)	(141)
1.3 Dividends received(see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(218)	(344)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(170)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	(170)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	355	355
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(20)	(20)
3.5 Proceeds from borrowings	12	272
3.6 Repayment of borrowings	(45)	(45)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	302	562

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	26	62
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(218)	(344)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(170)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	302	562

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	110	110

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	110	26
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	110	26

6. Payments to directors of the entity and their associates

Current quarter \$A'000
18
-

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees

7. Payments to related entities of the entity and their associates

Current quarter \$A'000
14
-

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Bookkeeping and Serviced Offices provided by a Directors company, other services provided by a Director including some Company Secretarial services.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

\$281,397 was raised using the Company's 15% annual placement capacity and at the Company's 4th April 2018 General Meeting, shareholders approved the issue of up to 50,000,000 Shares together with 1 free attaching Option for every 2 Shares subscribed for. These shares and options were subsequently issued to raise \$500,000.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	220
9.2 Development	-
9.3 Production	-
9.4 Staff costs	18
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	278

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to 'Schedule of Tenements' below		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to 'Schedule of Tenements' below		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2018

Print name: Collin Vost
(Executive Chairman)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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SCHEDULE OF TENEMENTS**As at 31 March 2018**

Project / Tenement		Interest at Start of Quarter	Interest at End of Quarter	Acquired During the Quarter	Disposed During the Quarter
Western Australia					
Abbotts Project					
Garden Gully, Meekatharra	E51/1721	100%	100%	-	-
Albury Heath Project					
Albury Heath, Meekatharra	P51/2937	100%	100%	-	-
Albury Heath, Meekatharra	P51/2997	100%	100%	-	-
Albury Heath, Meekatharra	P51/2998	100%	100%	-	-
Albury Heath, Meekatharra	P51/2999	100%	100%	-	-
Albury Heath, Meekatharra	P51/3000	100%	100%	-	-
Albury Heath, Meekatharra	P51/3001	100%	100%	-	-
Primrose Project (*subject to final payments)					
Paynes Find	P59/2101*	100%*	100%*	-	-
Paynes Find	P59/1959*	100%*	100%*	-	-
Paynes Find	P59/1958*	100%*	100%*	-	-
Paynes Find	P59/1957*	100%*	100%*	-	-
Paynes Find	P59/1956*	100%*	100%*	-	-
Paynes Find	P59/1942*	100%*	100%*	-	-
Paynes Find	P59/1941*	100%*	100%*	-	-
Paynes Find	P59/1924*	100%*	100%*	-	-
Paynes Find	M59/663*	100%*	100%*	-	-
Paynes Find	M59/662*	100%*	100%*	-	-
Paynes Find	M59/396*	100%*	100%*	-	-
Paynes Find	M59/244*	100%*	100%*	-	-
Paynes Find	M59/235*	100%*	100%*	-	-
Paynes Find	M59/10*	100%*	100%*	-	-
Paynes Find	M59/2*	100%*	100%*	-	-
Primrose Project (*subject to settlement of acquisition OR application approval)					
Paynes Find	E59/2242	100%	100%	-	-
Paynes Find	E59/2130	100%	100%	-	-
Paynes Find	P59/2151*	-	-	100%*	-
Paynes Find	P59/2152*	-	-	100%*	-
Paynes Find	P59/2153*	-	-	100%*	-
Paynes Find	P59/2159*	-	-	100%*	-
Paynes Find	P59/2160*	-	-	100%*	-
Paynes Find	P59/2161*	-	-	100%*	-

* Denotes, as indicated above, particular tenements that are secured, however they remain subject to Native Title Approval, Settlement of acquisition, application approval and/or finalisation of acquisition.

+ See chapter 19 for defined terms

1 September 2016