ASX ANNOUNCEMENT/MEDIA RELEASE

7th February 2017

MAIDEN JORC RESOURCE AT ALBURY HEATH – DEMONSTRATES POTENTIAL AND UPSIDE

HIGHLIGHTS:

- **Maiden JORC Resource Estimate for Albury Heath of 390,000t @ 2.15g/t Au for 27,000oz Au (Indicated and Inferred)**
- **78% more ounces than the last published (1999 JORC) Resource Estimate of 164,500t @ 2.87 g/t Au for 15,200oz.**
- **Potential upside from three sources to be examined:**
  - **Mineralisation remains open at depth.**
  - **Mineralised footwall of previously mined high grade stopes could not be sampled by older drilling method.**
  - **Potential down dip extensions of previously mined high grade zones were not included in the Resource.**
- **Drilling programme planned to test Resource upside, collect material for metallurgical testing and provide geotechnical material for pit design.**
- **Near term production opportunities to be examined via on site processing or treatment in various nearby mills.**
- **Native Title agreements have been completed.**
- **Albury Heath Resource provides critical mass to commence examination of development options while searching for additional ounces and opportunities.**

JORC RESOURCE

Cervantes Corporation Limited (ASX:CVS, "Cervantes") is pleased to announce a JORC compliant Mineral Resource Estimate for its Albury Heath gold deposit, south of Meekatharra. Respected mining industry consultant, Continental Resource Management (**CRM**) has estimated Indicated and Inferred Resources of 390,000 tonnes at 2.15g/t Au, for a total of 27,000 oz of contained gold above a cut-off grade of 0.5g/t Au. (Table 1.)

	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 cutoff of 0.5g/t

Shop 11 (Southshore Piazza) 85 The Esplanade , South Perth WA 6151 • (P.O.Box 1196, South Perth, WA 6951) • ABN 70 097 982 235
Telephone 61 8 6436 2300 • Fax 61 8 9367 2470 • Email: admin@cervantescorp.com.au • Web: www.cervantescorp.com.au

Cervantes Executive Chairman, Collin Vost commented;

"We are very pleased to have been able to reach this milestone so quickly and cheaply and to vindicate our faith in the potential of the Albury Heath Project. Albury Heath was acquired because of its potential to offer near term production options due to its advance stage, simple metallurgy and proximity to existing 3rd party mills in the Meekatharra area and we are therefore very pleased to see that potential being realised".

"We were fortunate to have located and sourced the historical exploration database from previous workers, thus enabling us to short circuit the exploration process and develop new geological models and a JORC resource very quickly. This Mineral Resource Estimate not only provides us with a firm base to commence examining development options, but throws up some interesting opportunities to explore upside to the Resource".

BACKGROUND

The Albury Heath tenement (P51/2397) is located approximately 23 km SE of the mining town of Meekatharra in Western Australia. In addition, **Cervantes** has applied for 5 surrounding PLs.

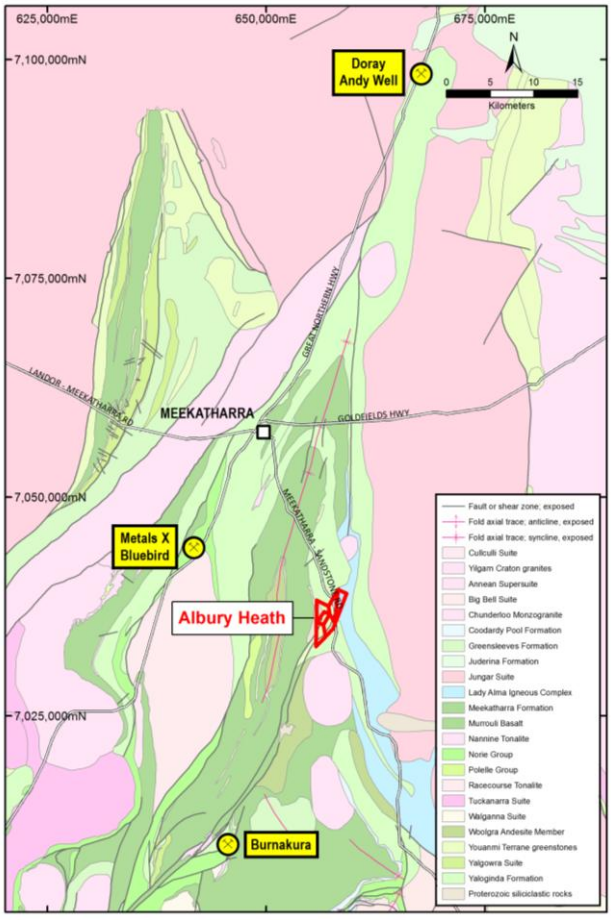


Fig 1. Location Map

Shop 11 (Southshore Piazza) 85 The Esplanade , South Perth WA 6151 • (P.O.Box 1196, South Perth, WA 6951) • ABN 70 097 982 235
Telephone 61 8 6436 2300 • Fax 61 8 9367 2470 • Email: **admin@cervantescorp.com.au** • Web: **www.cervantescorp.com.au**

As announced on 12th Dec 2016, studies of historical exploration data from Albury Heath, had revealed several different generations of Historical Resource Estimates, dating from 1988 to 2009.

These Estimates varied widely in their size and grade, and only the 2003 estimate was compliant with the JORC code and was reported publicly. The others were completed for internal purposes or for private companies.

Cervantes took the view that these Historical Estimates did not adequately reflect the true potential of the Albury Heath deposit as they had be completed using very different gold price and operating cost assumptions, and they had been geologically unconstrained.

A re-modelling exercise was therefore undertaken to estimate the Mineral Resources using a more detailed geological interpretation of the stacked gold bearing veins, based on historical drilling and underground sampling.

The objective of the Resource Modelling exercise was not only to provide a base case Mineral Resource Estimate, but also to create a geological mineralisation model to identify issues, deficiencies and potential upside that could be addressed with future work.

Cervantes is pleased with the work, as it provides a road map to move forward and opens a number of near term mining and processing options that can now be efficiently explored in parallel.

Access to Albury Heath is good, by a high quality sealed road from Perth and Kalgoorlie to Meekatharra, with only a short extent of good quality gravel road into the project area. The project can therefore be regarded to be readily accessible under most circumstances.

POTENTIAL UPSIDE

The present Mineral Resource Estimate was based upon drilling undertaken by Giralia Resources and previous workers up until 1988.

However 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 currently undertaking a planning process to develop an exploration plan to examine these issues at the lowest possible cost.

Shop 11 (Southshore Piazza) 85 The Esplanade , South Perth WA 6151 • (P.O.Box 1196, South Perth, WA 6951) • ABN 70 097 982 235
Telephone 61 8 6436 2300 • Fax 61 8 9367 2470 • Email: **admin@cervantescorp.com.au** • Web: **www.cervantescorp.com.au**

Open at Depth

The Mineral Resources were estimated to a vertical depth of 80m, constrained by the limit of the historical drilling.

The deposit remains open at depth, with only one historical drill hole being drilled to a vertical depth of over 75m. It intersected 1.3m @ 9.5g/t Au at a vertical depth of 65m and a 0.56m @ 5.7g/t at a vertical depth of 100m. More holes would need to be drilled to this depth to allow the resource model to be extended.

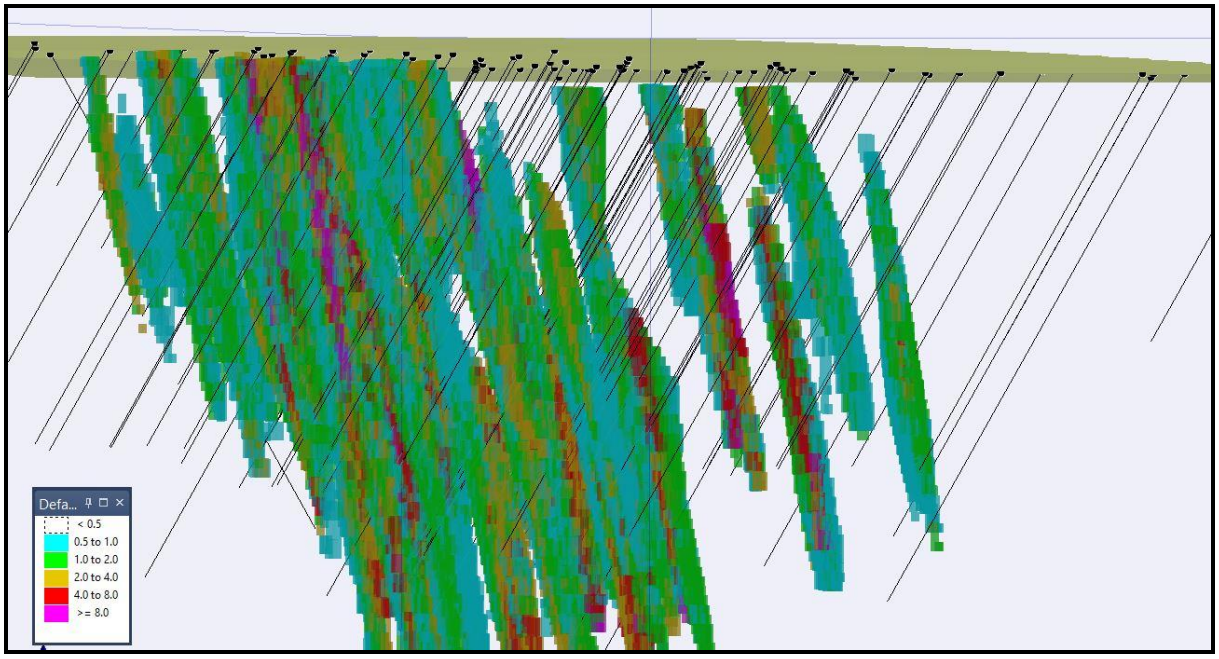


Fig 2. Oblique View, Albury Heath

No Samples Beneath Open Stopes (RC Cross-over method)

This Resource Modelling process identified 14 separate en-echelon quartz lodes of varying grade and thickness.

Historically however, only two of these lodes were mined, in two phases, from 1948 to 1957 and from 1975 to 1976. One large and one minor stope were mined during these periods, to a depth of only 58m, targeting what was viewed at the time as the most attractive veins in terms of thickness and grade (Figure 3).

Mining stopped at this depth, most likely as a result of increasing costs associated with access, haulage and water pumping.

Logically, drilling programs in the 1980s, targeted these historical mining zones and thus many holes penetrated the open stopes – **however the drilling techniques used at the time were unable to collect samples, for the first 1.5 -2m beneath the open stopes, and it is possible therefore that significant zones of mineralised material were not sampled, and are therefore not included in the Resource Estimate.**

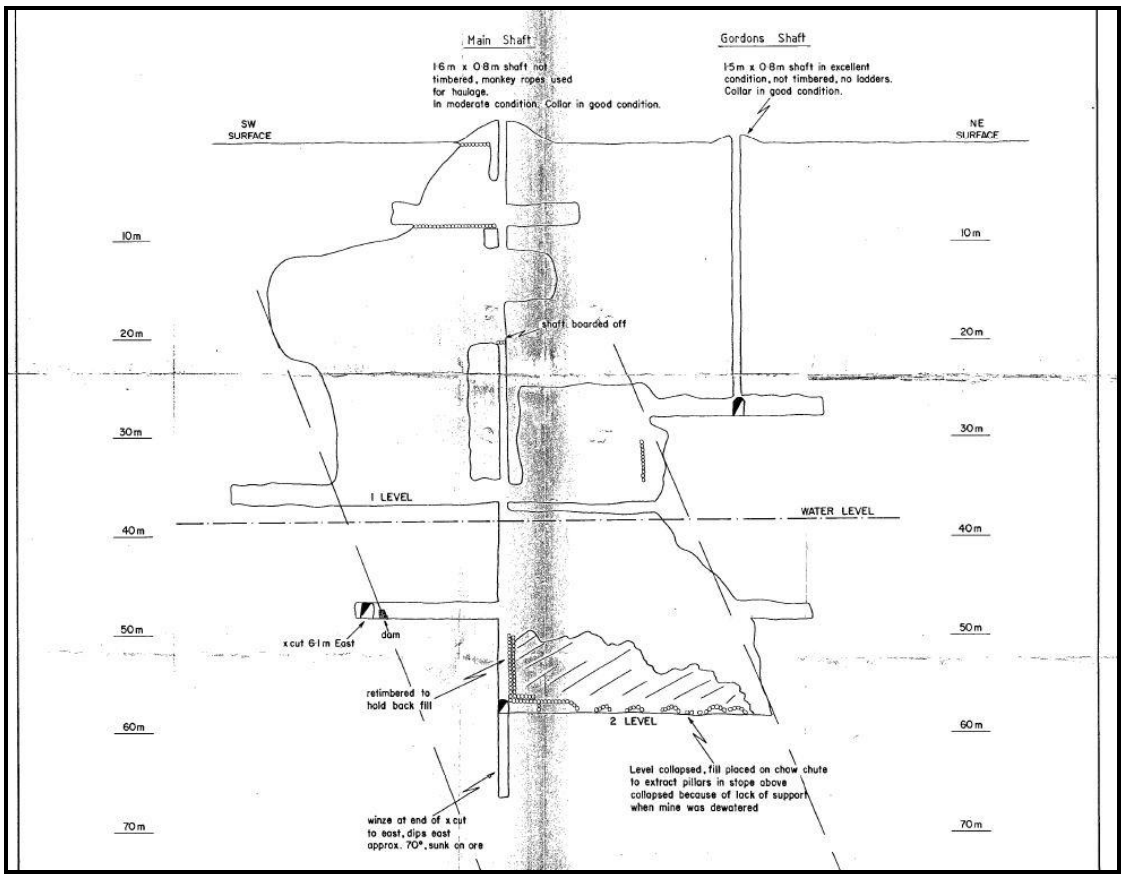


Fig 3. Long Section of underground workings – view to grid west.

Of the 111 holes that were drilled only one was a Diamond Drill Hole. The remaining 110 were Reverse Circulation holes, which used the sampling technology of the day.

Modern RC systems employ Face Sampling bits, whereby the RC chips are extracted via holes in the face of the drill bit. This system has been in place since approximately 1992 in Australia.

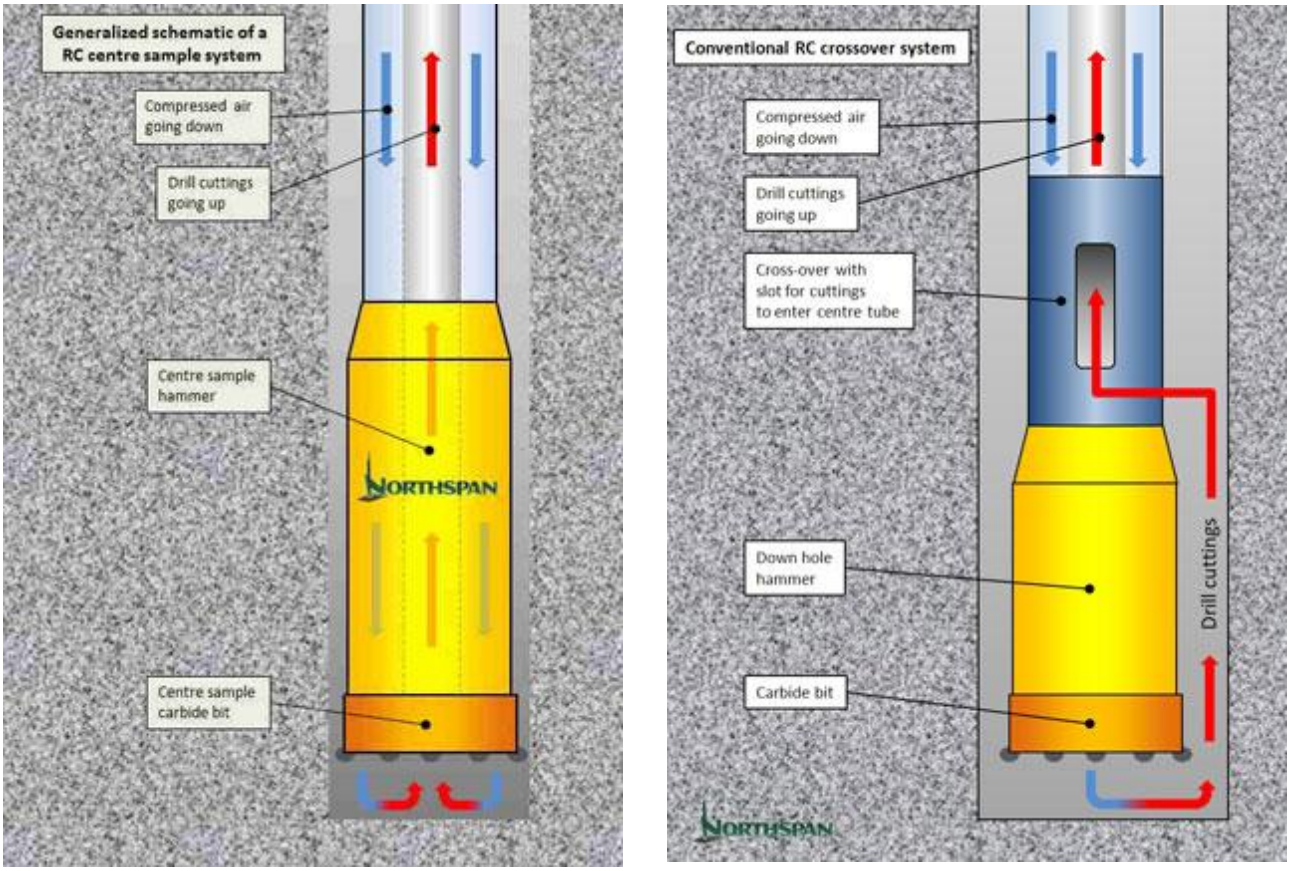


Fig 4. Modern Face Sampling RC Bit vs older Cross-over RC

Prior to this time however, RC drilling employed the “cross-over” sampling system, whereby drill chips are collected through a slot in the drill casing, some distance behind the drill bit (Figure 4).

The cross-over system requires a tight seal in the open hole between the drill bit and the cross-over slot, so that sufficient air pressure is maintained to carry the drilling cuttings into the sample slot.

However, as the drill bit enters a void, such as a previously mined stope, this air pressure is lost as the air vents into the void. Once the drill bit crosses the void, it can then recommence drilling into the footwall, however despite the drill bit re-entering hard rock, the crossover remains in the void and so air is still lost.

The implication of this is that in general, a cross-over RC system is unable to collect any samples for between 1.5 to 2.0m beneath open stopes. The drill-logs for those holes drilled through the stopes show that this has occurred (Figure 5).

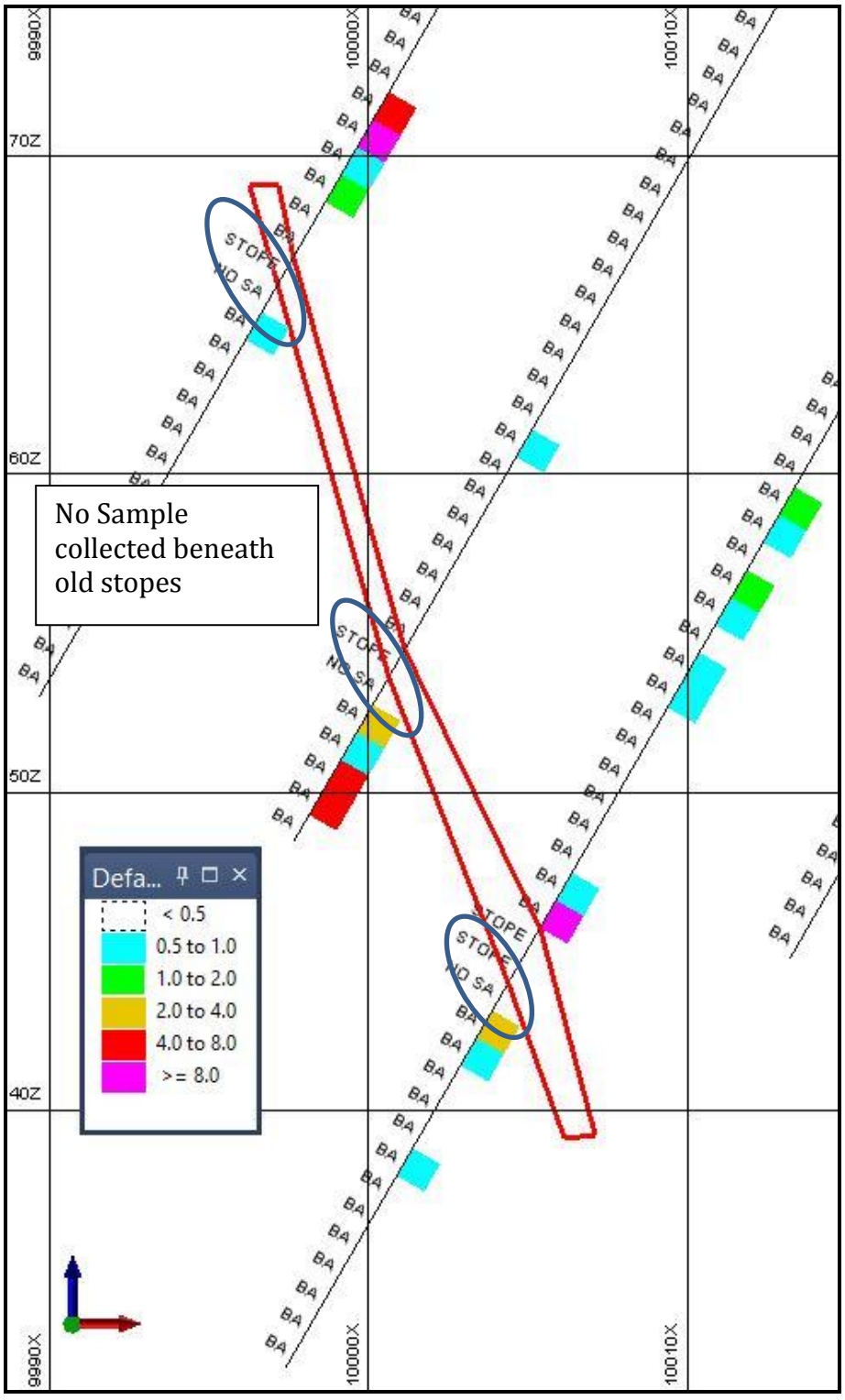


Fig 5. Drill section showing “no sample” beneath open stopes

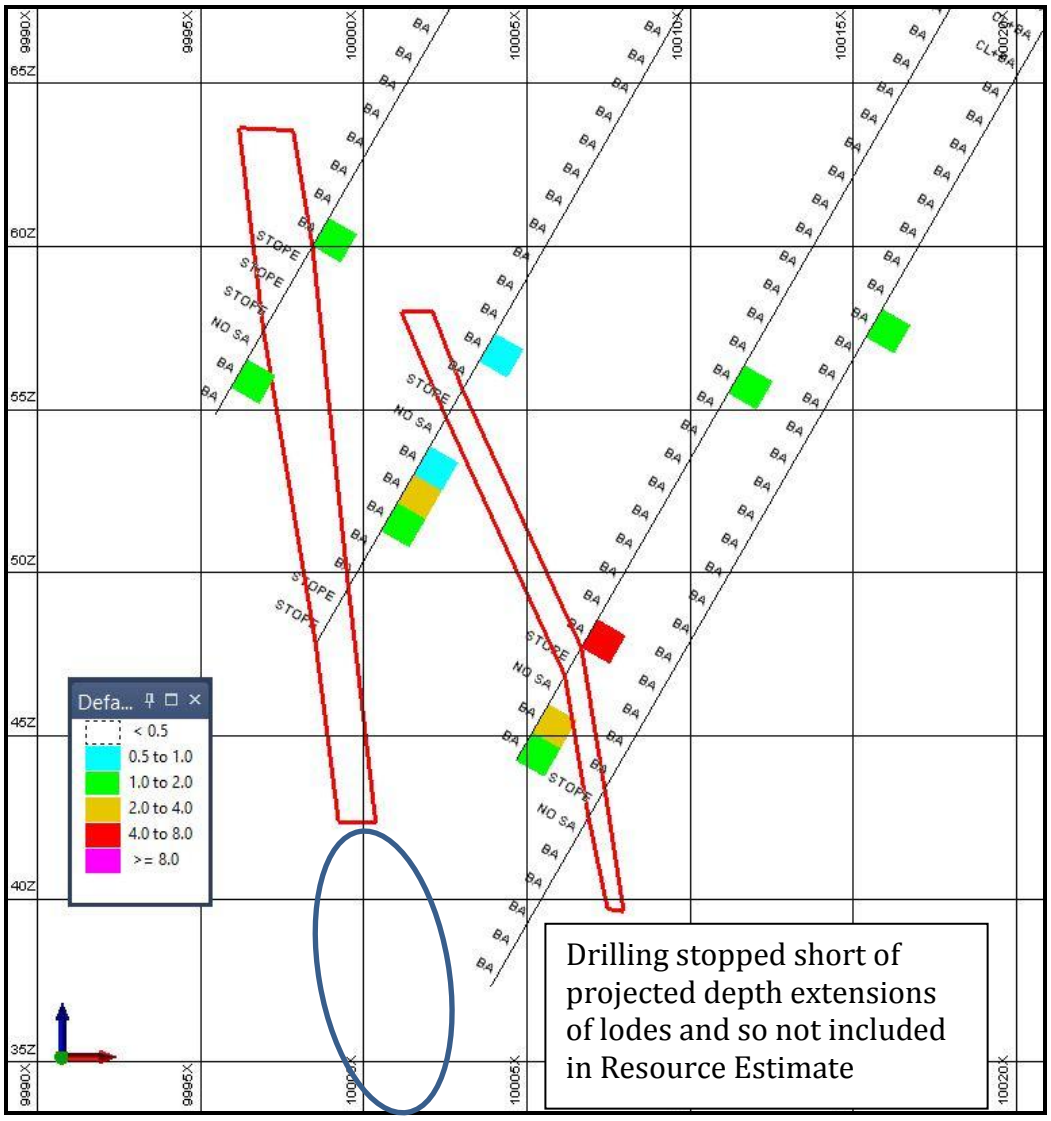
Depth Extensions of High Grade Lodes

Historical mining of Albury Heath took place in several phases and more than likely ceased due to the cost associated with access, haulage and water pumping.

Reconciliation of historical records from the Meekatharra State Battery suggest an average mined grade of more than 25 g/t Au.

However these grades, being derived from mill records, were only an average for the stope as a whole, rather than assays from discreet samples taken from a known location.

These mill records therefore cannot be used for resource modelling, and when as in this case, deeper drill holes were stopped short of the projected down dip extension of the main lode, then the down dip extension has not been proven, and so is not included in the Resource Estimate (Figure 6).



Shop 11 (Southshore Piazza) 85 The Esplanade , South Perth WA 6151 • (P.O.Box 1196, South Perth, WA 6951) • ABN 70 097 982 235
Telephone 61 8 6436 2300 • Fax 61 8 9367 2470 • Email: **admin@cervantescorp.com.au** • Web: **www.cervantescorp.com.au**

Fig 6. Possible down dip extension not included in Resource Estimate

FUTURE WORK

Cervantes is currently undertaking a planning exercise to develop explorations plans aimed at examining near term production options for Albury Heath.

Previous companies had carried out preliminary feasibility work on the Albury Heath Project, including metallurgy, pit design and processing options. Cervantes has access to all of these studies, but however takes the view that much of the work must be updated to reflect the current gold price and operating cost environment, and the presence of nearby mills, that were not available when previous work was undertaken.

A small drilling program is therefore being planned to target the issues mentioned above related to potential resource upside, but also to collect fresh material for metallurgical testing and to provide geotechnical information to assist in pit design.

MINERAL RESOURCE ESTIMATE DETAILS

Introduction

A Mineral Resource Estimate was carried out on Cervantes Gold Pty Ltd's ("**Cervantes**'") Albury Heath Gold Mine ("**Albury Heath**"), which is located 23km to the south-southeast of the town of Meekatharra in Western Australia. The estimation was carried out by Continental Resource Management Pty Ltd ("**CRM**"). The estimation is based on drill results from various drill campaigns between 1985 and 1988 and on assays of underground channel samples collected in 1982.

The estimation was carried out by John Doepel, Principal Geologist of **CRM**. It is reported in accordance with the 2012 Edition of the JORC Code. The estimation employed Inverse Distance Squared ("ID2") modelling to produce an ore block model ("**OBM**") of the mineralisation.

The deposit consists of quartz vein hosted mineralisation situated in a regional shear zone within Archaean mafic volcanic rocks. **CRM** has modelled 14 separate en-echelon lodes within the deposit, two of which were subjected to underground mining between 1948 and 1976.

Resource Statement

Above a lower block-cut of 0.5g/t Au, the Albury Heath Gold Deposit contains Indicated Resources of 300,000t at 2.25g/t Au for 21,500oz and Inferred Resources of 90,000t at 1.9g/t Au for 5,500oz. **The total resources are 390,000 tonnes at 2.15g/t containing 27,000oz of gold**.

The resources are summarised in Table 2 and detailed in Tables 3 to 5. A grade-tonnage curve is shown in Figure 7.

	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 2. Resource Summary, above lower block-cut of 0.5g/t Au

Lower block-cut (g/t Au)	**Tonnes**	**Grade (g/t)**	**Au (ounces)**
1.5	145,000	3.65	17,000
1.0	205,000	2.95	19,500
0.75	245,000	2.6	20,500
0.5	**300,000**	**2.25**	**21,500**
0.4	330,000	2.1	22,000
0.25	380,000	1.85	22,500
0	540,000	1.3	23,000

Table 3. Indicated Resources above various cut-off grades

Lower block-cut (g/t Au)	Tonnes	Grade (g/t)	Au (ounces)
1.5	35,000	3.4	3,700
1.0	55,000	2.6	4,600
0.75	70,000	2.2	5,000
0.5	**90,000**	**1.9**	**5,500**
0.4	95,000	1.8	5,500
0.25	110,000	1.6	5,600
0	200,000	0.9	6,000

Table 4. Inferred Resources above various cut-off grades

Lower block-cut (g/t Au)	Tonnes	Grade (g/t)	Au (ounces)
1.5	180,000	3.6	20,800
1.0	260,000	2.85	24,000
0.75	320,000	2.5	25,500
0.5	**390,000**	**2.15**	**27,000**
0.4	425,000	2.0	27,600
0.25	490,000	1.8	28,000
0	740,000	1.2	29,000

Table 5. Indicated plus Inferred Resources above various cut-off grades

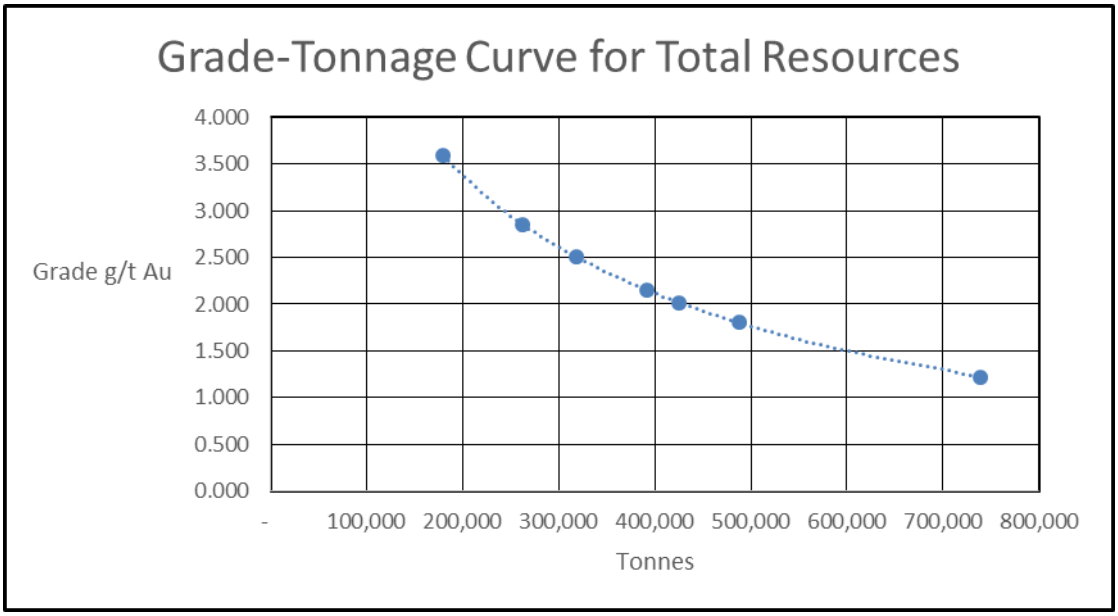


Fig 7. Grade-Tonnage Curve for Total Resources

Geology and Mineralisation

The Albury Heath Deposit is in a major regional fault zone that trends north-northeasterly across the eastern side of the Meekatharra Greenstone Belt. The host rocks comprise a suite of carbonatised mafic volcanics, which include vesicular, amygdaloidal, and tuffaceous meta-basalts, apparently of lower greenschist facies metamorphic grade. Units logged in RC drilling as ultramafics appear to be unmineralised.

Mineralisation occurs primarily within quartz-sulphide veins that are up to 4m in width. The main vein strikes north-northeasterly and dips steeply at 75º - 80º to the east-southeast. It is between 0.5 and 2 metres thick and is of white to blue-gray dense microcrystalline silica with fine-grained disseminated pyrite up to 5% by volume occurring intermittently.

Gold mineralisation is associated with the main quartz vein, quartz stringers, and quartz stockworks. The wall rocks are intensely carbonate altered with fuchsite, pyrite, and minor arsenopyrite. Underground mapping showed that flat post-mineralisation faults within the main zone are the focus for some secondary enrichment within the weathering profile.

CRM has interpreted fourteen parallel lodes arranged in en-echelon fashion, each striking 345^{o} and dipping to the east at about 80^{o}. Four are to the west and seven to the east of the main mined lode. Gold mineralisation appears to truncated to the west by the regional shear.

Historical Mining

Mining of the deposit was by two shafts and minor underground workings. Figure 3 is a longitudinal section of the workings. The main production was between 1948 and 1957 with minor production in 1975 and 1976. Treatment was at the Meekatharra State Battery, from which records indicate the recovery of 1805oz from 2737t of ore: an average recovered grade of 20.5g/t. A loss to tails of between 20% and 40% has been reported, which **indicates a mined head grade in the order of 27.5g/t**.

Competent Persons Statement

The information contained in this report that relates to the summarising of Historical Resource Estimates is based on information compiled by Mr. Bradley George, a competent person who is a member of the Australian Institute of Geoscientists. Mr. George is an employee of Total Earth Solutions Pty Ltd and consults to Cervantes Gold 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 this announcement related to Historical Resource Estimates is an accurate representation of the available data and studies for the Albury Heath Project.

The information contained in this report that relates to Mineral Resources of the Albury Heath Deposit is based upon information compiled by Mr. John Doepel, a competent person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Doepel is a principal of Continental Resource Management, and consults to Cervantes Gold Ltd on a part time basis. Mr. Doepel has sufficient experience that is relevant to style of deposit under consideration and the type of activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr. Doepel consents to the inclusion in the report of the matters based on this information in the form and context in which it is appears.

For further information, please contact:
Collin Vost
Executive Chairman
Cervantes Corporation Ltd
Telephone +61 8 6436 2300
Email: admin@cervantescorp.com.au

CERVANTES
Corporation Limited

JORC CODE TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	• The first nine RC holes were initially sampled with 5m composites, with intervals returning Au grades >0.8 ppm being resampled and assayed at 1m intervals; • For RC holes AHP 10 to 46 initial 1m samples were riffle split down to 0.5kg and composited to make 2kg samples representing 4m. Intervals returning composite assays >0.2ppm were re-split to give 2kg samples for each metre for re-assay; • RC holes AHP 47 to 110 were sampled and assayed on a one metre basis; • For the diamond-core from AHD 1 half core of "interesting sections" was cut to approximately 1m intervals.
Drilling techniques	• For the RC drilling samples were presented and logged at 1m intervals; • For the diamond hole drilling was by NQ core from a depth of 48.5m after RC pre-collar drilling; • The diamond hole showed little deviation.
Drill sample recovery	• Recovery was not reported for the drilling.
Logging	• The RC holes were field logged by 1m intervals by various geologists for geological characteristics; • The diamond core was logged for geological characteristics by the project geologist.
Sub-sampling techniques and sample preparation	• For the RC holes sub-sampling was by standard laboratory protocols; • The approximately 2kg samples were totally pulverised before 50g sub-samples of pulp were analysed; • For the diamond core half core was analysed; • Sub-sampling considered representative and appropriate.
Quality of assay data and laboratory tests	• All samples initially analysed by 50g charge fire assay checks by AAL, Cue; • For holes AHP 1 to 9 and 48 to 67 screen fire assays were carried out on samples assaying over 0.5ppm and/or containing

Criteria	Commentary
	appreciable vein quartz; • Ore intersections in holes AHP 79, 88, and 99 were re-assayed by Analabs, Perth using its 50g fire assay method; • For AHP 16 to 22, 24 to 28, and 44-46 composite assays >0.2ppm re-split to give 2kg samples for re-assay; • All analyses appropriate; • All analyses total, as no gold associated with refractory minerals; • Acceptable levels of accuracy and precision present.
Verification of sampling and assaying	• Sampling and logging of drilling verified by comparison of Annual Report log sheets with digital database by Competent Person; • All data now consolidated in Micromine database; • No adjustments were made to original assay data.
Location of data points	• Hole collars surveyed by Giralia; • Local Grid system used as set out by ACM with main shaft at approximately 10000E and 20000N and base line trending 031° true and magnetic; • Elevation data from surveyed holes.
Data spacing and distribution	• The Indicated Resource areas drilled on 10m to 24m spaced lines with mostly 10m spaced drill holes; • Inferred Resource area to north of 20130N drilled on 40m spaced lines; • Inferred Resource areas on eastern and western lodes have fewer intersections per lode; • Sampling and logging on 1m intervals (or less for some diamond core); • Geological continuity along deposit; • The geological and grade continuity is appropriate for the estimation procedure and the resource classification.
Orientation of data in relation to geological structure	• Use of only 60° west dipping drill-holes through 80° east dipping mineralisation resulted in intersected thicknesses being about 60% of true thicknesses.
Sample security	• Security for the 1985 to 1987 drilling is unknown.
Audits or	• Sample techniques, logs, and data reviewed positively by Competent

Criteria	Commentary
reviews	Person; • Competent Person has reviewed QAQC results and found these to be acceptable.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• Albury Heath Gold Deposit within P51/2937, which has expiry date of 10/05/2020 and registered in the name of Gregory Barnes; • Other Project tenements, P51/2997 to 3001, are contiguous and are applications by Cervantes.
Exploration done by other parties	• Underground mapping and sampling by Colville in 1982; • 1985 to 1986 exploration by Austamax, which drilled nine RC holes and one DD hole within the tenement; • 1986 to 1987 exploration by ACM, which drilled 37 RC holes within the tenement within the tenement; • 1987 to 1988 exploration by Giralia, which drilled 64 RC holes within the tenement; • Giralia carried out metallurgical testwork and a prefeasibility study in 1988.
Geology	• The Albury Heath Deposit is in a major regional fault zone that trends north-northeasterly across the eastern side of the Meekatharra Greenstone Belt. The host rocks comprise a suite of carbonatised mafic volcanics; • The deposit is covered by Murchison Hardpan beneath which mineralisation occurs within 14 sub-parallel en-echelon lodes, which strike grid 345^{o} and dip at 80^{o} to the east; • Mineralisation occurs primarily within quartz-pyrite veins, quartz stringers, and quartz stockworks. The wall rocks are intensely carbonate altered with fuchsite, pyrite, and minor arsenopyrite; • The minimum depth of mineralisation is around 2m and the maximum depth is greater than 80m.
Drill hole Information	• See Appendix I.
Data aggregation methods	• This report is not reporting Exploration Results. • No metal equivalent values used.

Criteria	Commentary
Relationship between mineralisation widths and intercept lengths	• Use of only 60° west dipping drill-holes through 80° east dipping mineralisation resulted in intersected thicknesses being about 60% of true thicknesses.
Diagrams	• Diagrams are included in the report.
Balanced reporting	• Not applicable to Resource Estimation.
Other substantive exploration data	• No other applicable results.
Further work	• Cervantes is intending to carry out further drilling to obtain metallurgical samples and geotechnical information to enable mining studies to be carried out.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	• Database audit performed by Competent Person; • Micromine drill-hole verification performed by Competent Person.
Site visits	• Competent Person made site visit in 2009, since when no exploration work has been carried out over the deposit.
Geological interpretation	• High degree of confidence in geological interpretation, due to detailed drilling and underground mapping.
Dimensions	• The resource has a north-south length of about 325m, an east-west width of about 60m, and a depth of 80m; • The mineralisation occurs within a unit of sheared and altered mafic volcanics from a minimum depth of between 2m. It is open down dip below 80m; • Individual lodes have dips of about 80° towards grid 75°.
Estimation and modelling techniques	• Estimation of ore block grades by ID2 within 14 separate mineralisation wireframes using Micromine software; • Previous estimates carried out in 1988, 2003, 2006, and 2009. Current

Criteria	Commentary
	estimate examined methodology and inputs of these estimates; • Parent block size 1m EW x 5m NS x 2.5m vertical, with discretisation of 2 X 2 x 2 (sample spacing 20m x 10m x1m in central portion of deposit; • Search criteria:: Axis 1: 42m to 345°; Axis 2: 26m at 80° dip to 75°; Axis 3: 1m across dip; • Upper cut 85g/t Au; • OBM grades within each wireframe validated by comparison with input assay values.
Moisture	• Tonnages estimated on dry basis.
Cut-off parameters	• Estimate reported above 0.5g/t Au lower block-cut, as requested by Cervantes.
Mining factors or assumptions	• No mining factors or assumptions have been made and the model is undiluted.
Metallurgical factors or assumptions	• Assumed 0.5g/t plus mineralisation will be treated in CIP plant.
Environmental factors or assumptions	• No environmental factors or assumptions have been made.
Bulk density	• Bulk density assumed to be 2.2 for mineralisation within saprolitic clays, 2.4 for mineralisation within weathered mafic volcanics, and 2.8 for mineralisation within fresh altered mafic volcanics.
Classification	• Resources classified as Indicated if to south of 20130N and not within eastern three or western three lodes; • Other resources classified as an Inferred.
Audits or reviews	• Resource estimation peer reviewed by Mr B. George, Consulting Geologist of Total Earth Solutions.
Discussion of relative accuracy / confidence	• The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.