

## **ASX ANNOUNCEMENT/MEDIA RELEASE**

3<sup>rd</sup> April 2017

### **Paynes Find Gold Project Progress**

Cervantes Corporation Limited (ASX:CVS, “Cervantes”) is pleased to announce the completion of the Due Diligence process, and the resolution of some minor technical issues by co operation between the Vendors and Cervantes.

Formal documentation is currently underway for completion of the transaction and a shareholders notice is also being prepared for distribution to shareholders.

Cervantes has also recently applied for 2 additional areas immediately adjoining and close to the project permits to add to the overall portfolio of permits making up the Paynes Find Gold Field.

In the course of the DD period Cervantes obtained reports, maps and data from CSA Global, the highly regarded Mining Industry Consultants who acted for the Vendor.

Contained in those reports were various comments and conclusions, as well as maps, some of which we have incorporated in this release.

Drilling Cores and other information are still readily available as displayed in our photos.

Cervantes has also engaged a Conceptual Geologist to review the current data and prepare an additional report to the board which will be released in due course.

We are also preparing a Power Point presentation for distribution to Shareholders, Stock brokers and other Investors in the near future.

### **History of Payne’s Find gold area**

Gold was first discovered at Payne’s Find in 1911.

The Payne’s Find Mining Centre, within the project area, was reported by the GSWA as having produced 2,204kg from 89,850 tonnes at an average grade of 24.5g/t.

In 1987, Falcon Australia Ltd commissioned geologists KH Morgan & Associates to conduct a review of the Pansy prospect (now within M59/662). From an assessment of 22 percussion drill holes (PO01–PO22), identified 18,500 tonnes at a grade of 4.5g/t gold for blocks remaining in the underground workings at the Pansy prospect. Recommended work included a more detailed investigation of PC1 costean, where a 3m channel sample returned 18.3g/t Au.

This prospect is contained within the current project area and is at the southern end of the Primrose Fault as displayed in the map below as Drilling stage 1, which is estimated to be some 4 -5 klm long and travels from North to south of the entire Project area, and is a high value target in our future exploration.

**When assessing numerous projects over the last 18 months the Board took into consideration a number of priority issues :**

**Sovereign Risk :** This project is located in one of the most supportive and friendly mining States and Countries in the World

**Easy Access:** This project is only 4.5 hours drive North of Perth on bitumen roads

**Safety:** The project is near an airstrip and supported by the local Royal Flying Doctor Service, Volunteer Fire Brigade, First Aid Post and weather station, run by locals who are passionate about the district and very supportive of the development of the Project.

**Accommodation and employee facilities:** The local Roadhouse immediately adjoins the project area providing accommodation, meals and store facilities. The owner has adjoining permits, is very experienced in the area and has worked in the underground mines, as did his grandfather. Some of those underground mines and their workers made Australia one the world's great mining countries. One of some 37 underground mine entrances is shown in a photo attached.

**Access to equipment and other services:** The roadhouse owner also owns most of the earth moving equipment necessary for the basic operations and thereby eliminating most Mobilization costs.

**A Head Start:** This is not a Greenfields project with large risk factors. It is a well known Gold Field discovered in 1911 with numerous mines worked by old miners using basic equipment and only chasing 25g/t plus workings. Old and recent Drilling programs have verified substantial gold existence at shallow depth and some high grade intercepts, which could allow an early JORC resource.

**Processing Facilities:** Whilst the eventual resources may very well support a standalone plant, 2 mills exist in the district owned by Chinese who are seeking ore for the mills. Should discussions down the line prove successful this would eliminate major CAPEX Costs.

**Early cash flow:** In addition to the potential as outlined of an agreement with local mills, the project area has substantial alluvial areas, which have previously been successfully worked by locals. Subject to a short program of verifying tonnes this could easily provide sufficient early cash flow to fund a substantial portion, if not all of the exploration budgets.

**Costs to access and transport staff, consultants and equipment:** The costs of running exploration programs for remote areas, especially in other countries can be excessive and especially for flying in and out staff and mobilizing and demobilizing equipment. None of these costs exist for this project.



Local Roadhouse/Tavern and accommodation including fuel and other services



Paynes Find Battery – built in 1911 – now a museum structure





One of some 37 known underground mining pits operated by the courageous old miners



Numerous cores in and around the storage shed from previous drilling programs





Old Alluvial Plant that generated substantial income according to the previous operator



Premises of Earth Moving operator and Roadhouse owner next to old Historical Battery





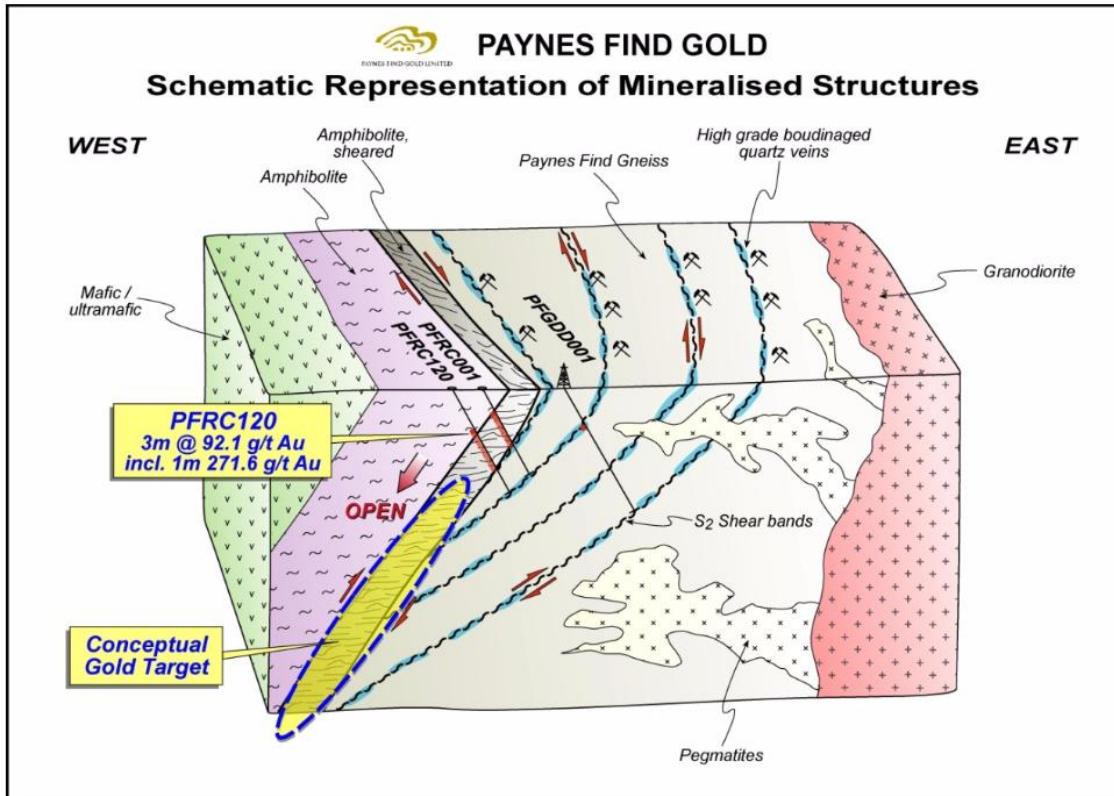


Figure 4: Summary diagram of mineralised structures at the Paynes Find Gold field.

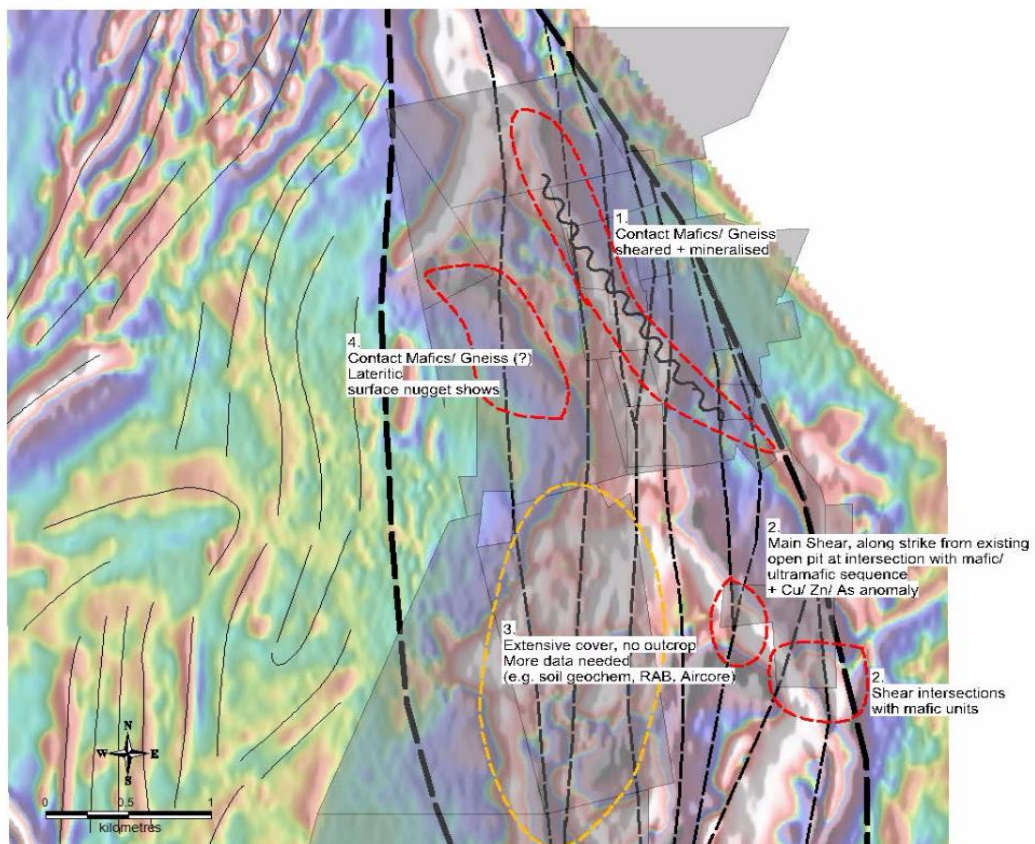


Figure 7: Identified target areas

The results clearly indicate that the structures related to mineralisation over the historic Paynes Find Goldfield extend into areas under cover and warrant a follow up using standard exploration techniques such as surface soil geochemical sampling (Figure 5).

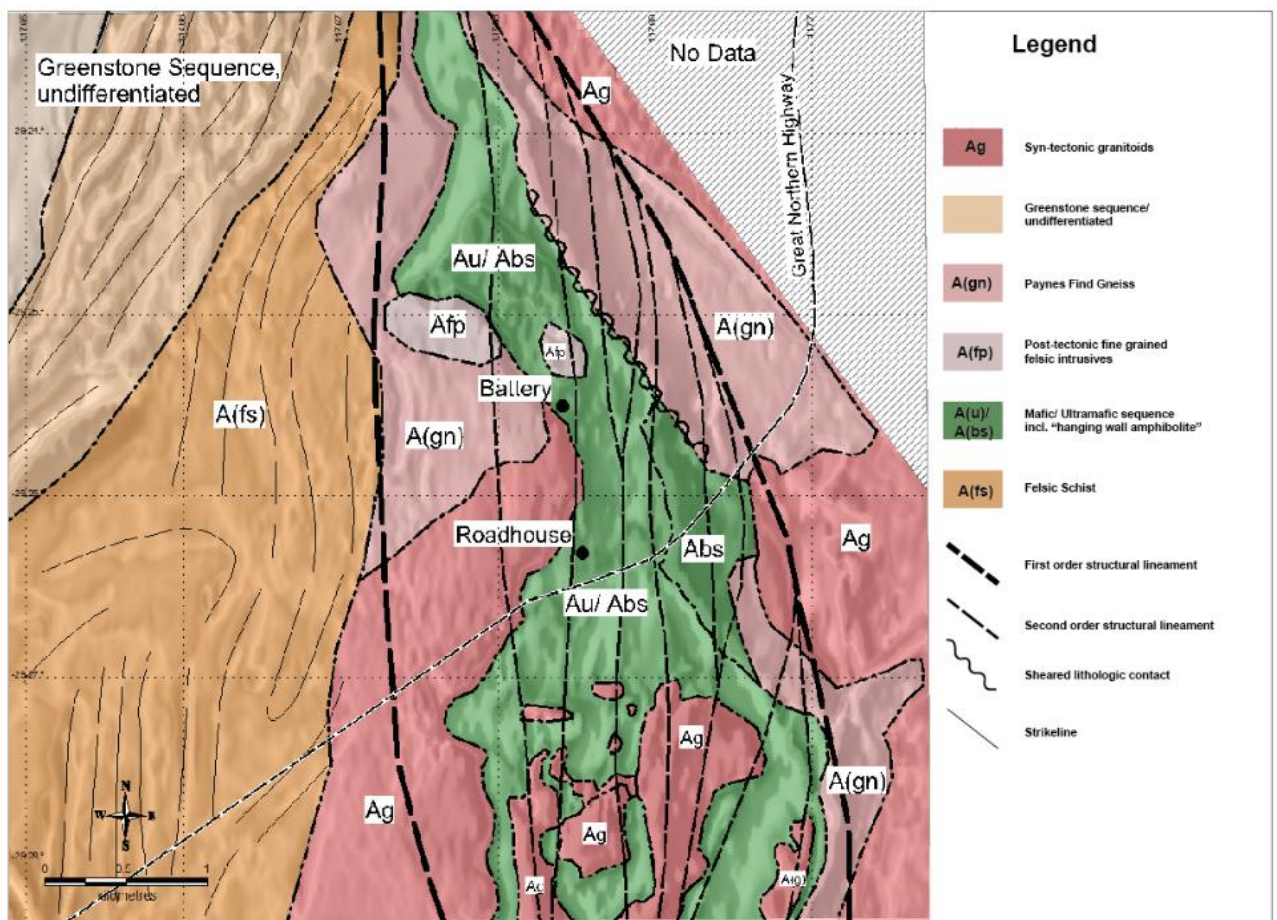
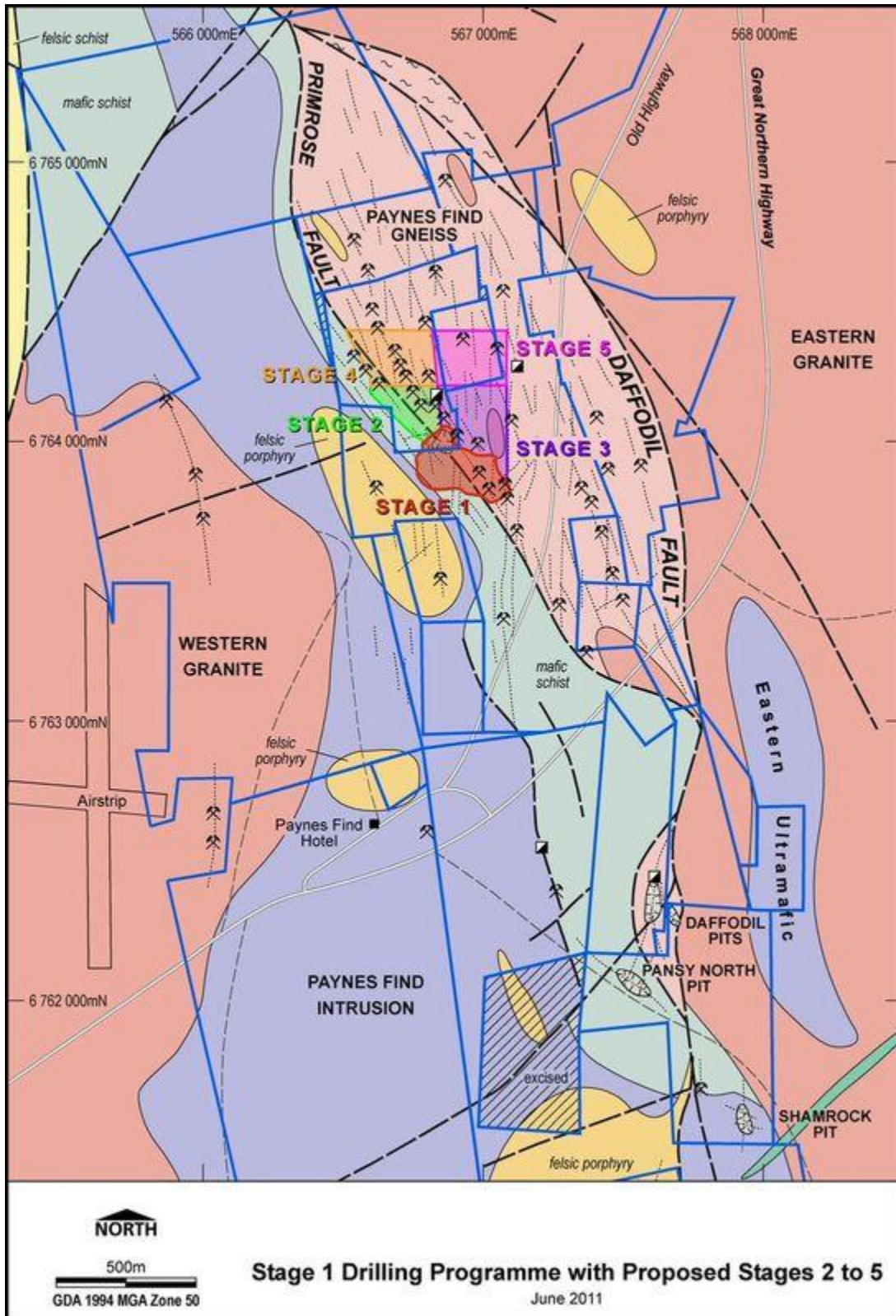


Figure 5: Structural and lithological interpretation of the Paynes Find Gold field





High grade veins as mapped and structures such as the Primrose Fault are clearly visible as is the local air strip and roadhouse.



Contained in the Original Prospectus of Paynes Find Gold Ltd in October 2010 was a report written by Allen J Maynard of Al Maynard and Associates as an Independent geological report. Much of what has been stated in that report has been supported by drilling reports and results to date over only a small part of the prospects. Extracts are as follow;

“To date, almost all the gold mining has been confined to underground mining, where, from 1911-1982 some 69,000t of ore produced 1,784kg of gold at an average grade of 25.5g/t Au. Additional smaller amounts of gold were obtained from the treatment of surface alluvial deposits.

Whilst current access to the underground workings is very limited, past exploration has confirmed the grade and presence of rich gold bearing quartz lodes in a number of (up to 10) shear zones that trend northerly through PFGL’s project area, have a steep westerly dips and a southerly plunge.

The quartz lodes are sometimes split, tend to be boudinaged (pinch and swell), are from 0.4m up to two metres wide and have strike lengths of as much as 50m.

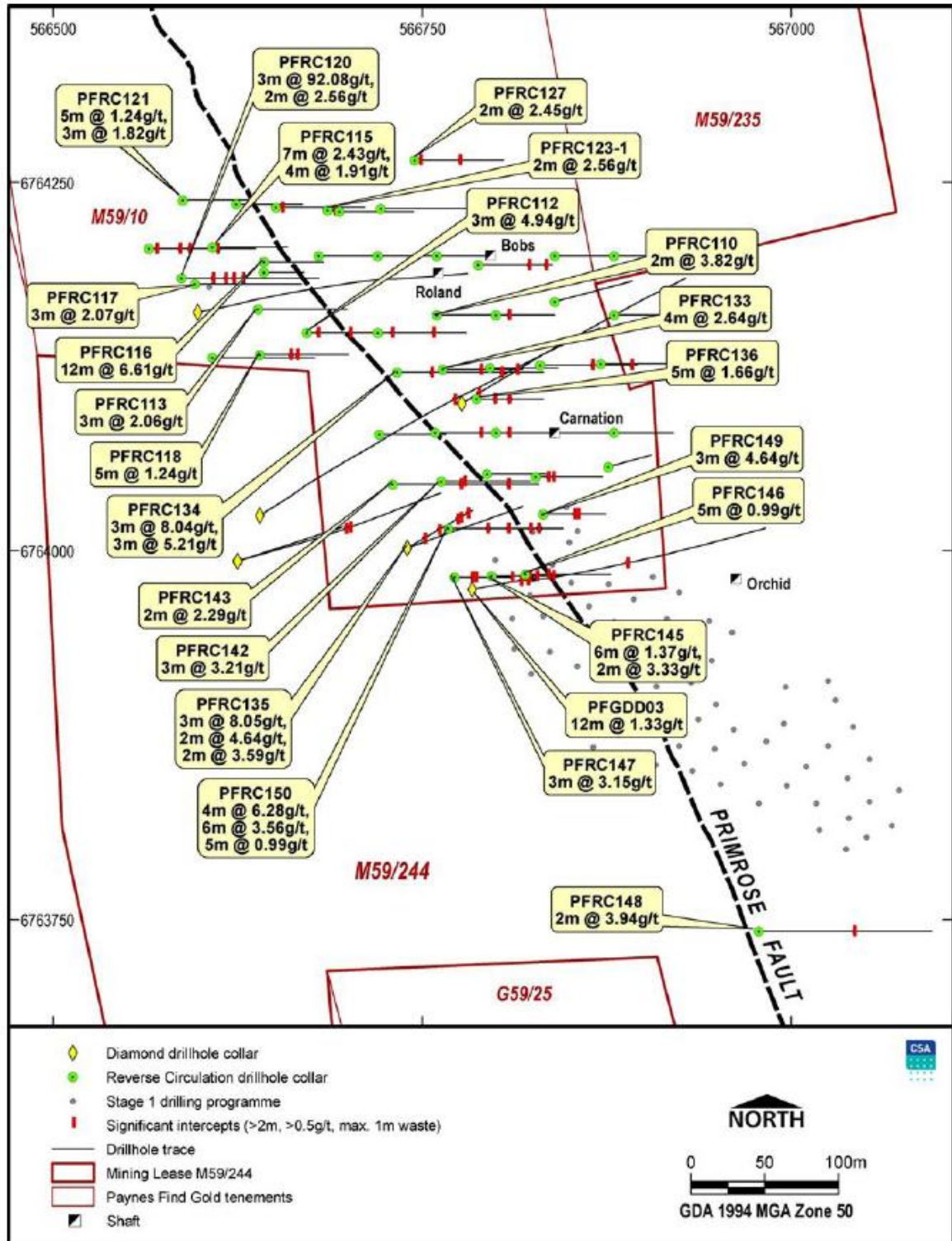
Underground workings that previously accessed these lodes extended intermittently along strike for as much as 1,000 to 1,500 metres (pers.comm. E.Taylor, 2010).

In addition to underground gold-bearing quartz lodes, near-surface laterite and surface alluvium are also sources of gold averaging 0.3g/t Au and with some spot values as high as 3.0g/t Au.

This near-surface source of gold is presently being worked by the current owners and it is PFGL’s intention to immediately upgrade the mining rate of these deposits in order to produce an early cash flow.

As listed in Table 6 above we have, for the quartz lode and adjacent quartz stringers, a target potential range of tonnes and grade from 50m to 300m depth of 32Mt to 35Mt at a grade range from 4.0 to 6.0g/t Au. It is noted that the target potential described above is conceptual in nature and does not form any part of a resource. Future work may or may not define part or whole of the potential target mineralization or a resource.”

This prospectus is still available for review by interested parties.



Results: Drilling highlighted high-grade gold mineralisation at shallow depths over multiple intervals beneath and surrounding the historically mined Paynes Find Goldfield, within high grade boudinaged quartz veins and at the contact between mafic/ultramafic units and gneiss.



Significant intersections include:

- 7m @ 2.43 g/t (PFRC115 from 26m)
- 12m @ 6.61 g/t (PFRC116 from 10m)
- 3m @ 8.04 g/t (PFRC134 from 45m)
- 3m @ 5.21 g/t (PFRC134 from 140m)
- 3m @ 8.05 g/t (PFRC135 from 77m)
- 4m @ 6.28 g/t (PFRC150 from 79m)
- 6m @ 3.56 g/t (PFRC150 from 120m)
- 3m @ 92.1 g/t (PFRC120 from 41m including 1m @ 271 g/t)
- 3m @ 3.21 g/t (PFRC142 from 30m)
- 4m @ 2.64 g/t (PFRC133 from 99m)
- 3m @ 4.94 g/t (PFRC112 from 114m)
- 2m @ 4.94 g/t (PFRC135 from 82m)

Detailed structural and geological review of the setting and controls on mineralisation of the Paynes Find Goldfield was achieved through re-logging of drillcore and prospect scale mapping during November 2012. Results of this exercise informed a detailed interpretation of regional datasets (magnetics, gravity, regional geologic maps). The main result is that mineralised structures extend into areas under cover within the company's licence holding, thereby presenting several new exploration targets worth following up on.

Conclusions: The tenements remain attractive for gold exploration as part of the overall Paynes Find exploration group with new targets identified through geological base work.

Of significant interest are the results in PFRC 120 in Figure 4 above.

Despite several phases of drilling, to date no resource has been defined.

This presents an exciting opportunity for the incoming party to be able to build maiden resources quickly based upon several hundred of metres of historical RC and diamond drilling.

#### **The Company sees the next steps as;**

- Evaluate the surficial alluvial and elluvial gold present in conjunction with potential for re-commissioning the alluvial process plant.
- Develop a digital wire frame model of the underlying reef systems using the current database of drill results and verify the exploration target towards a JORC resource
- Identify where additional drilling could in-fill the model and assist in JORC resource Determinations including collecting verification data for density, grade and gold distribution information

We also recommend referring to our previous releases of drilling results available on the Cervantes Website or the ASX Platform (Company announcement search, Code: CVS).

In addition to the Paynes Find Gold Project, Cervantes has a 100% owned gold project at Garden Gully in Meekatharra adjoining Thundelarra's exciting new gold project, as well as the 100% owned Albury Heath project in Meekathara with a 27,000 ounce resource, with potential to upgrade in due course, which also has access to a Mill.

Cervantes intends to use these projects as a springboard to seek and assess further projects in the Gold and other sectors which may add ongoing value to our share holder's investment.

As a result of the resolution of the technical issues on the Paynes Find Gold Project we are now **recommencing the Capital raising at 1 cent per share for a limited number of shares**, which was temporarily suspended pending the outcome of those issues.

**Interested parties may contact Collin Vost on 08 6436 2300 or by email on [cvost@cervantescorp.com.au](mailto:cvost@cervantescorp.com.au)**

**For Further information,**

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