

C Cervantes Corporation *Limited*

March 2008
Shareholder Newsletter

Dear Shareholder,

We are pleased to advise on our current activity status and outline some of our potential projects and investment opportunities.

Since relisting in July of last year we have been busy collecting all of our old records, collating and updating them to current status and assessing our future direction.

We have during the first 6 months of this financial year instigated and extended an Agreement with our Aquaculture Consultant, Mark Allsopp (Baqwa, BSc (Hons), Grad. Cert. Man.) who is acting for us and in conjunction with us, whilst working at the Curtin University of Technology to implement a Unique Hybrid Abalone Breeding Program designed to develop a fast growing hybrid abalone specifically suited to west coast cultivation.

This program has advanced from the Hatchery stage, where abalone brood stock is artificially induced to spawn and larvae produced, to the Nursery Phase.

The Nursery phase is where free swimming abalone larvae are grown to the saleable (spat) size.

From June to December 2008 we are expecting to produce between 500,000 and 1,000,000 spat size abalone for sale to overseas seafood growers and then based on that success re assess the growth and possible expansion of our program for the following year.

We have had a number of communications and enquiries from overseas parties and growers interested in our program as a result of various overseas magazine articles.





Our 8 Craypot licenses have been leased out for this season to generate an income until we can re assess our future use of them to maximise their value to the company.

We have been busy assessing various projects and investment opportunities within the seafood and aquaculture industry.

We have, as a result of an invitation, submitted a letter of interest to the Minister of an African country which has an infant but very high potential seafood industry, to have an input into their expansion, quality upgrading, marketing and possibly a direct participation in one or more of their sectors.

We have also been approached to participate in a unique Pearl Farm venture in WA on which we are undertaking due diligence.

As you know we have now changed the company's name to reflect a more neutral image and possibly our more diversified nature, but have retained the "Cervantes Seafood" business name for our ongoing activities.

Because of the nature of our company structure we are receiving a variety of proposals but in doing so we are very mindful of our obligations under the ASX guidelines and rules.

The Directors are in preliminary negotiations relating to projects and investments opportunities in the resource and energy sectors, as a diversification of the company's current activity.

During January of this year we appointed Mr Collin Vost as Managing Director of the company as most of you will know, Mr Vost was instrumental in raising the capital necessary for Cervantes resurrection from the Liquidator and is also one of Cervantes biggest shareholders. Mr Vost is also the Principal of Zurich Securities Pty Ltd, a licensed securities dealer in Perth. Cervantes has relocated its office to Zurich's office in South Perth.

Cervantes operational costs are now extremely low for a listed public company and we have substantial cash on hand for our current activities, no debt, earning a minor income for now which we hope to increase and we are an attractive company for parties seeking a partner for investment opportunities.

However, we may need additional capital in the event of pursuing one or more of the ventures outlined herein or indeed any new ventures that may be offered to us in the future and as such we have granted Zurich Securities an exclusive mandate to place up to 43 million shares at no less than 80% of the current market price on a 5 day weighted average prior to the placement, for such purposes. It has not yet been decided as to whether this will be done via a Prospectus or via Section 708 of the Corporations Act utilising "Sophisticated Investors", but the number of shares will be contained within the 15% allocation facility without a requirement for shareholders approval so we are able to act promptly if required to do so.

We hope this overview gives you a better understanding of your company's current situation as we continue to assess opportunities to add value where we can to your shareholding. We look forward to your ongoing support.

We will keep you informed of our progress regularly throughout the year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry MacKinnon', with a long horizontal line extending to the right.

Barry MacKinnon
Chairman

17 March 2008

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