

13 August 2014

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

CABRAL RESOURCES LIMITED - RIGHTS ISSUE

Cabral Resources Limited ACN 064 874 620 (**Cabral**) (ASX:CBS) is pleased to announce a 1 for 1 pro-rata non-renounceable rights issue of fully paid ordinary shares in Cabral at an issue price of \$0.015 (**New Shares**) to raise up to approximately \$3,889,750 (**Rights Issue**).

Purpose

The purpose of the Rights Issue is to raise funds for the following purposes:

- to continue Cabral's ongoing exploration efforts in respect of its Sincorá Area iron ore project in Bahia State, Brazil;
- to facilitate completion of Cabral's maiden JORC Inferred Resource estimate in respect of the Madeira Seca Target within the Queixada Zone of the Sincorá Area Project;
- to obtain, make application for, advance the grant of and/or progress negotiations to finalise, as the case may be, in respect of the following:
 - all environmental and tenure approvals for Cabral's exploration activities within the Sincorá Area including drilling permits;
 - landowner agreements in respect of land within the Sincorá Area on which Cabral intends to conduct exploration drilling and/or trial mining activities in the future;
 - Guia De Utilização (or trial mining) licenses in respect of potential future mineral extraction activities within the Sincorá Area;
 - access and pricing terms in respect of Cabral potentially utilising the FCA railway line nearby to the Sincorá Area; and
 - access and pricing terms in respect of Cabral potentially utilising the Port of Aratu, near Salvador for any future iron ore shipments; and
- for general working capital purposes.

Eligible Shareholders

Cabral is making the Rights Issue available to Eligible Shareholders only. Eligible Shareholders are those persons who:

- are registered as a holder of Cabral shares as at 7.00 pm (Sydney time) on 19 August 2014 (the **Record Date**); and
- have an address on the share register in Australia or New Zealand; and
- are not in the United States and are not US Persons and are not acting for the account or benefit of US Persons.

Shareholders who do not satisfy these criteria are not eligible to participate in the Rights Issue. In limited circumstances, and in Cabral's absolute discretion, Cabral may elect to treat as Eligible Shareholders certain shareholders who would otherwise not be Eligible Shareholders if it is satisfied that the Rights Issue can be extended to those shareholders without breaching any laws of any other jurisdictions(s).

Terms of offer

The Rights Issue is being made by Cabral pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Class Order 08/35 and Cabral is not required to prepare a prospectus in relation to the Rights Issue. Instead, Cabral has lodged with ASX a notice in accordance with section 708AA(2)(f) of the Corporations Act.

On 22 August 2014, all Eligible Shareholders will be sent an offer document and personalised entitlement and acceptance form which will contain important information about the Rights Issue.

The offer document and notice given in accordance with section 708AA(2)(f) of the Corporations Act have been lodged with ASX and are available to view on the ASX website at www.asx.com.au.

The Rights Issue is non-renounceable and Eligible Shareholders will not be able to trade their entitlements.

The Rights Issue is not underwritten.

New shares

The New Shares issued under the Rights Issue will rank equally with Cabral's existing fully paid ordinary shares from their date of issue.

The rights and obligations attaching to ordinary shares in Cabral are set out in Cabral's constitution (which is available on its website) and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

Shortfall

If following the close of the Rights Issue there is a shortfall in the number of New Shares not applied for by Eligible Shareholders (**Shortfall Shares**), the Directors reserve the right to place the Shortfall Shares at their discretion with persons interested in subscribing for the New Shares within 3 months of the close of the Rights Issue, subject to the Corporations Act and the ASX Listing Rules.

Proposed timetable

Cabral expects the Rights Issue to be conducted according to the following timetable:

Event	Date
Announcement of the Rights Issue	13 August 2014
Ex date	15 August 2014
Record Date for Rights Issue	7.00 pm (Sydney time) on 19 August 2014
Offer document and entitlement and acceptance form despatched to eligible shareholders	22 August 2014
Rights Issue opens	22 August 2014
Rights Issue closes	5.00pm (Sydney time) on 5 September 2014
New Shares quoted on ASX on a deferred settlement basis	8 September 2014
Cabral notifies ASX of under subscriptions	10 September 2014
Allotment of New Shares under the Rights Issue and despatch of holding statements for the New Shares	12 September 2014
ASX trading for New Shares issued under the Rights Issue	15 September 2014

These dates are indicative only and subject to change. Cabral reserves the right to amend this indicative timetable. In particular Cabral reserves the right, subject to the Corporations Act, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

Offer document and continuous disclosure

Shareholders eligible to participate in the Rights Issue should have regard to all publicly available information on Cabral including all announcements made by Cabral to ASX (which are available from its website, or from ASX's website, www.asx.com.au), as well as the offer document. Shareholders should consult their professional advisers before taking up all or any part of their entitlement.

Capital structure

The following table sets out the capital structure of Cabral on completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

Securities	Number
Fully paid ordinary shares on issue as at the date of this announcement	259,316,667
New shares to be issued under the Rights Issue	259,316,667
Total fully paid ordinary shares on issue immediately following the Rights Issue	518,633,334

Appendix 3B

An Appendix 3B for the Rights Issue has been lodged with ASX today.

For further information please contact:

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About Cabral

Cabral Resources controls an extensive strategic landholding in the emerging iron ore region of Bahia State in Brazil. The 1,822 km² landholding amassed contains ground prospective for high grade direct shipping hematite ores, itabirite ores and coarse grained magnetite ores. In March 2012 Cabral signed a Protocol of Intentions with the State of Bahia and State Treasury contemplating up to 15 million tonnes of annual iron ore production on the government-funded FIOL Rail Line and Porto Sul port development. The existing, operating FCA rail line to the Port of Aratu runs within Cabral's highly prospective Sincorá Area. Cabral has a strong local exploration team in Brumado, Bahia, Brazil and driven senior management focused on moving its projects towards production in 2016.