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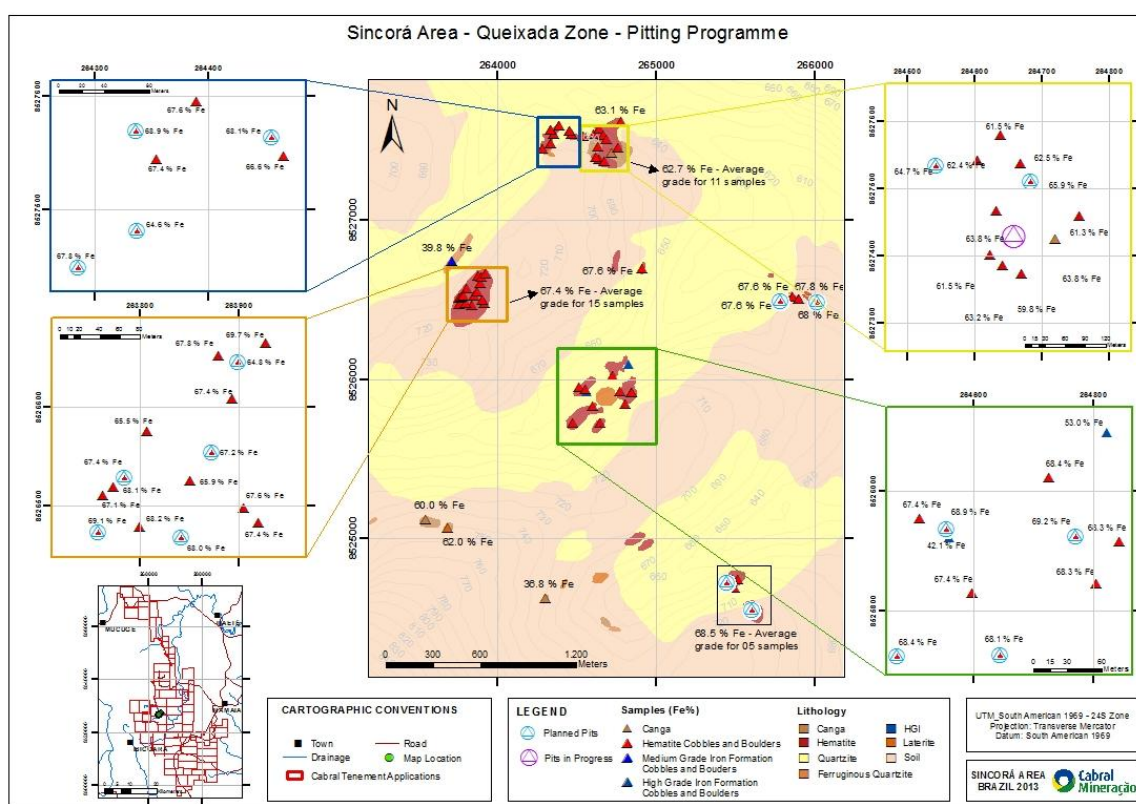
COMMENCEMENT OF RESEARCH PITS WITHIN QUEIXADA ZONE

Cabral Resources Limited ("**Cabral**") (ASX Code: "**CBS**") advises that the proposed research pits within the Queixada Zone have now commenced with findings and assay results to be released in the months ahead.



Photo: Commencement of the first research pit within the Queixada Zone exposing high grade hematite mineralisation

The research pits are approximately 1.4 metre in diameter with the Cabral exploration team digging them by hand at planned locations where it can be done with only minor vegetation removal, eliminating the need for an extensive environmental licencing process for the pits. In total there are 20 research pits planned in this area over the coming months. The map below indicates the location of the planned research pits and highlights the first pit for which digging is in progress within the Queixada Zone. This first research pit is currently at a depth of approximately 1.8 metres with high grade hematite mineralisation observed throughout within a sandy matrix.



These pits are aimed towards gaining a better geological understanding of the style of the hematite mineralisation, in areas where a significant amount of hematite cobbles and gravels occur at surface, **within the 3,000 metre by 3,000 metre high grade hematite area**, using low cost methods before proceeding to a drilling phase. The geological knowledge gained by the research pits in terms of sampling, mineralisation style, geological setting, host rocks and the like will help in understanding whether, at these places, the mineralisation is weathered, partially eroded, portions of a hematite rich layer, a “colluvium like” or even alluvial portions of the overall deposit, in order to get a better guidance in the final design of Cabral’s drilling plans.



Photo: A sample of the hematite mineralisation from the first research pit delivered to Cabral's Brumado exploration office

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Competent Person's Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Paulo Alexandre Ribeiro who is a member of the Australasian Institute of Mining and Metallurgy. Mr Paulo Alexandre Ribeiro is a permanent full-time employee of Cabral Resources Limited as Head of Exploration and he has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Paulo Alexandre Ribeiro consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of estimated target size and type. The information in this announcement relating to exploration targets should not be misunderstood or misconstrued as estimates of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this announcement. The potential quantity and grade of any exploration targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration works will result in the determination of a Mineral Resource or Ore Reserve in compliance with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Forward-Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects, the outlook of Cabral's exploration activities, the potential for future operations including any commencement of commercial operations at Sincorá Area and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding Cabral's exploration operations, economic performance and financial condition. Although Cabral believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of exploration, business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. Cabral undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

About Cabral

Cabral Resources controls an extensive strategic landholding in the emerging iron ore region of Bahia State in Brazil. The 1,782 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 FIOEL 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 2015/16.