

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2013

HIGHLIGHTS

ASX Code – CBS
Share Price as at 23.4.13: \$0.024
Shares on issue: 259,316,667
Market capitalisation: \$6,223,600
Cash at bank as at 31.03.13: \$6,088,000
Total debt: Nil
Enterprise value: \$135,600
Options on issue: 1,750,000
Future performance rights: 15,000,000
Total securities on issue: 276,066,667
Directors: Albert Wong Michael Bogue Bruno Maia Malcolm Hancock
Website: www.cabralresources.com.au

- Cabral identified and pegged a broad prospective area located 90km NW of Brumado Town, in Bahia State, Brazil
- The Sincorá Area of mineral tenements has significant high grade DSO hematite iron ore occurrences
- Initial surface sample assay results confirm high grade hematite iron mineralization (+65% Fe) with very low contaminants
- Cabral's exploration team has set an immediate assessment programme in order to systematically evaluate the entire ground holding
- It covers a vast area of over 931 km² and a low acquisition cost of A\$55,000 adds significant and immediate value for Cabral shareholders
- The Sincorá Area enjoys a privileged location to critical infrastructure with the existing and operating FCA rail line passing inside of the Sincorá Area and the new FIOF rail line scheduled to be located nearby
- Logistics permit potential dual international export routes through either the existing Port of Aratu or the proposed Port Sul development
- The acquisition perfectly matches Cabral's exploration focus towards low capital intensive, early cash flow high grade DSO hematite and itabirite orebodies
- Cabral further adds to tenement portfolio with new ground north of the Brumado Complex
- Full Gergelim metallurgical test work results still pending but initial data appears positive
- Termination of agreement with vendor to acquire nine (9) tenements within the Brumado Complex

SINCORÁ AREA - A PROSPECTIVE HIGH GRADE DSO HEMATITE AREA IDENTIFIED AND SECURED BY CABRAL'S EXPLORATION EFFORTS

On 22 March 2013, Cabral announced that it has identified and secured the tenement rights for 100% of a broad prospective area (hereinafter the "Sincorá Area") which was pegged as vacant ground. The ground has significant potential for high grade DSO hematite iron ore in Bahia State, Brazil.



Photo: Subcrop of high grade DSO hematite mineralisation.

Commenting on this new prospect Cabral Managing Director & CEO Michael Bogue said at the time of its announcement:

"This is an exciting area discovery made by the Cabral exploration team which has the potential to propel Cabral's corporate strategy of becoming a producer of high quality DSO hematite iron ore. We have secured 100% of a highly prospective DSO hematite potential landholding covering an area of 931 km² for a nominal price. We believe this

area will add significant value for Cabral shareholders. This exploration event is fully consistent with Cabral's corporate strategy in Bahia State, Brazil and uniquely complements our existing iron ore portfolio and asset base in the region. Cabral has substantially recalibrated its efforts towards this new Sincorá Area in order to enable Cabral to generate real cash flows in the near term to help funding our longer term exploration portfolio. We remain focussed to ensure we meet our objective of becoming a significant iron ore producer by 2015/16."

"We believe this exciting exploration news affords Cabral all the necessary ingredients required to achieve early cash flow production status: we have potential for high quality DSO iron ore, we have an experienced and dedicated local team on the ground and we have dual realistic infrastructure solutions to export any future DSO production to the international markets."



Photo: Another portion of high grade DSO hematite ore subcrop at Sincorá Area.

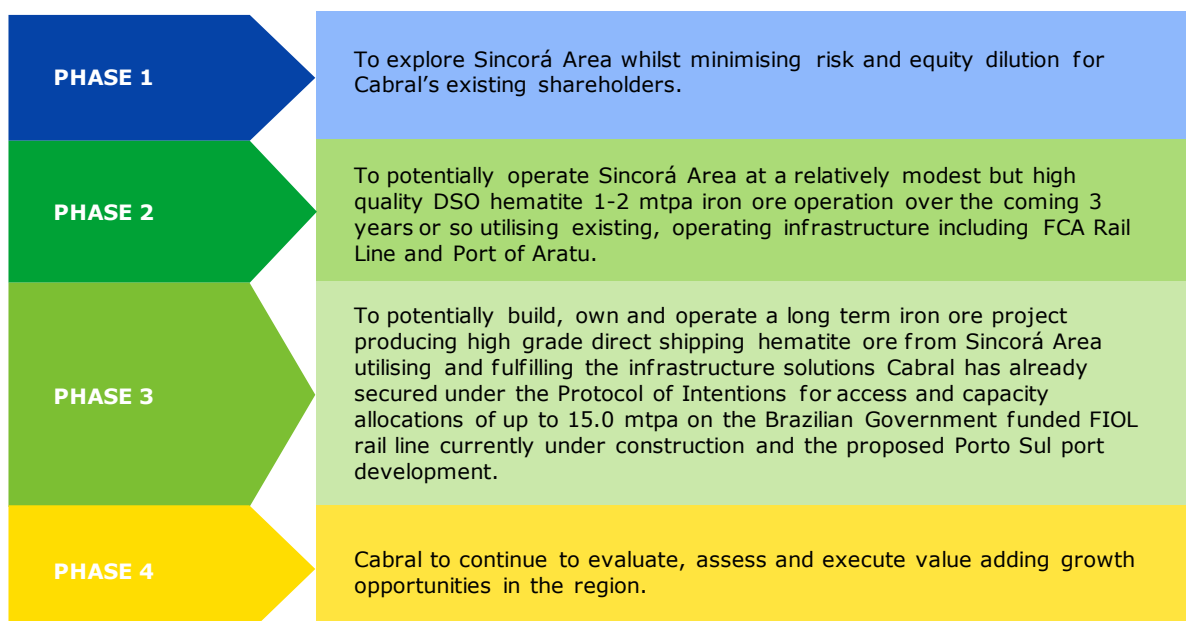
Cabral's Brazilian-based Head of Exploration Paulo Ribeiro commented at the time of the initial announcement: "The Sincorá Area geology is very interesting. Practically only mid to upper Proterozoic supra crustal rocks are encountered on this ground. It differs from the Cabral's existing portfolio where the prospective rocks are magnetite bearing rocks related to the Archean Brumado Complex. The Cabral exploration team is excited to be working on this new ground. Effective immediately, Cabral will undertake a systematic exploration effort to fully evaluate the vast land package and identify the high grade DSO hematite areas for future drilling programs. The hematite mineralisation identified to date occurs from surface with some superficial sand cover. Exploration focus will firstly be on a large scale geological ground reconnaissance and on delineating the already identified hematite rich bodies."

A STRATEGIC ACQUISITION

Cabral believes that this new Sincorá Area will prove of strategic significance in:

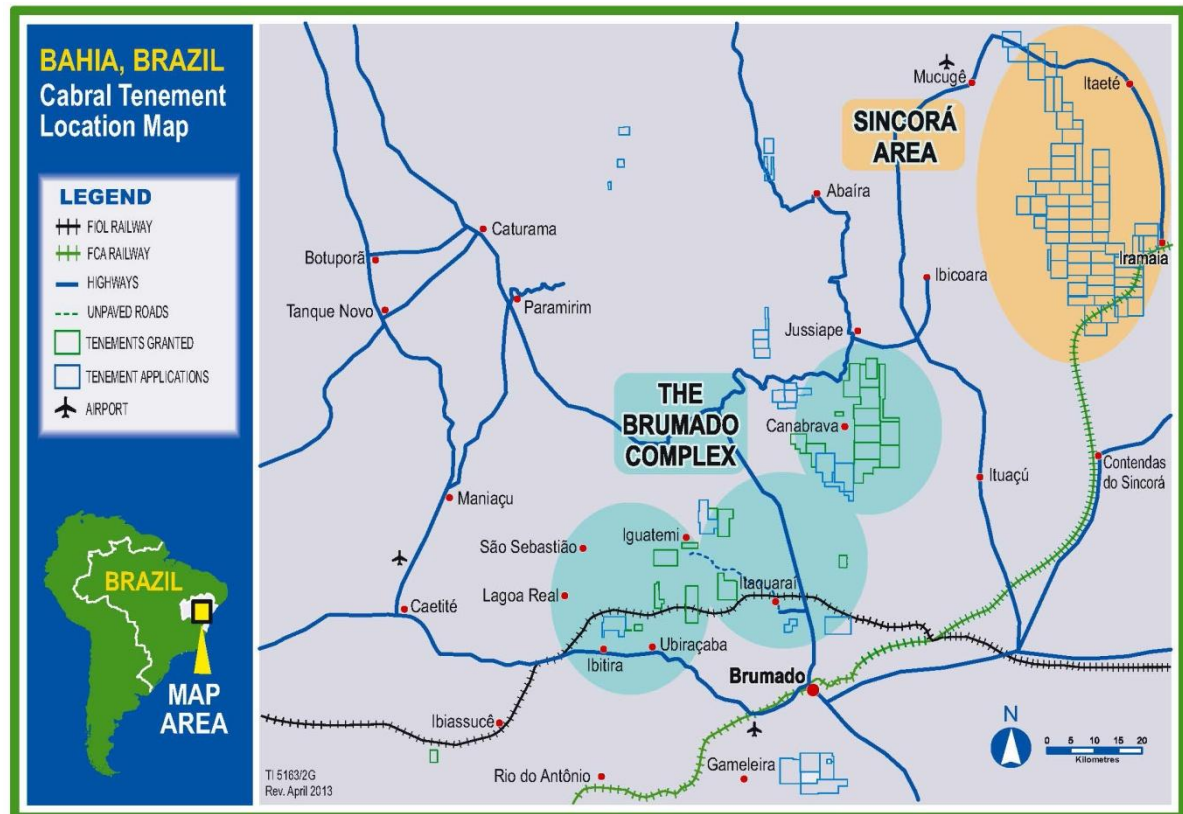
- potentially facilitating early cash flows to complement its broader exploration efforts in the region generally;
- positioning Cabral for future growth in line with its corporate strategy;
- future detailed negotiations with regulatory authorities relating to access terms and tariff charges for the FIOLE Rail Line and Porto Sul port development and/or the existing FCA Rail Line and Port of Aratu;
- attracting and retaining suitable and experienced technical staff to meet its exploration and operational needs into the future; and
- lifting Cabral's overall profile in Bahia State and our desire to become the partner of choice in the region.

A FOUR PHASED EXPLORATION AND CORPORATE STRATEGY



SINCORÁ AREA DESCRIPTION

Prospect location with Cabral Tenement Portfolio

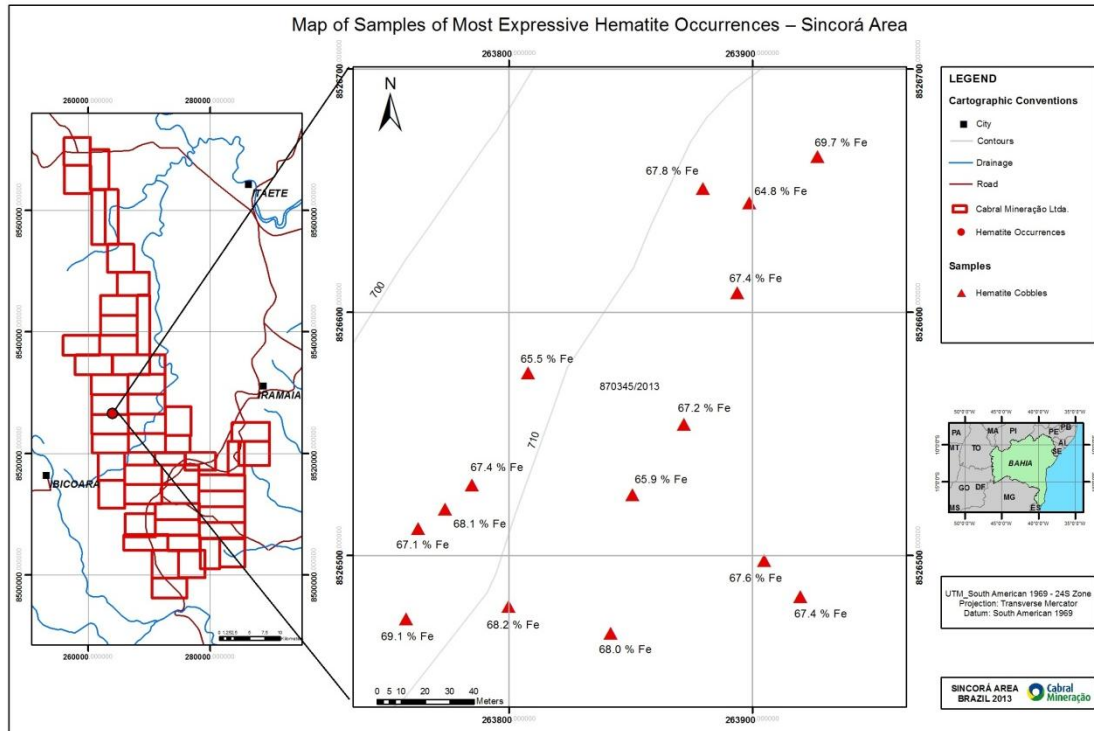


High Grade Surface Sample Assay Results

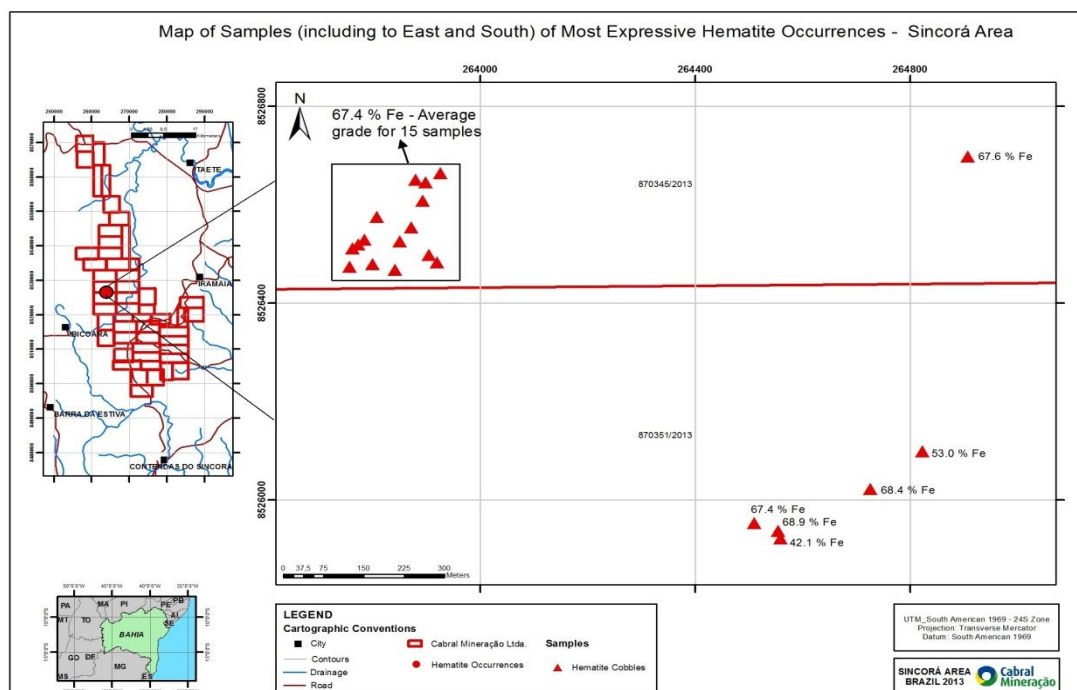
Sample ID	Rock type	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
C000706	Hematite	68.0	0.7	0.3	0.02	0.8
C000712	Hematite	65.9	2.4	16	0.04	14
C000713	Hematite	67.2	19	13	0.03	13
C000714	Hematite	67.4	15	0.7	0.02	0.8
C000715	Hematite	67.8	15	12	0.02	0.8
C000716	Hematite	69.1	10	0.6	0.03	0.8
C000717	Hematite	67.6	0.6	0.5	0.03	0.7
C000718	Hematite	67.4	18	13	0.02	0.9
C000723	Hematite	68.2	0.9	0.2	0.01	0.9
C000724	Hematite	67.1	12	0.5	0.02	10
C000725	Hematite	68.1	12	0.5	0.02	0.7
C000726	Hematite	65.5	2.4	16	0.02	11
C000727	Hematite	67.4	13	0.6	0.01	0.8
C000728	Hematite	67.4	0.8	0.5	0.01	0.9
C000729	Hematite	67.6	11	0.7	0.02	11
C000730	Hematite	64.8	5.0	0.6	0.02	0.8
C000731	Hematite	69.7	0.5	0.5	0.02	0.5
C000732	Canga	42.1	17.2	116	0.48	8.4
C000733	Hematite	68.9	10	0.7	0.02	0.5
C000737	Ferruginous Quartzite	38.5	27.6	8.9	0.10	5.8
C000738	Hematite	56.5	5.0	10	0.57	10.8
C000742	Itabirite	53.0	13.7	0.9	0.04	7.8
C000743	Canga	49.9	6.5	7.1	120	114
C000744	Hematite	68.4	0.4	0.3	0.02	0.8

Note: Assays undertaken by SGS GEOSOL Laboratórios Ltda. in Minas Gerais Brazil.

INITIAL OBSERVATIONS ON IDENTIFIED HEMATITE OCCURRENCES



The most expressive DSO hematite body that was found to date occurs as cobbles and boulders of very good quality hematite inside an area of approximately 300 metres x 300 metres. Initial observations suggest this hematite body has a sub horizontal attitude, concordant with the host rocks outcrops.



This initial observation suggests that other hematite cobbles and boulders findings a distance of around 1km apart to the East and also to the South of this most expressive area must be part of this same hematite body. If these traces are confirmed by the further works, topographic surveys shall be a very useful tool to guide the exploration works and also the drilling plan.



Photo: Aerial view of the most expressive area containing high grade hematite occurrences (highlighted).

Identified DSO hematite areas are currently in the process of being mapped in detail by the Cabral exploration team. This will take a considerable period of time since the area is vast in size, can be difficult to access with poor road access, steep terrain and often challenging vegetation.

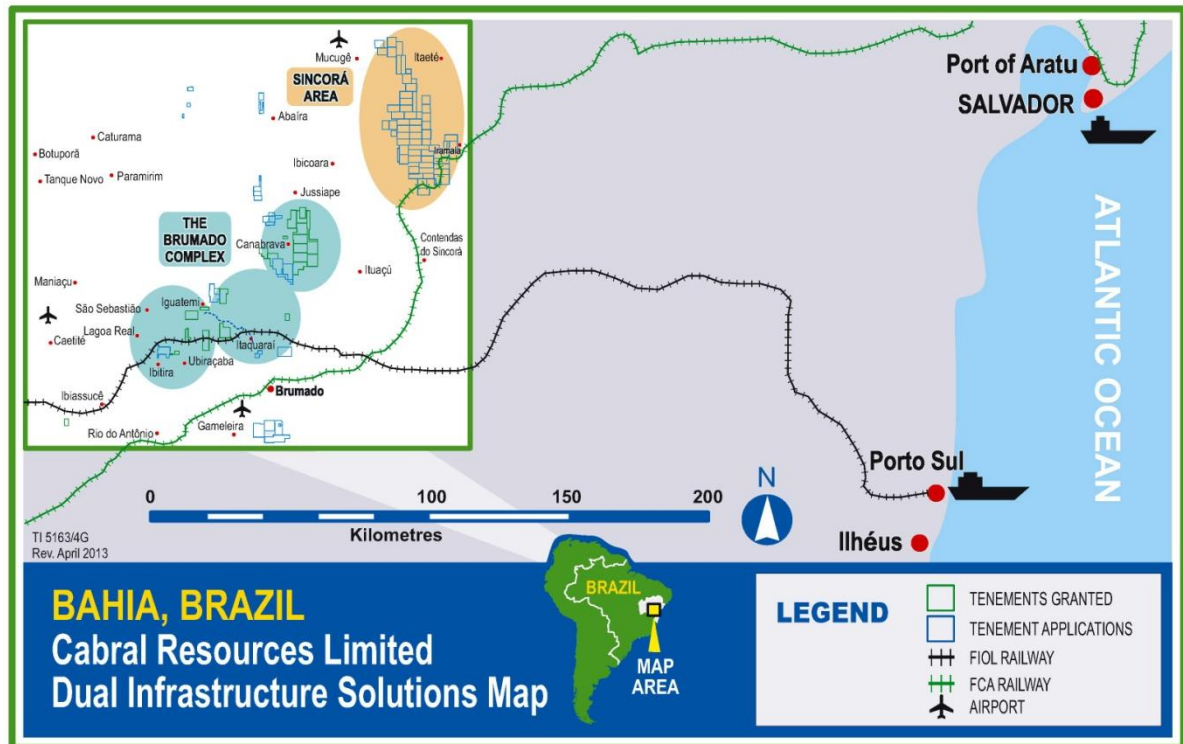
All the hematite samples which were taken by Cabral's exploration team have shown very good visual quality and are demonstrating high potential to directly feed Direct Reduction furnaces as they present very high Fe grades, low contaminants content and high porosity. The chemical quality has been fully confirmed by the assay results on the samples received from SGS GEOSOL Laboratórios Ltda. as shown above.

Further geological work will be carried in order to identify other iron rich bodies and to follow up the already identified hematite, itabirite and ferruginous quartzite occurrences.



Photo: A close up of a hematite surface sample showing the porous nature of the mineralisation.

DUAL RAIL AND PORT INFRASTRUCTURE SOLUTIONS



FIOL Rail Line and Porto Sul

Cabral has made very significant advancements into its long term infrastructure solutions through the Protocol of Intentions ("POI") signed with Bahia State and State Treasury back in March 2012. This POI proposed access and capacity allocations for up to 15.0 million tonnes of annual iron ore production capacity on publicly-funded FIOL Rail Line and the proposed Porto Sul port development

Constructive and meaningful dialogues continue with the relevant authorities and other stakeholders in relation to Cabral's detailed requirements for both the FIOL Rail Line and the Porto Sul port development which are both scheduled for completion in 2015/16.

The POI entered into by Cabral and the timetable for infrastructure completion dovetails neatly with and potential long term infrastructure requirements related to the Sincorá Area and any future development and production plans.



Photo: Overpass constructed for FIOL rail line between Brumado township and Cabral's Sincorá Area

Existing, Operating FCA Rail Line and Port of Aratu

In the interim period before 2015/16, whilst the FIOL Rail Line and Porto Sul infrastructure is being completed, Cabral has potential alternative export infrastructure avenues it can pursue for lesser quantities of iron ore production to generate early cash flows.

- The potential use of the existing, operating FCA Rail Line which passes within Cabral's Sincorá Area tenements.
- The FCA Rail Line connects to the existing, operating Port of Aratu, Bahia State (near Salvador). The rail distance from Project Sincorá to the Port of Aratu is approximately 360 km.

Both the FCA Rail Line and Port of Aratu are believed to have excess capacity that may be available to Cabral to meet its future development and production plans.

A further transport alternative is the trucking of any future iron ore up to the Port of Aratu, Bahia State a distance of approximately 430 km by sealed road.

At this time Cabral does not have any arrangements in place in respect of the FCA Rail Line and Port of Aratu potential alternative and interim export options. These will be carefully assessed and formally pursued by Cabral as appropriate in the period ahead.

More detailed information on Cabral's dual infrastructure solutions can be found by clicking the link on the homepage of its website **www.cabralresources.com.au**

FUTURE EXPLORATION AND EVALUATION WORKS

Cabral has already commenced work to carry out an aggressive and systematic exploration program to better define the high grade DSO hematite areas within the whole ground and to programme and undertake drilling to reach JORC resource status as soon as practicable. Depending on the works progress, the whole exploration program will include detailed topographic surveying, geological and structural mapping, ground geophysics, sampling, diamond drill hole campaigns, and assay and metallurgical test work. As at 31 December 2012 Cabral had cash at bank of A\$7.01 million (excluding its associate joint venture interests) to conduct these exploration program works.

A broad geological reconnaissance of the whole area and detailed geological mapping of already identified DSO hematite areas are currently being undertaken.

It is envisaged that the future exploration programme will comprise:

- Geological reconnaissance in order to identify additional local prospects and occurrences in the whole area;
- Detailed geological mapping to delineate the already identified iron ore bodies;
- Topographic surveying to help delineating the hematite orebodies and further findings;
- Cabral is studying the potential value of utilising geophysics and specifically the possibility of using GPR (Ground Penetration Radar) surveying in order to determine the depth and the attitude of the identified hematite layers which do not outcrop. The already identified hematite subcrops indicate that the orebodies are not deep with only superficial sand coverage;
- Trenching is expected to be used in order to expose the hematite layers where the cobbles and boulders occur;
- Shallow research pit openings can be preferable to trenching, depending on the physiography of the different areas of hematite occurrence; and
- The exploration works listed above will lead future drilling programmes.

REQUIRED APPROVALS, ENVIRONMENTAL LICENSES AND PERMITS

Cabral has pegged the Sincorá Area of approximately 931 km² as 50 separate tenement applications. These tenements applications are presently before DNPM awaiting full grant status. Cabral has no reason to expect that these 50 tenements will not be granted by DNPM in the months ahead. The DNPM can be expected to change slightly the size and shape of some individual tenements at its discretion during the approvals process depending on factors such as potential overlap with granted third party tenement areas.

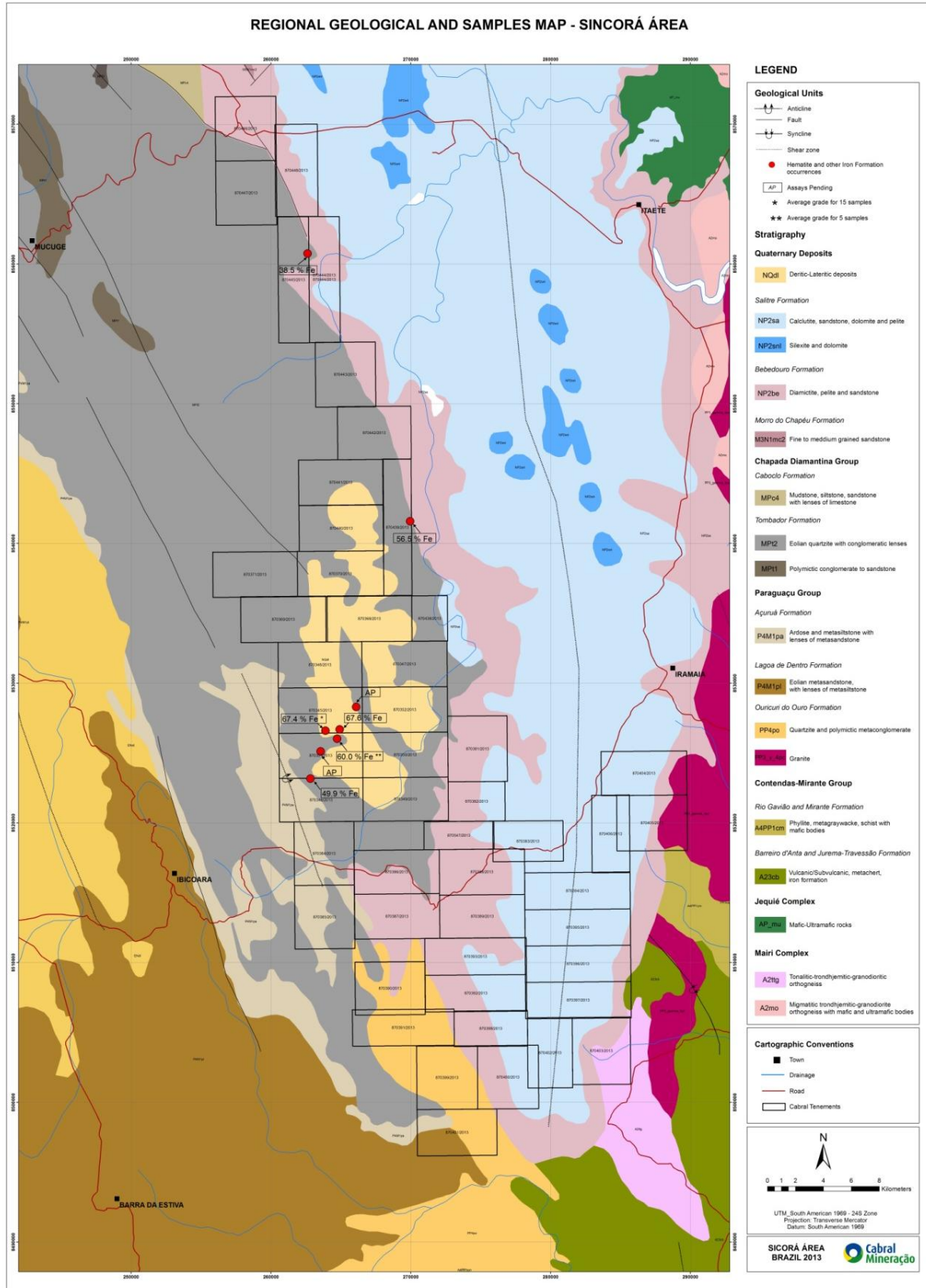
Environmental licenses will be required to undertake significant ground disturbing exploration activities (such as drilling) in the Sincorá Area tenements. Cabral has started preliminary works in regards to its future plans in the region with the relevant governmental agencies and representatives.

CABRAL'S VALUE AT RISK

Cabral has sought to structure its exploration activities to minimise the value at risk for Cabral shareholders. The next 6 to 9 month period is required for Cabral to further evaluate the Sincorá Area and develop follow up exploration drill programs.

Cabral will incur the exploration costs associated with this exploration phase however these expenditures facilitate a more detailed understanding of the entire area, its prospectivity and potential as a long term flagship iron ore project for Cabral. In addition, these efforts are expected to assist Cabral understand the general prospectivity of the Sincorá Area for other known historical mineral occurrences including for manganese, gold, diamonds and other mineral substances.

REGIONAL GEOLOGY



The regional geological framework of the Sincorá Area is inserted within the physiographic domain of Chapada Diamantina. It comprises 50 contiguous tenements located in the central region of the north-eastern lobe of the São Francisco Craton, within the domain of the Espinhaço Supergroup and metasedimentary rocks of the Chapada Diamantina Group, which is mainly represented by the quartzite of Tombador Formation.

Basement rocks occur strictly at the extreme southeast part of the pegged tenements group and are represented by Archean units of Mairi Complex and Contendas-Mirante Group, over which lie the supracrustal rocks of Espinhaço Supergroup.

The Espinhaço Supergroup in the area is mainly represented sequentially by the Paraguaçu Group, the Chapada Diamantina Group, Morro do Chapéu and Salitre Formations with some Quaternary coverage.

It comprises a succession of mainly terrigenous sediments composed of conglomerates; coarse, medium to fine grained sandstones and carbonates. These lithofacies are assembled into alluvial fan, fluvial, desertic, tidal flat, deltaic and marine depositional systems, alternating along the stratigraphic column. The onset of the sedimentation is continental, represented by desertic, alluvial fan and fluvial systems that progressively changes to a deltaic system, typical of a continental margin. Overlying the deltaic system occur continental and marine depositional systems. The analysis of these systems allows the reconstitution of the tectonic evolution of the region that begins with deposition on a stable cratonic area, followed by the establishment of a foredeep.

Due to the low metamorphism, which reaching a maximum greenschist conditions, and deformation experimented by these units, sedimentary structures are exceptionally preserved and permit to deduce, with an appreciable precision level, the original depositional environment and processes.

The main target in the area is the rocks that represent the Tombador Formation, especially around their geological/structural contacts to the East. Tombador Formation is medium Proterozoic in Age and presents Eolic deposits overlaid by transgressive estuarine depositions. Metaconglomerates and conglomeratic sandstones of Tombador were also object of intermittent, but extensive, diamond exploration which is still done by small and independent prospectors.

Tombador Formation rocks were submitted to structural ductile/brittle to transitional/brittle deformation generated by a compressional to transpressional progressive event during the Brasiliano Cycle at Upper Proterozoic. The evolution of this deformation resulted in regional folds of broad amplitude and other structures with a predominant NNW-SSE trend.

Cenozoic sedimentary deposits consist of detritic-lateritic, eluvium, colluvium and alluvium deposits irregularly distributed throughout the area, comprising of fine to coarse sand, clay, gravel and lateritic crust.

Tombador Formation is the main stratigraphic unit represented on the whole area surface. Its rocks, its geological contacts and the main deformational structures occur in a regional NNW-SSE trend and host the found hematite and itabirite bearing bodies. Hematite and itabirite bodies were found within the Tombador Formation rock package and in its eastern geological contacts. Hematite and iron formation boulders and cobbles were found in its geological contacts neighbourhood as well.

GERGELIM METALLURGICAL TESTWORK

Limited metallurgical testwork was still underway during the March Quarter to determine the liberation characteristics of the mineralisation and to confirm whether the iron occurrences can be liberated and beneficiated into a suitable end iron ore product. Initial samples for metallurgical testwork were sent to SGS Geosol for analysis with results now due in the June Quarter 2013. This work includes:

- **Grind Liberation Tests**

For both metallurgical tests significant fresh core samples were composited from high, medium and low grade samples totalling 143.6kg. Composites were prepared from several intersections over a number of holes. The objective of the Grind Liberation Tests is to test various composite samples at a range of grind pulverizing times in order to determine the optimal one for a routine DTR test to achieve a grade ranging from 68.0 to 69.0% Fe total in the average sample.

Approximately 20 kg of each sample will be provided for Bond Work Index measurements.

- **Davis Tube Recovery (DTR) Tests**

A standard DTR test is being developed by SGS Geosol for the Gergelim core samples with magnetic material.

A total of 307 samples (903.6kg) were sent to the SGS Geosol laboratory in the December Quarter. Composites of up 6m length were used by collecting ¼ (one quarter) of continuous intervals core samples. Mineralized horizons with more than 15.0% Fe were used for this purpose.

The procedure is to crush the samples to 100% below 3.35mm, quartering samples for approximately 150g of pulverizing, dry screen samples at 75 micron, regrind the oversize for 4 seconds for every 5g of sample oversize, repeat the screening until less than 5g is above 75µ. A final pulverizing in order to obtain 20g samples for DTR work.

Cabral has engaged SRK Consulting in Brazil to assist it with the above work.

Some preliminary, incomplete grind liberation test results were received by Cabral during the March Quarter which were prima facie more positive than anticipated. However, it is too early to draw any conclusions from this work until all data and results are received and analysed.

Further updates on this work will be reported to the market as appropriate.

BRUMADO COMPLEX PROJECTS

Environmental rehabilitation work continued for part of the March Quarter on the Gergelim target area affected by Cabral's drill campaign with these works now complete.

No other material exploration activity was undertaken on the Brumado Complex tenements consistent with Cabral's refocussed exploration strategy towards identifying and securing high quality hematite projects.

NEW TENEMENTS PEGGED TO NORTH OF THE BRUMADO COMPLEX

During the March Quarter Cabral pegged a total of 15 new tenements to the north of the Brumado Complex. These tenement applications cover an aggregate area of 102 km² and are considered prospective for hematite and itabirite iron mineralisation. These tenements are considered less prospective than the Sincorá Area and accordingly will be afforded less priority by Cabral's exploration team.

TERMINATION OF AGREEMENT FOR ORIGINAL BRAZILIAN IRON ORE TENEMENTS

On 4 March 2013 Cabral advised that following extensive negotiations over a protracted period of time with the vendor of the original Brazilian magnetite iron ore tenement package, Cabral has terminated the Agreement to acquire such tenements with no further legal obligations owed by Cabral.

Cabral's decision to terminate the Agreement (and its five Amendments) came as a result of both the vendor's inability to complete its contractual obligations to Cabral as well as the vendor's perpetual breach of key representations and warranties made to Cabral.

The impact of this termination on Cabral is:

- The vendor is under an obligation to return all historical cash payments made to it by Cabral, aggregating to R\$3,788,500 (equivalent to A\$1,872,000), plus reimburse Cabral all costs and legal fees related to the vendor's no-performance in exchange for Cabral returning title to the nine (9) magnetite iron ore tenements governed by the Agreement. Notwithstanding these repayment and reimbursement obligations of the vendor, Cabral understands it has insufficient financial resources to fully refund Cabral. Given these circumstances, Cabral will not be returning title to any tenements until such time as full cash repayment and reimbursement is received from the vendor; and
- Cabral is no longer contractually obligated to meet the "Final Payment" of R\$4.7 million (equivalent to A\$2.32 million) in cash which was owing to the vendor and Cabral has no further obligations under the Agreement or its Amendments.

Cabral has at all times sought to negotiate with the vendor in good faith in relation to finding a settlement solution in respect of the Agreement (including the five Amendments). However, a satisfactory settlement arrangement was unable to be reached which left Cabral with no choice but to bring an end to this prolonged stalemate.

Cabral has indicated it is willing to work co-operatively with the vendor in relation to resolving their debt of R\$3,788,500 (equivalent to A\$1,872,000) now owing to Cabral and the reimbursement of legal and other costs currently estimated at R\$750,000 (equivalent to A\$370,600). However, in the interim, Cabral has retained all its rights under the Agreement (including the Amendments) including rights to damages and arbitration proceedings.

The impact of this event on Cabral's assets, exploration focus, business strategy and ongoing activities are negligible.

OTHER GROUND CONSOLIDATION AND DUE DILIGENCE WORK

During the March Quarter, Cabral continued to actively assess and undertake due diligence in respect of numerous iron ore projects consistent with its stated corporate strategy. None of these opportunities met with Cabral's strict investment criteria based upon one or more of geological characteristics, general prospectivity, tenure and legal title, ore quality, ore volumes, location and/or vendor price expectations.

Cabral remains well placed to withstand the current volatility in iron ore markets and to continue to actively pursue new investment opportunities that add compelling value for Cabral shareholders.

CORPORATE

As at 31 March 2013, Cabral had cash at bank of approximately \$6.10 million and NIL external borrowings.

In addition, as at 31 March 2013, Cabral has another \$0.76 million in cash and liquid securities for its 50% share of the joint venture company with China Railway Materials Commercial Corporation Group which has the potential to be realized.

For further information please contact:

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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 1,705 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 for 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 2015/16.