



Cabral Resources Limited (ABN 72 064 874 620)
And its Controlled Entities
Annual Financial Report
30 June 2014

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This financial report was authorised for issue by the Directors on 30 September 2014. The Company has the power to amend and reissue this financial report.

CORPORATE DIRECTORY

Directors:	Michael J. Bogue (Managing Director & Chief Executive Officer) Bruno Maia (Non-Executive Director) James Li (Executive Director)
Company Secretary:	Ms Carolyn Patman
Registered Office and Principal place of Business:	Suite 2, Level 5 20 Bond Street Sydney NSW 2000 Telephone: +612 9232 0211 Facsimile: +612 9232 0233
Share Register:	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 <i>Postal Address</i> Locked Bag A14 Sydney South NSW 1235
Legal Adviser – Australia :	Ashurst Level 36, Grosvenor Place Sydney NSW 2000
Legal Adviser – Brazil :	Tozzini, Freire, Teixeira E Silva R. Borges Lagoa 1328 04038-904 Sao Paulo SP Brasil
Accountant:	HLB Mann Judd Level 19, 207 Kent Street Sydney NSW 2000
Auditors:	Nexia Court & Co Level 16, 1 Market Street Sydney NSW 2000
Securities Exchange Listing:	Cabral Resources Limited Australian Securities Exchange Limited (Code: "CBS")
Company Numbers:	ACN: 064 874 620 ABN: 72 064 874 620

MANAGING DIRECTOR'S LETTER

Year ending 30 June 2014

Dear Shareholder

The year ended 30 June 2014 was a challenging but rewarding one for your Company.

Your Board is pleased to report that during the year your Company achieved outstanding exploration success on its Sincorá Area high grade hematite iron ore project Bahia State, Brazil. These efforts position your Company well to become a profitable iron ore production company in 2016. Significant achievements during the year included:

- Continued high grade DSO hematite surface sampling across the vast Sincorá Area which covers 1,195 km² of new and highly prospective exploration ground in an emerging new iron ore district of Bahia State, Brazil. Strong exploration results suggesting continuity of iron mineralisation was achieved across each of the Queixada, Queixada North and Coral Zones;
- All key tenements particularly those covering the identified 67.0km² hematite blanket area within the Queixada and Queixada North Zones were formally granted during the year. The remaining tenement applications which make up the remainder of the Sincorá Area are expected to be formally granted by DNPM over time;
- A research pit exploration program was implemented within Queixada and Queixada North Zones. This led to a focused research pit effort at the Madeira Seca Target within the Queixada Zone to seek to delineate a high grade DSO hematite JORC Inferred Resource as "proof of concept" of the broader 67.0km² hematite blanket area within Sincorá Area. As at year end a total of 19 pits had been completed or were in progress at the Madeira Seca Target with very promising assay results and continuity of iron mineralisation reported;
- Significant iron mineralisation exploration success was also discovered within the Coral Zone along the Tombador Formation where a mineralized strike length of approximately 75.0 km was identified for follow up exploration. In addition, your Company announced it had secured additional tenements along the Tombador Formation contact which contain iron rich itabirite mineralization;
- Continuing to progress dual infrastructure solutions for future iron ore production from the Sincorá Area. Initially this will be through the existing, operating rail and port infrastructure, being the FCA Rail Line and Port of Aratu, and, longer term, through the FIOL Rail Line and proposed Porto Sul port development. With the latter solution, your Company already has in place a signed Protocol of Intentions with the State of Bahia contemplating up to 15.0 million tonnes per annum of iron ore product access and capacity allocations; and
- Continuing to advance all the requisite licensing, permitting and landowner agreements needed to execute its corporate strategy of becoming an iron ore producer in 2016.

The Sincorá Area landholding is proving to be a strategically important and high quality asset in this newly emerging iron ore district of Bahia State, Brazil. Your Board intends to maximise the value of this project in period between now and first production anticipated in the first half of 2016.

Your Board and management team would like to thank you, our shareholders, for your loyal and continued support during the year. Despite a challenging global economic climate and volatile markets for commodities, we are firmly focused on fast tracking the Madeira Seca Target at Sincorá Area into production in 2016 utilising a low capital and operating cost business model. The high margin returns and robust cash flows will be applied to fund the broader Sincorá Area exploration efforts.

Yours sincerely

Cabral Resources Limited



Michael J. Bogue
Managing Director & Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on the Cabral Group, consisting of Cabral Resources Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The names of the Directors of the Company at any time during or since the end of the financial year are:

- *Michael J. Bogue*
Managing Director and Chief Executive Officer - appointed 4 September 2006
- *Bruno Maia*
Non-Executive Director – appointed 22 November 2011
- *James Li*
Executive Director - appointed 6 August 2013
- *Albert Y. L. Wong*
Non-Executive Chairman - appointed 2 November 2010, resigned 6 August 2013
- *Malcolm C. Hancock*
Non-Executive Director - appointed 11 September 2007, resigned 6 August 2013
- *Alan A. Davis*
Non- Executive Director - appointed 18 July 2013, resigned 6 August 2013

PRINCIPAL ACTIVITIES

The principal activities of the Cabral Group during the year ended 30 June 2014 consisted of mineral exploration in Bahia State, Brazil predominately for iron ore but including other minerals, activities related to securing and advancing export infrastructure solutions on the FIOL rail line/proposed Porto Sul port development and on the existing, operating FCA rail line/Port of Aratu, activities related to additional ground/project consolidation in the Bahia State region and other related activities. The Cabral Group also continued its investment in the associate entity, CRMSC (Australia) Pty Limited, with joint venture partner China Railway Materials Commercial Corporation Group.

REVIEW OF OPERATIONS, FINANCIAL POSITION, BUSINESS STRATEGIES AND PROSPECTS

The Consolidated Entity posted a net loss of \$13,070,586 for the year ended 30 June 2014 compared to a net loss of \$3,704,563 in the prior year. No dividend will be declared in respect of the current year.

In addition to the principal activities of the Consolidated Entity and of the content of the Managing Director's Letter, the following detailed activities and results were achieved by the Consolidated Entity during the year:

- The granting of tenure and ongoing exploration efforts concerning the Company's high grade, low impurity hematite iron ore project at Sincorá Area.
- Successfully completing preliminary metallurgical test work results in respect of the Company's diamond drill program on the Morro do Gergelim target area within the Brumado Complex.
- Advancing discussions for the Company's dual rail and port infrastructure solutions including access for up to 15 million tonnes of annual iron ore production capacity on publicly-funded FIOL Rail Line and the proposed Porto Sul port development and, separately, discussions concerning access and capacity relating to the existing, operating FCA Rail Line and the Port of Aratu. Constructive rail and port infrastructure dialogues continued throughout the year with each of the relevant government departments and other stakeholders.
- Undertaking significant exploration work across the Company's Sincorá Area including exploration research pits both within the Queixada and Queixada North Zones, exploration reconnaissance work, detailed field mapping, rock chip surface sampling and assaying, geophysics and interpretation and analysis, petrology work and ground magnetometer and scintillometer surveying work.
- Enhancing the locally experienced iron ore geological team and other additional local appointments throughout the year to build the Brumado-based exploration team.
- Continuing to pursue other ground consolidation and acquisition opportunities to add critical mass to the Company's portfolio including the iron rich itabirite tenements within the Coral Zone.
- Engaging with local municipalities and communities in which the Company operates to educate and inform these stakeholders of the Company's activities and plans and to assist with employment opportunities and social and environmental aspects related to these endeavours.
- Continuing to invest in the associate entity, CRMSC (Australia) Pty Limited, with joint venture partner China Railway Materials Commercial Corporation Group.

Any other information on the Consolidated Entity's business strategies and its prospects for future years has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

EARNINGS PER SHARE

	2014 (cents)	2013 (cents)
Basic earnings per share (refer to Note 24)	(5.040)	(1.429)
Diluted earnings per share (refer to Note 24)	(5.040)	(1.429)

DIVIDENDS

The Directors do not recommend the payment of a dividend at this time and no dividend has been paid or declared during the financial year.

Events Subsequent to Balance Date

On 13 August 2014 a 1 for 1 non-renounceable rights offer was announced by the Company. The offer price was \$0.015 per share. The offer closed on 5 September 2014 after which on 12 September 2014 30,117,873 new shares were issued in response to total rights issue proceeds of \$451,768. A total of 229,198,814 shares are able to be issued at the sole discretion of the Board of Directors of the Company under the shortfall facility which applied to the offer for a period of 3 months from the date of close of the offer. At the date of this report, a total of 4,113,295 new shares presenting an additional \$61,699 in new funding have been issued under the shortfall facility.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Entity since 30 June 2014 to the date of this report.

LIKELY DEVELOPMENTS AND ANNOUNCEMENTS

Refer to the Managing Director's Letter on page 4 for further details. Information not disclosed is on the basis that, in the opinion of the Directors, the provision of such information would prejudice the interests of the Consolidated Entity.

ENVIRONMENTAL REGULATION

The Cabral Group is subject to environmental laws and regulations under Brazilian (State and Federal) legislation and Australian (State and Federal) legislation depending upon the scale and nature of the activities undertaken. Compliance with these laws and regulations is regarded as a minimum standard for the Cabral Group to achieve. There were no known significant breaches of these laws and regulations during the year.

Greenhouse Gas and Energy Data Reporting Requirements

Although the Cabral Group is not currently subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007, the Board is conscious of holding the operational control of a member who potentially may become an emitting entity in the future. The Board is of the opinion that sufficient procedures and reporting processes have been met for its environmental responsibilities for the year ended 30 June 2014 and will be monitored in subsequent years.

DIRECTORS' INTERESTS

Information on Directors

Director / experience	Special responsibilities	Particulars of Directors' interests at the date of this report	
		Ordinary shares	Options/ Performance rights
Michael J. Bogue B.Com Mr Bogue holds a Bachelor of Commerce degree and has a diverse and successful background in senior executive roles related to the global resources sector. Over the last 20 years he has undertaken numerous mergers and acquisitions, equity and debt capital market issuances and derivatives transactions across the global resource sector. Previous executive positions have included roles as Executive Director of APAC Resources Limited, a Hong Kong listed entity focused on the resources sector, within JPMorgan Chase & Co. as Co-Head of Mining & Metals for Asia Pacific and Australian Oil & Gas Investment Banking team, a senior Business Development & Finance role within Newcrest Mining Limited and as a principal and co-owner of a boutique investment and advisory firm specialising in the resources sector.	Managing Director and Chief Executive Officer Member of Audit and Remuneration Committees	10,851,276	Nil options
<i>Other current directorships</i> Chairman of CRMSC (Australia) Pty Limited, the Company's associate company, with China Railway Materials Commercial Corporation Group.			
<i>Former directorships in last 3 years</i> None.			
Bruno Maia B.Law Bruno, a Brazilian citizen residing in Salvador, Bahia, Brazil, has over 10 years experience as both a successful legal practitioner and businessman in Bahia State. Bruno holds a Bachelor of Law from Universidade Católica de Salvador, a post graduate specializing in Labour Law and is currently a partner of Bahia State law firm Prates & Maia Advogados e Consultores Associados. In addition to his strong legal background, Bruno has a wealth of private business experience with successful interests in real estate, food and beverage and other industrial sectors.	Non-Executive Director Member of Audit and Remuneration Committees	Nil shares	Nil options
<i>Other current directorships</i> None.			
<i>Former directorships in the last 3 years</i> None.			

Director / experience	Special responsibilities	Particulars of Directors' interests at the date of this report	
		Ordinary shares	Options/ Performance rights
Jingzhong (James) Li (<i>appointed 6 August 2013</i>)			
Mr Li, a metallurgist by background and a current Executive Director of the Company and President of the joint venture associate company, CRMSC (Australia) Pty Limited, with China Railway Materials Commercial Corporation Group. Mr Li's former executive positions include as an Engineer for the Material Bureau of China Railway Ministry in Beijing, over an 8 year period, with wide ranging experience in purchasing large quantities of steel related products from China steel mills and overseas corporations and also in controlling distribution across China's 14 railway regions. James has very wide international business experience and in leasing rolling stock to the Australia market including the iron ore sector. Historically, James has been an alternate Director on behalf China Railway Materials Commercial Corporation in relation to the following Australian iron ore and infrastructure companies: Mount Gibson Iron Limited (ASX Code: MGX) from February 2005 to February 2006, the unlisted Yilgarn Infrastructure Limited, one of two preferred tenderers for the US\$3.5 billion Oakajee rail and port projects in the midwest region of Western Australia, and FerrAus Limited (ASX Code: FRS) from December 2009 to September 2011.	Executive Director Member of Audit and Remuneration Committees	2,197,714	Nil options
<i>Other current directorships</i>			
None.			
<i>Former directorships in last 3 years</i>			
Mr Li was an alternate Non-Executive Director of FerrAus Limited.			

Director / experience	Special responsibilities	Particulars of Directors' interests at the date of this report	
		Ordinary shares	Options/ Performance rights
Albert Y. L. Wong (<i>resigned 6 August 2013</i>) B.Com, F Fin, MSDIA, FAICD Originally from Hong Kong, Mr Wong has lived in Australia for over 37 years and has been involved in the stockbroking and investment banking industry for over 30 years. He was admitted as a Member of the Australian Stock Exchange in 1988 and was the principal of Intersuisse Limited until 1995 when he established the Barton Capital group of companies, including eStar Online, both companies were listed on the Australian Securities Exchange. He was the business partner of former NSW Premier, The Hon. Neville Wran AC QC at Wran Partners from 2004-2011. Currently, Mr Wong's listed company directorships include Chairman of Winmar Resources Limited; Deputy Chairman of Prima Biomed Limited; and Non-Executive Director of Kimberley Diamond Limited. He was also previously Chairman of Cabral Resources Limited. Mr Wong has been widely involved in philanthropic activities including his directorships on UNSW Foundation, Ian Thorpe's Fountain for Youth Foundation and Honorary Life Governor and President of the Physics Foundation at The University of Sydney. Mr Wong is a Fellow of the Financial Services Institute of Australasia, a Master Stockbroker of the Securities & Derivatives Industry Association and a Fellow of the Australian Institute of Company Directors. <i>Other current directorships</i> Deputy Chairman of Prima Biomed Limited <i>Former directorships in last 3 years</i> Mr Wong was formerly the Chairman of Winmar Resources Limited, Non-Executive Director of Kimberley Diamond Limited, and was a founding Director of Pluton Resources Limited and Gujarat NRE Resources NL.	Former Non-Executive Chairman	7,225,000*	Nil options
	Former Member of Audit Committee		
	Former Chairman of Remuneration Committee		

		Particulars of Directors' interests at the date of this report	
Director / experience	Special responsibilities	Ordinary shares	Options/ Performance rights
Malcolm C. Hancock (<i>resigned 6 August 2013</i>) BA, MA, FGS, FAusIMM			
Mr Hancock is a graduate of Trinity College, Cambridge and a professional geologist with over 40 years experience in technical and general management within the minerals industry. His technical specialisations are in mining geology, reserve estimation, project evaluation, feasibility studies and mine development. He spent 12 years in Africa in exploration and mining where he was Chief Geologist of a large open pit and underground copper mine. Since 1980 he has worked in Australia as General Manager, Mining for Pancontinental Mining Ltd where he played a major role in evaluation, acquisition and development of several major new mines in a range of commodities including gold, base metals, magnesite and uranium. He has worked as a consultant to the mining industry since 1994, concentrating on feasibility and resource/reserve assessment work, technical audits and independent expert reports.	Former Non-Executive Director Former Chairman of Audit Committee Former Member of Remuneration Committee	282,587*	Nil options
<i>Other current directorships</i>			
Executive Director of Behre Dolbear Australia Pty Ltd, the Australian subsidiary of the international mining consulting group Behre Dolbear & Co. Inc.			
<i>Former directorships in the last 3 years</i>			
None.			
Alan A Davis (<i>appointed 18 July 2013, resigned 6 August 2013</i>)			
Mr Davis is a qualified lawyer and has extensive business experience in mineral exploration, oil and gas exploration in Australia and the United States, quarrying, the media industry, the motor vehicle industry and property development.	Former Non-Executive Director	Nil shares*	Nil options
<i>Other current directorships</i>			
None.			
<i>Former directorships in the last 3 years</i>			
Non-executive Chairman of Niuminco Group Limited and Chairman Maqnum Gas & Power Limited.			

*Security holdings as at date of resignation

Meetings of Directors

There were 8 (2013: 4) Directors' meetings, 2 (2013: 2) Audit Committee meetings and Nil (2013: Nil) Remuneration Committee meetings held during the year ended 30 June 2014. The number of meetings held during the year and the number of meetings attended by each Director whilst in office is:

	Directors' meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	No. held while in office	No. attended	No. held while in office	No. attended	No. held while in office	No. attended
Michael Bogue	8	8	2	2	-	-
Bruno Maia	8	7	2	2	-	-
James Li	6	6	2	2	-	-
Albert Wong	3	3	-	-	-	-
Malcolm Hancock	3	2	-	-	-	-
Alan Davis	3	2	-	-	-	-

REMUNERATION REPORT – AUDITED

The Remuneration Report, which has been audited, outlines the key management personnel remuneration arrangements for the Group in accordance with the requirements of the Corporations Act and its Regulations.

The remuneration report is set out under the following main headings:

- Key management personnel disclosed in this report
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation
- Additional disclosures relating to key management personnel

Key management personnel disclosed in this report

Non-executive and executive directors:

- Michael J. Bogue: Managing Director and Chief Executive Officer (appointed 4 September 2006 and continuing)
- Bruno Maia: Non-Executive Director (appointed 22 November 2011 and continuing)
- James Li: Executive Director (appointed 6 August 2013 and continuing)
- Albert Y. L. Wong: Non-Executive Chairman (appointed 2 November 2010, resigned 6 August 2013)
- Malcolm C. Hancock: Non- Executive Director (appointed 11 September 2007, resigned 6 August 2013)
- Alan Davis: Non- Executive Director (appointed 18 July 2013, resigned 6 August 2013)

Other key Management personnel

- Paulo Ribeiro – Head of Exploration (appointed by the Company to this position on 22 November 2011)
- Bruno Ribeiro – Country Manager – Brazil (appointed by the Company to this position on 1 March 2011)

Principles used to determine the nature and amount of remuneration

The Board determines the remuneration of Executive and Non-Executive Directors from time to time.

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain Executives capable of managing the Cabral Group's business activities and operations. Currently, no element of any Director's remuneration is dependent on the satisfaction of a performance condition.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board has also drawn on external sources of information to ensure Non-Executive Directors' fees and payments are appropriate and in-line with the market for comparable companies

for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is currently set by the Constitution of the Company at \$400,000. This maximum can be changed by Company shareholders in general meeting.

All Directors, other than Mr Bruno Maia, receive a superannuation guarantee contribution required by the government, which was 9.25% for the year ended 30 June 2014, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or elect to receive their Directors' fees by way of consultancy fees for which no superannuation guarantee contribution applies.

Remuneration paid to all Directors is valued at the cost to the Company and expensed. The value of any unlisted options granted to Directors is brought to account over the vesting period of the options.

Independent advice on the appropriateness of remuneration packages is obtained should the Board of Directors consider it necessary. Remuneration packages are based on fixed remuneration, performance based remuneration and equity based remuneration in the year ended 30 June 2014.

In relation to any element of the remuneration of key management personnel or executives which consists of securities, the Board has no policy in relation to those persons limiting their exposure to risk in relation to the securities.

No other element of remuneration for key management personnel or executives was dependent on a performance condition as the Board determined that these elements were fair and appropriate remuneration.

At the 2013 Annual General Meeting ("AGM") 90% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2013. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of Remuneration

Details of the remuneration of the Directors, other key management personnel of the Cabral Group and specified executives of the Cabral Group for the years ended 30 June 2014 and 30 June 2013 respectively are set out on the following tables:

30 June 2014

	Short term employ- ment benefits	Long term employ- ment benefits	Post employment benefits	Share based payments	
	Salary, fees & entitle- ments \$	Entitle- ments \$	Super- annuation and other entitlements \$	Options \$	Total \$
Michael Bogue	330,773	19,758	30,062	-	380,593
Bruno Maia	40,000	-	-	-	40,000
James Li	208,884	-	18,500	-	227,384
Albert Wong*	5,923	-	548	-	6,471
Malcolm Hancock*	3,949	-	365	-	4,314
Alan Davis*	3,445	-	-	-	3,445
Bruno Ribeiro	191,293	-	109,628	-	300,921
Paulo Ribeiro	228,390	-	49,344	-	277,734
	1,012,657	19,758	208,447	-	1,240,862

*Resigned 6 August 2014

30 June 2013

	Short term employ- ment benefits	Long term employ- ment benefits	Post employment benefits	Share based payments	
	Salary & fees \$	Entitle- ments \$	Super- annuation and other entitlements \$	Options \$	Total \$
Albert Wong	60,000	-	5,400	-	65,400
Michael Bogue	352,159	5,404	29,250	-	386,813
Bruno Maia	40,000	-	-	-	40,000
Malcolm Hancock	40,000	-	3,600	-	43,600
James Li	214,796	-	18,000	-	232,796
Bruno Ribeiro	195,962	-	61,362	-	257,324
Paulo Ribeiro	204,951	-	83,368	-	288,319
	1,107,868	5,404	200,980	-	1,314,252

Service Agreements

Summary Terms of Managing Director and Chief Executive Officer Remuneration Package

The appointment is to the position of Managing Director and Chief Executive Officer of the Company on a full-time basis and is for an indefinite duration, terminable as provided below.

The duties of Mr Bogue are those expected of a Managing Director and Chief Executive Officer, reporting to and taking directions from the Board. Mr Bogue is not, without the prior written consent of the Company, to accept new appointments as a Director or secretary of any additional companies from the date of his appointment.

The key terms of the service agreement are:

- Total base salary (including legislated superannuation contributions) of \$354,250 per annum effective as from 1 March 2011.
- As determined at the sole discretion of the Board an annual bonus of up to 3% of the Company's Net Profit after Tax. A further bonus of up to 100% of Mr Bogue's base salary may be payable upon completion of each significant transaction which he undertakes for the Company. No cash bonus was paid in relation to the year ended 30 June 2014 (2013: Nil).
- Participation in the Company's Managing Director and Chief Executive Officer Share Option Plan in accordance with the Plan's conditions as apply from time to time.
- Mr Bogue is restrained for 6 months after the termination of his employment from procuring or soliciting the custom of any person or entity which was a client or customer of the Company or any of its related corporations.
- Mr Bogue must not use or disclose the Company's confidential information except as required to carry out his duties for the Company.
- The Company may terminate Mr Bogue's employment by providing 12 month's notice. The Company may also terminate without notice for misconduct and other specified grounds. Mr Bogue may resign at any time by providing 3 month's notice.

Summary Terms of Head of Exploration

The appointment is to the position of Head of Exploration of the Company on a full time basis and is for an indefinite duration, terminable as provided below. The duties of Mr Paulo Ribeiro are managing the Company's global exploration and development program to the standards required for reporting under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the JORC Code), managing the Company's global exploration team and personnel and monitoring, identifying and/or assisting with technical studies and due diligence on any future Company acquisitions and consolidation activities contemplated by the Company from time to time.

The key terms of the employment agreement are:

- Total remuneration package of BRL\$583,655 per annum including Brazilian social security contributions, other Brazilian labour law contributions and a housing allowance.
- Participation in any cash bonus plans, share and options plans or other incentive plans approved by the Board from time to time. Such payments or other benefits shall not be included as part of the total remuneration package or calculation of any other amounts or entitlements that may be payable. Mr Paulo Ribeiro has specific performance targets within his employment agreement related to identifying and proving up mineral JORC resources for the Cabral Group. No cash payments have been made in respect of these performance targets during the financial year.
- Mr Paulo Ribeiro must not use or disclose the Company's confidential information except as required to carry out his duties for the Company.

- The Company may terminate Mr Paulo Ribeiro without notice for misconduct and other specified grounds. The Company may terminate the agreement providing 6 months notice. Mr Paulo Ribeiro may resign at any time by providing 6 months notice.

Summary Terms of Country Manager Brazil

The appointment is to the position of Country Manager Brazil of the Company on a full-time basis and is for an indefinite duration, terminable as provided below. The duties of Mr Bruno Ribeiro are to work closely with the Managing Director and Chief Executive Officer and the Head of Exploration including, but not limited to, facilitating the progress of the Company's exploration and development objectives in Bahia State, Brazil, bridging the communication gap and ensuring the Company's corporate objectives are met in Brazil relating to exploration activities, future project development activities, potential acquisitions and due diligence and access to State and Federal infrastructure projects, resourcing and employment of local Brazilian exploration and administration staff.

The key terms of the service agreement are:

- Total remuneration package of BRL\$561,080 per annum including Brazilian social security contributions, other Brazilian labour law contributions and a housing allowance.
- Participation in any cash bonus plans, share and options plans or other incentive plans approved by the Board from time to time. Such payments or other benefits shall not be included as part of the total remuneration package or calculation of any other amounts or entitlements that may be payable.
- Mr Bruno Ribeiro must not use or disclose the Company's confidential information except as required to carry out his duties for the Company.
- The Company may terminate Mr Bruno Ribeiro without notice for misconduct and other specified grounds. The Company may terminate the agreement providing 6 months notice. Mr Bruno Ribeiro may resign at any time by providing 6 months notice.

Summary Terms of Executive Director (previously Executive General Manager – Asia)

The appointment was to the position of Executive General Manager - Asia of the Company on a full-time basis and is for an indefinite duration, terminable as provided below.

The duties of Mr James Li are to work in close consultation, co-operation and partnership with the Managing Director and Chief Executive Officer particularly, but not limited to, sourcing Group debt and equity funding from Asian entities, undertaking technical analysis and due diligence of potential Group acquisitions or project interests, liaising with Asian entities in respect of the aforementioned acquisitions or project interests.

The key terms of the service agreement are:

- Total remuneration package of \$218,500 per annum.
- Statutory superannuation contributions on the base salary.
- Participation in any cash bonus plans, share and options plans or other incentive plans approved by the Board from time to time. Such payments or other benefits shall not be included as part of the total remuneration package or calculation of any other amounts or entitlements that may be payable.
- Mr James Li must not use or disclose the Company's confidential information except as required to carry out his duties for the Company.
- The Company may terminate Mr James Li without notice for misconduct and other specified grounds. The Company may terminate the agreement providing 2 months notice. Mr James Li may resign at any time by providing 3 months notice.

Share based compensation

No options over ordinary shares in the Company were provided as remuneration to Directors and other key management personnel of the Cabral Group and specified executives of the Company and Cabral Group in this or the previous reporting period.

On August 1, 2007 the Company issued an aggregate of 2,000,000 options to Group Company employees (including 1,200,000 to Mr James Li) pursuant to the terms of the Employee and Executive Share Option Plan ("EESOP") approved by shareholders in general meeting on 11 July 2007.

On November 3, 2008 the Company issued an additional 1,150,000 options to Group Company employees (including 750,000 to Mr James Li) pursuant to the EESOP.

The options referred to above were subject to certain restrictions and, in the case of 1,200,000 options held by Mr James Li, certain performance conditions, as set out in the relevant option Plans and approved by the Company's shareholders in general meeting on July 11, 2007, and the conditions attached to individual option grants pursuant thereto.

During the year ended 30 June 2013 all remaining EESOP options expired unexercised.

On February 25, 2011 the Company issued an aggregate of 2,250,000 5 year options exercisable at 30 cents to Non-Executive Directors (NONEXOP). These options were subject to formal ASX escrow arrangements for a period of 24 months. At the beginning of the reporting period a total of 1,750,000 Non-executive Director options were on issue. On 6 August 2013 these remaining 1,750,000 Non-Executive Director options were forfeited by Mr Albert Wong and Mr Malcolm Hancock as a result of their respective resignations.

The Company currently has NIL option securities on issue.

Shares Provided on Exercise of Remuneration Options

No ordinary shares in the Company were provided as a result of an exercise of remuneration options to Directors and other key management personnel of the Cabral Group in this or the previous reporting period.

Share Options

There are no unissued ordinary shares of the Company under option at the date of this report.

Additional disclosures relating to key management personnel

The movement during the reporting period in the number of ordinary shares and options of Cabral Resources Limited held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

	Held at 30 June 2013	Received during the year on the exercise of options	Other changes	Held at 30 June 2014
Shares				
Albert Y. L. Wong*	7,225,000	-	-	7,225,000
Michael J. Bogue	9,351,276	-	-	9,351,276
Malcolm C. Hancock*	282,587	-	-	282,587
James Li	1,098,857	-	-	1,098,857
Bruno Ribeiro	3,907,908	-	-	3,907,908
Paulo Ribeiro	-	-	-	-
Bruno Maia	-	-	-	-

	Held at 30 June 2013	Granted as compen- sation	Excer- cised	Other changes	Held at 30 June 2014	Vested and exercisable	Unvested
Options							
Albert Y. L. Wong	1,000,000	-	-	(1,000,000)	-	-	-
Michael J. Bogue	-	-	-	-	-	-	-
Malcolm C. Hancock	750,000	-	-	(750,000)	-	-	-
Future Performance Rights							
Bruno Ribeiro	1,000,000	-	-	-	1,000,000	-	-

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Company paid premiums in respect of a contract insuring all the directors and officers of the Company against liabilities, past present and future.

In accordance with normal commercial practice, the disclosure of the total amount of premiums under and the nature of the liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.

CORPORATE GOVERNANCE

Refer to pages 22 to 35 for the Corporate Governance Statement.

COMPANY SECRETARY

Carolyn Patman has been the Company Secretary of the Company since 1 July 2007. She has been a Chartered Accountant for over 20 years.

AUDITOR

Nexia Court & Co continues in office in accordance with section 327 of the Corporations Act 2001.

Details of amounts paid or payable to the auditors for audit and non-audit services are set out below.

	Consolidated	
	2014	2013
	\$	\$
Amounts paid, or due and payable to:		
The current auditor of the parent entity (Nexia Court & Co – Australian Firm)		
- for auditing and reviewing the financial reports of the entity or any entity in the consolidated entity	51,560	48,470
- for tax services	3,623	2,820
Total	55,183	51,290

The Directors have considered the position and are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 given to the Directors by the lead auditor for the audit undertaken by Nexia Court & Co is included on page 22.

Signed in accordance with a resolution of the Directors.

Dated: 30 September 2014



Michael J. Bogue
Managing Director & Chief Executive Officer

The Board of Directors
Cabral Resources Limited
Level 5, Suite 2
20 Bond St
SYDNEY NSW 2000

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cabral Resources Limited.

As lead audit partner for the audit of the financial statements of Cabral Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

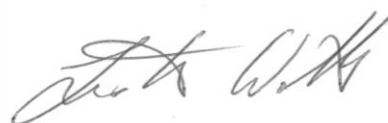
- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Court & Co

Chartered Accountants



Lester Wills

Partner

Sydney

Dated: 30 September 2014

Sydney Office

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Independent member of Nexia International



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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Cabral Resources Limited ("the Company") are committed to maintaining and promoting the principles of good corporate governance.

The plans and activities of the Board are guided by a Corporate Strategy based upon these principles.

This Corporate Governance Statement reflects the Company's Corporate Governance Statement, charters, policies and initiatives as at the date of this report. They are designed to meet, as far as practicable, the Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) released by ASX Corporate Governance Council.

Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition), in conjunction with the ASX Listing Rules and the Corporations Act (Cth) 2001, require companies to disclose whether their corporate governance practices follow the ASX Principles.

The Company complies with The Corporate Governance Principles and Recommendations except for the following instances:

Recommendation	Reason for departure
1.2 Performance evaluation process for senior Executives	Senior executives have been evaluated by the Managing Director and discussed at Board level on the basis of qualitative and quantitative key performance indicators.
2.1 A majority of the Board should be independent directors	Michael Bogue and James Li, being executive directors are not considered independent. The current Board is seeking to remedy this by the appointment of suitable non-executive directors at a time appropriate for the Company.
2.2 The chair should be an independent director	Michael Bogue, being an executive director, is not considered independent. The current Board is seeking to remedy this by the appointment of a suitable non-executive chair at a time appropriate for the Company.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Michael Bogue currently performs the roles of both Chair and chief executive officer. The current Board is seeking to remedy this by the appointment of suitable non-executive directors and a new chair at a time appropriate for the Company.
2.4 The Board should establish a nomination committee	Considering the size, composition and skill set of the Board and the Company, during the year under review, the Company does not propose to have a Nomination Committee. The full Board performed the functions of the Nomination Committee, which are detailed below.
3.2 & 3.3 Measurable objectives for achieving gender diversity	To date the Company has not set measurable objectives for achieving gender diversity. The board believes that such objectives are not appropriate for a Company of its current size and operations. It will establish such measurable objectives when it has grown to a point where it is more appropriate.

4.2	Audit committee to consist only of Non-Executive Directors, the majority being independent, chaired by an independent not chair of the board	Michael Bogue and James Li, being executive directors are not considered independent and Michael Bogue chairs both the Board and Audit committee. Considering the current size, composition and skill set of the Board, at present, this composition of the committee is considered appropriate by the Board. As the Company appoints more Non-Executive Directors, the Board will consider reconstituting the committee to comply with the ASX recommendations.
8.2	Remuneration committee should - consist of a majority of independent directors - be chaired by an independent chair - have at least three members	Michael Bogue and James Li, being executive directors are not considered independent. Considering the current size, composition and skill set of the Board, at present, this composition of the committee is considered appropriate by the Board. As the Company appoints more Non-Executive Directors, the Board will consider reconstituting the committee to comply with the ASX recommendations.

The Principles and Recommendations will be regularly re-examined by the Board to ensure that they continue to be applied and that our response continues to reflect sound business practice.

The Board also intends to review and approve all charters, codes and policies within this Corporate Governance Manual. However, it reserves the right to amend or update these charters, codes and policies at its discretion.

PRINCIPLE 1 - THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is responsible to protect the rights and interests of Shareholders and for the overall corporate governance of the Company. It oversees and guides the management of the Company to protect and enhance the interests of Shareholders, and also ensures that the interests of other stakeholders, such as clients, employees and suppliers and the community as a whole, are taken into account.

As a general principle it is management's role and responsibility to formulate strategy and business initiatives and for the Board of Directors to ratify them. It is also management's role and responsibility to implement the corporate strategy and business activities and for the Board of Directors to monitor management's performance in this regard.

1.1 Companies should Establish the Functions reserved to the Board and those Delegated to the Senior Executives and Disclose those Functions

The Company has developed a statement of matters reserved for the Board, which documents the respective roles and responsibilities of the Board and Senior Executives. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

The Board of the Company and individual Directors are responsible for:

- Establishing the vision, mission, and Code of Conduct and ethical standards of the Company.
- Oversight of the activities of the Company, setting its strategic direction and agreeing any qualitative and quantitative Key Performance Indicators (KPIs).
- Monitoring the financial and organisational performance of management against the strategic goals.
- Approving the Corporate Strategy, budget and corporate policies.
- Any crisis management if required.
- Appointment and removal of the Managing Director and Chief Executive Officer, other executive Directors and the Company Secretary together with planning for succession to these positions.
- Selection of Non-Executive Directors and the monitoring of performance of individual Directors.
- Ensuring that a balance of authority is maintained so that no single individual has unfettered powers.
- Disclosing the division of responsibility and regulating the balance of responsibility.
- Management of the remuneration and reward systems and structures for executive management and staff as well review of the performance of Senior Executives in the Company.
- Final level review and approval of strategic and operating plans, together with financial and operational performance objectives.
- Approval of reporting systems and monitoring of overall performance and progress against approved financial and other objectives.
- Reviewing and monitoring to ensure the effective use of systems for internal and supervisory control, risk management and protection of assets, capital value and legal compliance.
- Setting the standards for public and social accountability.
- Approval and monitoring of major non-operating activities including capital investment, acquisitions, divestitures and corporate transaction.

- Ensuring the availability of sufficient resources to meet the approved objectives of the Company.
- Monitoring and cooperating with the Company's external auditors, ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with Shareholders.

1.2 Companies should Disclose the Process for Evaluating the Performance of Senior Executives

The Board has a Remuneration Committee which evaluates the performance and review the remuneration of senior executives. The performance of senior executives is reviewed against pre-determined qualitative and quantitative KPIs.

1.3 Reporting on Principle 1

The statement of matters reserved for the Board is available on the website of the Company (www.cabralresources.com.au).

PRINCIPLE 2 - THE BOARD IS STRUCTURED TO ADD VALUE

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties.

2.1 Composition of the Board

The Board currently comprises three Directors:

- *Michael J. Bogue*
Chairman, Managing Director and Chief Executive Officer – non independent
- *Bruno Maia*
Non Executive Director - independent
- *James Li*
Executive Director – non independent

Membership of the Board is generally guided by the following principles:

- The number of Directors will be maintained at a level which will enable effective spreading of workload and efficient decision making.
- The Chairman of the Board shall be an independent Non-Executive Director and may not have served as an executive officer of the Company.
- The Company should strive to have a majority of the Board as independent Non-Executive Directors.
- The Board should comprise Directors with a broad range of expertise, skills and experience from a diverse range of backgrounds.
- Each Director is encouraged to review and re-consider his or her position as a Director of the Company after a tenure of seven (7) years.
- The same individual should not hold the roles of Chairman and Chief Executive Officer unless unique and temporary circumstances require.

A description of skills and experience of each Director is outlined on the Company's website as well as in this Annual Report.

2.2 Selection, Appointment and Re-election of Board Members

For new appointments, the Board identifies candidates with the appropriate expertise and experience having regard to the weighted list of required Directors' competencies, which is maintained by the Company. The Board will appoint the most suitable candidate but the shareholders at the next general meeting of the Company must ratify the appointment. New Board members should have skill sets which are aligned with and add value to the Company in its pursuit of its corporate objectives.

The key terms, conditions and requirements are set out in a standard letter of appointment as drafted by the Company's lawyers.

The process for retirement by rotation and re-election of a Director is set down in the Company's constitution. If a retiring Director nominates for re-election, the Board will assess the performance of that Director, without that Director being present, and determine if the Board will recommend a Shareholder vote in favour of the re-election, or otherwise.

2.3 Meetings of the Board

The full Board aims to conduct at least quarterly meetings, plus special purpose meetings on strategy, budget review and approval, review and adoption of reports, or other matters that require more time than a scheduled Board meeting normally permits.

Board papers are prepared and circulated in advance of scheduled meetings, based on an agenda prepared by the executive group in consultation with the Chairman. The executive group currently comprises the Managing Director and Chief Executive Officer.

Senior Company Executives are invited to formal Board meetings and special purpose meetings as required from time to time.

The details of the number of Board meetings held and the attendance of Directors at those meetings will be given in the Directors' Report for each year.

2.4 Board Committees

Two Board Committees i.e. a *Remuneration Committee* and an *Audit Committee* have been established to assist the Board to discharge its responsibilities. These committees will be governed by their respective Charters, as approved by the Board. They will review matters on behalf of the Board and make recommendations for consideration by the entire Board. It is not currently proposed that Directors receive any additional fees for the work performed on any Committees to which they may become members from time to time.

2.5 A Majority of the Board should be Independent Directors

Directors are expected to bring independent views and judgements to the Board's deliberations. The Board regularly assesses the independence of individual Directors with regard to the independence criteria in Principle 2 and relevant laws, regulations and listing rules. Mr Bruno Maia is considered an Independent Director, given that he complies with all criteria set down for assessment of independence. Mr Michael Bogue and Mr James Li, being executive are not considered to be independent. Accordingly, the Board does not comply with this recommendation. However, the current Board is seeking to remedy this by the appointment of suitable non-executive directors at a time appropriate for the Company.

Directors facilitate this review by providing up-to-date information regarding their personal circumstances related to the Company, external relationships and potential conflicts of interest. The Board's assessment of the independence of individual Directors will be published in the Directors' report section of regular periodic statutory reports. The independence of new Directors is assessed upon appointment. The independence of Directors shall be declared in the corporate governance section of the Annual Report. If a Director ceases to satisfy the criteria for independence as specified

in Principle 2 and the loss of independence is considered to be material in the context of Listing Rule 3.1, of the ASX Listing Rules, this will be disclosed to the market.

2.6 The Chair should be an Independent Director

Mr Michael Bogue, being an executive director is not considered to be independent. Accordingly, the Board does not comply with this recommendation. However, the current Board is seeking to remedy this by the appointment of suitable non-executive directors and chair at a time appropriate for the Company.

2.7 The Roles of Chairperson and Chief Executive Officer should not be exercised by the Same Person

Currently the role of the chair is exercised by Michael Bogue, the Managing Director and Chief Executive Officer. Accordingly, the Board does not comply with this recommendation. However, the current Board is seeking to remedy this by the appointment of suitable non-executive directors and chair at a time appropriate for the Company.

2.8 The Board should Establish a Nomination Committee

Because the size of both the Company and the Board do not, in the opinion of the Directors, warrant the establishment of a separate Nomination Committee, these tasks are presently undertaken by the full Board in special meetings or sessions. A summary of these activities is as follows:

- Assessing the competencies required by the Board as a whole and by individual Directors in the context of the current Board structure.
- Developing and reviewing any succession plans for the appointment of additional or replacement Directors given changes in the nature of the Company and its businesses, retirement of current incumbents or the necessity to acquire additional skills for the Board.
- Ensuring optimal arrangements are in place for executives nominated as successors.
- Ensuring that the Chairman assesses the performance of each individual Director and conducts a discussion of each Director's performance with that Director at least once per annum.
- Ensuring that, at least once per annum, two Directors evaluate the performance of the Chairman and conduct a discussion with the Chairman regarding this performance evaluation.
- Undertaking the appointment of new Directors having regard to the current competency requirements of the Company and the desirable skills, qualifications, experience and domicile of potential new appointees.
- Ensuring the maintenance of an appropriate induction and ongoing information and education process for individual Directors.
- Reviewing the time necessary for Non-Executive Directors to fulfill their obligations and determining if these requirements are being met.
- Recommending the removal of Directors where required.

2.9 Companies should Disclose the Process for Evaluating the Performance of the Board, its Committees and Individual Directors

As mentioned above, at least once per annum, the Chairman assesses the performance of each individual Director and conducts a discussion of each Director's performance with that Director and two Directors evaluate the performance of the Chairman and conduct a discussion with the Chairman regarding this performance evaluation.

2.10 Board Access to Information and Independent Advice

All Directors have unrestricted access to all employees of the group and, subject to the law, access to all Company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Consistent with Principle 2, each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

2.11 Induction and Training

New Directors are provided with an induction program specifically tailored to the needs of individual appointees. The program includes a full briefing on the Company, meetings with major shareholders, one-on-one meetings with the members of the management team and visits to key sites where necessary.

To ensure professional development, Directors are also encouraged to participate in the Company's continual improvement program and are expected to highlight areas that could potentially be improved.

2.12 Reporting on Principle 2

The policy and procedure for the selection and appointment of new Directors to the Board and for re-election of incumbent Directors forms part of this Corporate Governance Statement, which is available on the website of the Company.

PRINCIPLE 3 - THE BOARD PROMOTES ETHICAL AND RESPONSIBLE DECISION MAKING

The Company actively promotes ethical and responsible decision making and in doing so, it considers the reasonable expectations of all its stakeholders including shareholders, employees, customers, suppliers, creditors, consumers, regulators and the broader community in which the Company operates.

3.1 Companies should Establish a Code of Conduct and Disclose the Code or a Summary of the Code

The Company has established and documented the standards of ethical behaviour expected of its Directors, management, employees and contractors. The Code of Conduct and Ethics (the Code) is a practical set of principles giving direction and reflecting an open and ethical approach to business conduct. By complying with the Code, it is anticipated that the Company's long-term goals will be achieved, as adherence will demonstrate integrity and will create loyalty and trust in employees, clients, the community and other stakeholders.

The Code aims to ensure that the Company, through its Directors, officers, employees, consultants and agents (Company Staff), acts with high standards of honesty, integrity, fairness and equity and complies with the law in letter and spirit. The Company Staff will not knowingly participate in any illegal or unethical activity. They will not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or prejudice the performance of their duties to the Company. The Board and management of the Company will actively promote compliance with all relevant laws and regulations, together with the Code.

The Company is committed to implementing this Code of Conduct. A copy of the Code is given to all contractors and relevant personnel, including Directors and each individual is accountable for such compliance.

Any breach of applicable laws, accepted ethical commercial practices or other aspects of the Code of Conduct will result in disciplinary action. Depending on the severity of the breach, such disciplinary action may include reprimand, formal warning, demotion or termination of employment/engagement (as the case may be).

Similar disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. The Company will not pay, directly or indirectly, any penalties imposed on any personnel as a result of a breach of law or regulation.

3.2 Companies should establish a policy concerning diversity

The Company recognises the benefits arising from employee, senior management and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. The Company has adopted a diversity policy as part of its corporate governance plan. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, CEO and senior executives.

3.3 Measurable objectives for achieving gender diversity

To date the Company has not set measurable objectives for achieving gender diversity. The Board believes that such objectives are not appropriate for a Company of its current size and operations. It will establish such measurable objectives when it has grown to a point where it is more appropriate.

3.4 Proportion of women employees, women in senior executive positions and on the Board

At the date of this report there are 4 women employees in the Cabral Group, with no women in senior executive positions or on the Board.

3.5 Reporting on Principle 3

Details of the Company's Code of Conduct and Ethics and Diversity Policy are available on the Company website.

PRINCIPLE 4 - THE BOARD SAFEGUARDS INTEGRITY IN FINANCIAL REPORTING

The Board has a primary responsibility to ensure that:

- The Company presents and publishes accounts, which present a true and fair view of its results and financial position.
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

4.1 The Board should Establish an Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors to meet its responsibilities to shareholders by reviewing the integrity of the Company's financial statements and monitoring internal control policies and procedures designed to safeguard Company assets.

The primary role of the Committee is to assist the Board in fulfilling its responsibilities in relation to the Company's corporate governance objectives by fulfilment of its responsibilities relating to accounting and legal compliance by:

- Maintaining effective internal and supervisory control procedures.
- Identifying and managing business risks.
- Submitting and reviewing reports for Management, the Board and other external bodies.
- Ensuring the independence and effectiveness of the external auditor and in particular related to the production of quarterly, half-yearly and annual reports to shareholders and to ASX.
- Reviews the nomination, appointment and performance of the auditor.
- Overseeing compliance with relevant laws and regulations and in particular the Corporations Act and the ASX Listing Rules.
- Ensuring the consistency and appropriateness of accounting policies and procedures and any amendments thereto.
- Adhering to ethical standards, and in particular conflict of interest matters and related party transactions.

4.2 The Structure of the Audit Committee

The members of the Audit Committee are:

- Michael Bogue (Chairman)
- Bruno Maia
- James Li

The current Committee consists of a majority of Executive non-independent Directors with the Chairman of the Committee also being non-independent and also the current chairman of the Board. Accordingly, the Board does not comply with this recommendation. However, considering the size, composition and skill set of the Board, at present, this composition of the committee is considered appropriate by the Board. In addition the current Board is seeking to remedy this by the appointment of suitable non-executive directors at a time appropriate for the Company and will consider reconstituting the committee to comply with the ASX Principle 4.

The Audit Committee may from time to time retain and seek the professional services of a qualified external financial consultant to assist the Audit Committee in relation to its responsibilities relating to accounting compliance, financial reporting and relevant legal matters.

4.3 The Audit Committee has a Formal Charter

The Committee has adopted a formal charter which forms part of the Corporate Governance Manual and is available on the website of the Company.

4.4 Reporting on Principle 4

Details of the Committee members' attendance at the committee meetings during any year will be given in the Directors' Report for the said period. The procedure for the selection and appointment of the external Auditor and rotation of external audit engagement partners forms part of the Committee Charter and is available on the Company website.

PRINCIPLE 5 - THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

The Corporations Act and the ASX Listing Rules require that material price sensitive information be released to the market immediately as it becomes known, unless it falls within an exception to the rule.

The Board looks to complying with the letter and spirit of the relevant laws and regulations and to ensure that shareholders, and the markets generally, are informed of all material developments that impact on the Company; and that all disclosures made by the Company are clear, complete, objective and not misleading.

5.1 Policy for Compliance with Continuous Disclosure

The Company has in place a Continuous Disclosure Policy which forms a part of the Corporate Governance Manual and is available on the website of the Company. This policy ensures that:

- All investors have equal and timely access to material information concerning the Company.
- All announcements released by the Company are factual, presented in a clear and balanced way, do not omit any material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Board has designated the Managing Director and Chief Executive Officer as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company shares; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's shares.

Such matters are advised to the ASX immediately they are identified as being material. Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company website in an area accessible by the public.

To enhance clarity and balance of reporting and to enable investors to make an informed assessment of the Company's performance, financial results are accompanied by a commentary.

5.2 Reporting on Principle 5

The Company's Continuous Disclosure Policy forms part of the Governance Manual and is available on the Company's website.

PRINCIPLE 6: THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

The Board recognises its duty to inform shareholders of matters that may affect their investment in the Company. Accordingly, the Board has adopted an open and transparent policy for communications with all shareholders and other parties with an interest in the Company's performance, providing information in a timely, easily understandable and balanced detailed below.

6.1 Shareholder Communications Policy

The Shareholder Communications Policy ensures the following:

- Compliance with the ASX Listing Rules on disclosure.
- Prompt appearance on the Company website of annual reports, market announcements, major press releases and the terms of reference of the Board Committees.
- At the AGM, shareholders are encouraged to ask questions of Board members or of the external auditor.
- Notices and explanatory memoranda of AGMs or other general meetings of Shareholders.
- Special announcements or letters are forwarded to Shareholders whenever there are major developments to report.

In addition, Shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company Secretary or making an enquiry through the Company's website.

6.2 Reporting on Principle 6

The Company's Shareholder Communications Policy forms part of the Corporate Governance Manual and is available on the Company's website.

PRINCIPLE 7 - THE BOARD RECOGNISES AND MANAGES RISK

Management is responsible to the Board for the Company's system of internal control and risk management.

7.1 Policies on Risk Oversight and Management

The Company has developed policies and procedures to identify, manage and monitor business risks, and has ensured that its management and reporting systems contain risk management controls. These include:

- A formal planning process of preparing and annually reviewing strategic plans for all parts of the Cabral Group.
- Annual budgeting and monthly reporting systems for all businesses, to enable progress to be evaluated against performance targets, and trends to be identified.
- Guidelines and limits for capital expenditure and investment approval.
- Due diligence procedures for acquisitions and divestments.
- Policies and procedures to manage financial risk, including treasury operations such as exposure to movements in interest rates.
- A comprehensive insurance programme including external risk management surveys.
- A regulatory compliance programme supported by approved guidelines and standards covering such key areas as disclosure, legal and insurance.

- Directors' financial due diligence questionnaires.
- Risk assessment and management systems for all service delivery activities in the Cabral Group.

The Board is also able to:

- Seek information from management and the external auditors on any issues regarding the Company's internal controls and actions required or taken to remedy or compensate for any deficiencies. Review the external auditors report regarding significant findings in the conduct of their audit and the adequacy of management's response.
- Identify, monitor & manage risks by ensuring risk management controls are in place such that the objectives can still be met. Review with management and the external auditor the Company's major financial and business risk exposures and assess action steps proposed to mitigate such exposures.

7.2 Report on Risk Management and Internal Control System

The Management has designed and implemented the risk management system and reports to the Board as regards the effectiveness of the management of material business risks.

Due to the size and scale of operations of the Company, there is no separate internal audit function. The Directors presently carry out an internal audit to analyse and give an appraisal of the adequacy and effectiveness of the Company's risk management and internal control system. This internal audit is independent of the external auditor. The risk management and internal control system is reviewed by the Board at least annually.

Due to the size and nature of operations of the Company, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of separate Risk Management Committee. Presently, the Audit Committee carries out the functions of a Risk Management Committee.

7.3 Attestation by Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent)

The Managing Director and Chief Executive Officer and the Chief Financial Officer (or equivalent) have given written confirmation to the Board that:

- The declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control.
- The Company's risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

7.4 Reporting on Principle 7

The Company's Risk Management Policy forms part of the Audit Committee Charter which is detailed in the Corporate Governance Manual and is available on the Company's website.

PRINCIPLE 8 - THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY

8.1 Establishment of a Remuneration Committee

The Board maintains remuneration policies aimed at attracting and retaining a motivated workforce and management team. The intention is to align the reward system to the performance of the Company, and ultimately to the long-term value received by our shareholders.

To facilitate this objective, a Remuneration Committee is proposed to be constituted, which will conduct its activities in accordance with a written charter to be adopted by the Board and reviewed on an annual basis. The composition, operation and responsibilities of the Committee are largely consistent with Principle 8.

The members of the Remuneration Committee are:

- Michael Bogue (Chairman)
- Bruno Maia
- James Li

The Remuneration Committee's purpose is:

- To review, approve and monitor remuneration policies and practices.
- To approve the remuneration package for the Chief Executive Officer and all Executive Directors.
- To make recommendations to the Board of Directors in relation to the remuneration of all Directors and to distinguish the structure of Non Executive Director's remuneration from that of Executive Directors and Senior Executives.
- To consult with the Managing Director and Chief Executive Officer in setting remuneration packages of any direct reports of the Managing Director and Chief Executive Officer who are not Directors of the Company.

8.2 Structure of Non-Executive and Executive Director Remuneration

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are paid within an aggregate limit, which is approved by the Shareholders from time to time. Each Non-Executive Director is paid fees of A\$40,000 per annum and the Non-Executive Chairman receives an additional A\$20,000 per annum.

Non-Executive Directors serve in accordance with a standard service contract which sets out remuneration arrangements. Retirement payments are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination.

Executive Remuneration

Senior Executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers.

Executive Directors do not receive any Directors' fees in addition to their employment salary and remuneration arrangements.

The monetary package is divided between a base salary and an incentive portion. Base salary is set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally.

It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff. The incentive portion is payable based upon attainment of objectives related to the executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Cash Bonus, Incentive, Share and Option Plans

Executive Directors may be eligible and entitled to participate in any cash bonus plans, share and option plans or other incentive plans approved by the Board and Company shareholders from time to time. Any payment or other benefit to any Executive Directors as a result of participation in any such cash bonus, share, option or incentive plan shall be governed entirely by the rules of such plans as they may exist from time to time. Such payments or other benefits received by any Executive Directors shall be in addition to any other remuneration to which that Executive Director may be entitled.

Non Executive Directors are ineligible to participate in any cash bonus plans, share and option plans or other incentive plans approved by the Board from time to time unless approved by Company shareholders in general meeting.

8.3 Reporting on Principle 8

The Remuneration Committee charter forms a part of the Corporate Governance Manual and is available on the website of the Company.

Details of the Company's remuneration policy are outlined in the Remuneration Report section of the Directors' Report, along with the names of the Directors, their qualifications and experience and the term of office held by each Director.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2014

	Note	Consolidated	
		2014 \$	2013 \$
Revenue from continuing operations	2	154,398	281,937
Other income	2	-	-
Finance costs - interest expense		-	-
Administration	3	(873,616)	(997,409)
Exploration costs expensed		-	(1,041,171)
Occupancy		(112,797)	(134,569)
Employee benefits expense	3	(805,930)	(1,083,161)
Depreciation and amortisation expenses	3	(194,430)	(209,004)
Share of (loss) profit from equity accounted investees	27	(63,637)	(397,679)
Impairment of exploration assets	9	(11,174,574)	(123,507)
Loss before income tax expense		(13,070,586)	(3,704,563)
Income tax benefit	4	-	-
Loss from continuing operations	14.3	(13,070,586)	(3,704,563)
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	14.2	(254,763)	170,168
Total other comprehensive income		(254,763)	170,168
Total comprehensive income attributable to members of Cabral Resources Limited		(13,325,349)	(3,534,395)
		Cents	Cents
Basic earnings per share	24	(5.040)	(1.429)
Diluted earnings per share	24	(5.040)	(1.429)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	5	1,179,152	5,078,084
Trade and other receivables	6	7,625	16,853
Current tax assets	4.4	-	-
Total current assets		1,186,777	5,094,937
Non-current assets			
Investments accounted for using the equity method	7	629,980	693,617
Property, plant & equipment	8	288,652	488,775
Exploration assets	9	2,226,338	11,381,943
Intangible assets	10	-	-
Total non-current assets		3,144,970	12,564,335
TOTAL ASSETS		4,331,747	17,659,272
Current liabilities			
Trade and other payables	11	262,350	294,366
Employee benefits	12	197,185	180,462
Total current liabilities		459,535	474,828
Non-current liabilities			
Employee benefits	12	63,739	29,477
Other non current payables	11	12,335	33,480
Total non-current liabilities		76,074	62,957
TOTAL LIABILITIES		535,609	537,785
NET ASSETS		3,796,138	17,121,487
Equity			
Contributed equity	13	39,331,045	39,331,045
Reserves	14.2	(2,291,765)	(1,918,002)
Accumulated losses	14.3	(33,243,142)	(20,291,556)
TOTAL EQUITY		3,796,138	17,121,487

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2014

	Note	Consolidated			
		Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2012		39,331,045	(2,027,420)	(16,647,743)	20,655,882
Total comprehensive income for the year		-	170,168	(3,704,563)	(3,534,395)
Transactions with owners in their capacity as owners					
Employee share options	14.1	-	(60,750)	60,750	-
Balance as at 30 June 2013		39,331,045	(1,918,002)	(20,291,556)	17,121,487
Balance as at 1 July 2013		39,331,045	(1,918,002)	(20,291,556)	17,121,487
Total comprehensive income for the year		-	(254,763)	(13,070,586)	(13,325,349)
Transactions with owners in their capacity as owners					
Employee share options	14.1	-	(119,000)	119,000	-
Balance as at 30 June 2014		39,331,045	(2,291,765)	(33,243,142)	3,796,138

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Note	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		61,528	53,101
Payments to suppliers, employees and creditors (inclusive of GST)		(1,856,507)	(3,145,375)
		(1,794,979)	(3,092,274)
Interest received		164,085	297,181
Income taxes (paid) / refund		-	-
Net cash outflows from operating activities	22	(1,630,894)	(2,795,093)
Cash flows from investing activities			
Payments for property, plant and equipment and exploration assets		(2,176,541)	(2,842,878)
Net cash outflows from investing activities		(2,176,541)	(2,842,878)
Net increase / (decrease) in cash held		(3,807,435)	(5,863,503)
Cash and cash equivalents at 1 July		5,078,084	10,771,419
Effect of exchange rate changes on cash and cash equivalents		(91,497)	(55,364)
Cash at 30 June	5	1,179,152	5,078,084

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principals accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cabral Resources Limited is a company domiciled in Australia. The financial statements are for the Consolidated Entity consisting of Cabral Resources Limited and its subsidiaries. The Consolidated Entity is a for-profit entity and is primarily involved in mineral exploration, primarily iron ore, in the Bahia state of Brazil.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

i. Compliance with IFRS

The consolidated financial statements of Cabral Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. New and Amended Standards Adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2013:

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

The Consolidated Entity has applied 201-4 from July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ("KMP"). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify KMP disclosure requirements to be included within the Directors' Report.

AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 Separate Financial Statements, AASB 128 'Investments in Associates and Joints Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

These amendments restructure the existing requirements by relocating disclosure requirements into a single Standard (AASB 12) and locating requirements for group accounting (AASB 10) in a Standard that is separate from the Standard addressing parent-only accounting (AASB 127). The Standards make changes that will affect amounts and other information reported in financial statements with respect to consolidated financial statements, joint arrangement and off balance sheet vehicles. The most significant changes under the standards include:

- Redefining and clarifying the notion of control in AASB 10. This may alter which entities should be incorporated on a line-by-line basis into the consolidated financial statements of a group and which entities that are consolidated into a group's financial statements;

- Requiring the financial statements of a party to a joint arrangement to reflect its rights and obligations arising from the arrangement under AASB 11, allowing the economic form, rather than the legal form, of an arrangement to determine its accounting requirements; and
- Enhancing disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities, including the introduction of new disclosures to increase the ability of users to assess the risks to which an entity is exposed from involvement with structured entities under AASB 12.

The amendments have made no significant impact on the financial statements. The Company applied the amended standard from 1 July 2013.

iii. Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group recorded a loss of \$13,070,586, including an impairment loss on capitalised mining costs of \$11,174,574 for the financial year ended 30 June 2014. Further, the Group has utilised \$3,807,435 of its cash reserves in the year on the ongoing Brazilian exploration efforts and has cash at year-end of \$1,179,152.

Subsequent to year end, the company announced a rights issue with the aim of raising \$3,889,750 for the continued exploration in respect of its Sincora Area, completion of the maiden JORC Inferred Resource estimate and for general working capital requirements. The rights issue outcome was short of the target, raising \$451,768 which is insufficient for the Group to achieve its goals.

The conditions outlined above give rise to a material uncertainty that may cast doubt upon the Group's ability to continue as a going concern. The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern.

The ongoing operation of the Group is dependent upon the Group obtaining sufficient additional funding. Management has initiated discussions with a number of parties that have expressed interest in supporting the Group with its longer-term funding requirements outside of the rights issue. At this time, no other financial commitment is contracted but discussions are continuing. Management are working to finalise an announcement to the market about the maiden JORC Inferred Mineral Resource for the Madeira Seca Target within the Queixada Zone. An announcement is imminent and is expected to assist further in discussions and negotiations in respect of the Group's funding requirements.

In the event that the Group does not raise the additional funding it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial report.

The financial report has also been prepared on a historical costs basis, except for financial assets at fair value through profit or loss.

b. Principals of Consolidation

i. Subsidiaries

The consolidated financial statements comprise the financial statements of Cabral Resources Limited and its subsidiaries at 30 June each year ("the Cabral Group"). Subsidiaries are entities over which the Cabral Group has the power to govern the financial and operational policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity at cost.

ii. Associates

Associates are all entities over which the Cabral Group has significant influence but not control. Associates are accounted for in the parent entity at cost and the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the consolidated statement of profit or loss and other comprehensive income reflects the Cabral Group's share of associates' post acquisition movements in reserves or equity. The cumulative post-acquisition movements are adjusted against the carrying amount in the investment. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income but rather reduce the carrying amount of the investment in the consolidated financial statements.

When the Cabral Group's share of post acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Cabral Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associate are used to apply the equity method. The reporting dates of the associate and the parent are identical and both use consistent accounting policies.

c. Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements of each of the Cabral Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Cabral Resources Limited's functional and presentation currency.

ii. Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss,

except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within the other income and other expenses.

Non-monetary items that are measured at their fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii. Group Companies

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

d. Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.
- Revenue from dividends is recognised when the Cabral Group's right to receive payment is established.

e. Income Taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are recognised for all differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates

expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cabral Resources Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Cabral Resources Limited is the head entity in the tax consolidation group.

f. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the Cabral Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent liabilities incurred and the equity interests issued by the Cabral Group. The consideration transferred also includes the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred is recorded as goodwill.

g. Impairment of Assets

At each reporting date the Cabral Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of profit or loss and other comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Where it is not possible to estimate the recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

h. Cash and Cash Equivalents

For presentation purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i. Trade Receivables

Trade receivables are recognised at fair value as the amounts receivable are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is raised where there is some doubt over collection.

j. Investments in Other Financial Assets

The Cabral Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

i. Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

Financial assets at fair value through profit or loss are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

The fair value of investments traded in active markets is determined by reference to quoted market bid prices at balance date. The fair value of investments not traded in an active market is determined using valuation techniques including reference to recent arm's length transactions, net asset backing and current market value of another similar instrument.

ii. Loan and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Cabral Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Receivables are stated at their cost less impairment losses.

iii. Held-to-Maturity Investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Cabral Group's management has the positive intention and ability to hold to maturity.

iv. Available for Sale Financial Assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in equity. When sold the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

k. Property, Plant and Equipment

All property, plant and equipment is shown at cost less accumulated depreciation and amortisation which is spread over the estimated life of those assets. Depreciation is on a straight line or a diminishing value basis. The estimated useful lives are as follows:

Plant and equipment, and leasehold improvements: 2– 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

l. Intangible Assets**i. Exploration and Evaluation Expenditure**

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised "mine properties in development". Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

m. Borrowings

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged cancelled or expired.

Borrowings are classified as current liabilities unless the Cabral Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

n. Earnings per Share

i. Basic Earnings per Share

Basic earnings per share is determined by dividing the net result attributable to members of Cabral Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o. Employee Benefits

i. Short-Term Obligations

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

ii. Long Service Leave

The liability for long service leave is recognised as an employee benefit and measured as the present value of expected payments to be made in respect of services provided by employees up to the reporting date.

iii. Share Based Payment Benefits

Share based compensation benefits are provided to Directors and employees via share or option plans in place from time to time. Information relating to these Plans is set out in the Directors' Report and Note 25.

The fair value of options granted under the Plans is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (e.g. profitability or transaction specific targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

p. Lease Payments

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments under operating leases (net of incentives received from the lessor) are charges to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

q. Trade and other Payables

Trade and other payables represent liabilities for goods and services provided to the Cabral Group prior to year end and which are unpaid. These amounts are unsecured and have 30 to 60 day payment terms.

r. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

s. Contributed Equity

Ordinary shares are classified as equity.

Costs attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

t. Fair Value

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for quoted financial instruments traded in active markets are based on quoted market prices at the date of the statement of financial position. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Cabral Group for similar financial instruments.

u. New Standards and Interpretations not yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Cabral Group's assessment of the impact of these new standards is set out below:

i. AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Cabral Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity instruments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit and loss. In the current reporting period, the Cabral Group did not recognise any such activity therefore there were no gains recorded in other comprehensive income.

There will be no impact on the Cabral Group's Accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Cabral Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Cabral Group will apply the amended standards from 1 July 2017.

v. Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

i. Share based payment transactions

The Consolidated Entity measures the costs of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss or equity.

ii. Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resource. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

2. REVENUE

From continuing operations

Interest

Other income

Other income

3. EXPENSES

Depreciation of property, plant and equipment

Employee benefits expense

Salaries and wages and other employee expenses

Contributions to accumulation superannuation funds

Provision for employee benefits

Salary and wages capitalised as exploration costs

Total employee benefits expenditure

Rental expense relating to operating leases

Minimum lease payments

Administration

Corporate

Operational

Consolidated	
2014 \$	2013 \$
154,398	281,937
-	-
194,430	209,004
1,920,088	1,505,587
67,000	67,950
50,985	23,117
2,038,073	1,596,654
(1,232,143)	(513,493)
805,930	1,083,161
102,205	102,965
299,957	468,239
595,663	529,170
895,620	997,409

4. INCOME TAX BENEFIT

	Consolidated	
	2014 \$	2013 \$
4.1 Income Tax Benefit		
Current tax	-	-
Deferred tax	-	-
Under provided in prior years	-	-
Income tax benefit attributable to (loss) from continuing operations	-	-
Deferred income tax benefit included in income tax expense comprises:		
(Decrease) in deferred tax liabilities	-	-
4.2 Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
(Loss) from ordinary activities before income tax expense	(13,070,586)	(3,704,563)
Income tax benefit calculated at domestic rate of 30% (2013 – 30%)	(3,921,176)	(1,111,369)
Effect of tax rate in foreign jurisdiction	1,579,872	320,432
	(2,341,304)	(790,937)
Tax effect of permanent differences:		
Non-deductible items	1,915,191	292,692
Non-assessable income	(194)	(3,100)
Additional deductions	(109,872)	(175,022)
Income tax adjusted for permanent differences	(536,182)	(676,367)
Tax effect of losses not recognised	536,182	676,367
Income tax expense	-	-
4.3 Tax Losses		
Unused revenue losses for which no deferred tax asset has been recognised	12,501,522	10,678,458
Unused capital losses for which no deferred tax asset has been recognised	3,682,968	3,682,968
	16,184,490	14,361,426
Potential tax benefit at the domestic tax rate of 30% (2013: 30%)	4,855,347	4,308,428
Effect of tax rate in foreign jurisdiction	(555,900)	(436,713)
	4,299,447	3,871,715

The Company is of the opinion that tax and capital losses from prior periods will continue to be available to the group. These losses have not been recognised as a deferred tax assets as there is

5. CASH AND CASH EQUIVALENTS

Current

Cash at bank and on hand

Deposits at call

Cash at bank is interest bearing. Deposits at call bear floating interest rates between 3.0% and 7.5%. These deposits have an average maturity of 3 months.

6. TRADE AND OTHER RECEIVABLES

Current

Other debtors

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-current

Associate company – CRMSC (Australia) Pty Limited (Note 27)

8. PROPERTY, PLANT & EQUIPMENT

Non-current

Property, plant & equipment – at cost

Less accumulated depreciation

Property, plant & equipment

Carrying value at 1 July

Exchange differences

Additions

Disposals

Depreciation

Carrying value at 30 June

Consolidated	
2014 \$	2013 \$
193,450	266,928
985,702	4,811,156
1,179,152	5,078,084
7,625	16,853
629,980	693,617
943,393	952,276
(654,741)	(463,501)
288,652	488,775
488,775	583,664
(6,410)	14,102
1,834	100,013
(1,117)	-
(194,430)	(209,004)
288,652	488,775

9. EXPLORATION ASSETS

Non-current

Exploration assets - at cost

Carrying value at 1 July

Exchange differences

Additions

Disposals

Transfer of goodwill

Impairments

Carrying value at 30 June

Consolidated	
2014 \$	2013 \$
2,226,338	11,381,943
11,381,943	7,560,314
(155,738)	211,519
2,174,707	2,742,775
-	-
-	990,842
(11,174,574)	(123,507)
2,226,338	11,381,943

The Company's clear focus is the exploration and development of its Sincorá Area. Accordingly, the carrying value of the Brumado Complex magnetite iron ore exploration portfolio in Brazil is being given significantly less priority and this Company is seeking to monetize this area of interest. These circumstances coupled with the adverse iron ore price movement during the year and the ability to fund large scale capital intensive magnetite projects, warranted that the carrying amount of the Brumado Complex exploration assets be critically assessed for impairment. After careful review the Board is of the belief that a full impairment of the Brumado Complex asset portfolio is required and accordingly the full value of \$11,174,574 was impaired in the financial statements for the year ended 30 June 2014. The Company continues to hold all the key exploration assets in the Brumado Complex tenement portfolio which are available to be monetised or sold in future years as market circumstances and economic conditions permit.

10. INTANGIBLE ASSETS

Non-current

Goodwill

Carrying value at 1 July

Transfer to exploration costs (note 9)

Closing net book amount

Consolidated	
2014 \$	2013 \$
-	-
-	990,842
-	(990,842)
-	-

11. TRADE AND OTHER PAYABLES

Current

Trade creditors	224,814	253,869
Other creditors	37,536	40,497
	262,350	294,366

Non current

Other creditors	12,335	33,480
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12. EMPLOYEE BENEFITS

Current

Liability for annual leave	184,368	168,786
Liability for long service leave	12,817	11,676
	197,185	180,462

Non-current

Liability for long service leave	63,739	29,477
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13. CONTRIBUTED EQUITY

Share Capital

Ordinary shares	259,316,667	259,316,667	39,331,045	39,331,045
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Movements in share capital

Opening balance 1 July	259,316,667	259,316,667	39,331,045	39,331,045
Closing balance 30 June	259,316,667	259,316,667	39,331,045	39,331,045

Options

Information relating to the Employee and Executive Share Option Plan ("EESOP") and Non-Executive Options ("NONEXOP") including details of options issued, exercised and lapsed during the financial year and options outstanding as at the end of the financial year are set out in Note 25.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Consolidated Entity's ability to continue as a going concern, so as to maintain a capital base sufficient to allow future exploration and development of the Consolidated Entity's current projects and evaluation of potential acquisitions. The Consolidated Entity has raised all capital through the issue of equity to fund its administration, exploration and evaluation activities and does not have any external borrowings at balance date. The Consolidated Entity may raise additional capital through the issue of new shares, debt finance or hybrid debt/equity for exploration, development and/or asset acquisition, should the Consolidated Entity require additional capital to carry out those activities. There are no changes to the Consolidated Entity's approach to capital management during the year. There are no externally imposed capital management policies which affect the Consolidated Entity.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

14. RESERVES AND ACCUMULATED LOSSES

14.1 Share Based Payments Reserve

Balance at 1 July

119,000

179,750

Cancellation/expiration of options

(119,000)

(60,750)

Balance at 30 June

-

119,000

14.2 Foreign Currency Translation

Balance at 1 July

(2,037,002)

(2,207,170)

Currency translation differences arising during the year

(254,763)

170,168

Balance at 30 June

(2,291,765)

(2,037,002)

Total Reserves

(2,291,765)

(1,918,002)

14.3 Accumulated Losses

Accumulated losses at 1 July

(20,291,556)

(16,647,743)

Net (loss) from continuing operations

(13,070,586)

(3,704,563)

Transfer from share based payments reserve on option expiry/cancellation

119,000

60,750

Accumulated losses at 30 June

(33,243,142)

(20,291,556)

14.4 Nature and Purpose of Reserves

i. Share Based Payments Reserve

The share based payments reserve is used to recognise the fair value of options issued to Directors and employees but not exercised.

ii. Foreign Currency Translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

15. PARENT ENTITY INFORMATION

Current assets

Total assets

Current liabilities

Total liabilities

Shareholders' equity

Issued capital

Reserves

Retained earnings

Profit / (loss) for the year

Other comprehensive income

Total comprehensive income

Consolidated	
2014 \$	2013 \$
761,088	2,967,713
3,693,020	22,982,202
276,132	282,909
352,206	345,866
39,331,045	39,331,045
-	119,000
(35,990,231)	(16,813,709)
3,340,814	22,636,336
(19,176,522)	(1,035,978)
-	-
(19,176,522)	(1,035,978)

16. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2014 %	2013 %	2014 \$	2013 \$
Northern Yeelirrie Pty Limited	Australia	Ordinary	100	100	1	1
Cabral Brazil Pty Limited	Australia	Ordinary	100	100	1,250,000	1,250,000
Cabral Metais Ltda	Brazil	Ordinary	100	100	50	50

Details of transactions with subsidiaries are set out in Note 20.3.

	Consolidated	
	2014 \$	2013 \$
17. REMUNERATION OF AUDITORS		
Amounts received, or due and receivable by:		
The current auditor of the parent entity (Nexia Court & Co – Australian Firm)		
- for auditing and reviewing the financial reports of the entity or any entity in the consolidated entity	51,560	48,470
- for tax services	3,623	2,820
	55,183	51,290

18. CONTINGENT LIABILITIES

There are no contingent liabilities of the Company as at 30 June 2014 (2013: Nil).

19. COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2014 \$	2013 \$
Operating lease commitments		
Future operating lease commitments contracted for at balance date but not provided for in the financial statements		
- Payable within one year	82,373	79,205
- Payable later than one year but not later than 2 years	49,154	82,373
- Payable between 2 and 5 years	-	49,154
Total operating lease liability	131,527	210,732
Representing non-cancellable operating leases	131,527	210,732

The above operating lease commitment relate to the rental agreement of the head office premises in Sydney.

On 4 March 2013 Cabral advised that following extensive negotiations over a protracted period of time with the vendor of its original Brazilian magnetite iron ore tenement package, Cabral has terminated the agreement to acquire such tenements. This agreement does not relate to any of the tenements comprised within the Sincorá Area. The impact of this termination is that the vendor is under an obligation to return all historical money paid to it by Cabral plus certain reimbursement costs in exchange for Cabral returning the nine tenements in question as follows:

- The vendor is under an obligation to return all historical cash payments made to it by the Company, aggregating to R\$3,788,500, plus reimburse the Company all costs and legal fees related to the vendor's no-performance in exchange for the Company returning title to the nine (9) magnetite iron ore tenements governed by the agreement. Notwithstanding these repayment and

reimbursement obligations of the vendor, the Company understands it has insufficient financial resources to fully refund the Company. Given these circumstances, the Company will not be returning title to any tenements until such time as full cash repayment and reimbursement is received from the vendor; and

- The Company is no longer contractually obligated to meet the "Final Payment" of R\$4.7 million in cash which was owing to the vendor and the Company has no further obligations under the Agreement or its Amendments.

Notwithstanding these repayment and reimbursement obligations of the vendor, Cabral understands the vendor 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 or another satisfactory settlement outcome is achieved. 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 continual breach of key representations and warranties made to Cabral which remain ongoing.

Since 4 March 2013, Cabral has continued to negotiate with the vendor in good faith in relation to finding a final settlement solution in respect of the agreement (including the five amendments). To date a satisfactory final settlement arrangement has not been reached. However, in the interim, Cabral has retained all its legal rights under the agreement (including the amendments) including rights to damages and arbitration proceedings. Despite Cabral's best efforts to secure a final settlement solution, there is no guarantee that the parties will be able to be restored to their original legal positions immediately prior to entering the agreement given the length of time that has passed since the termination date on 4 March 2013.

Notwithstanding the above, there remains a risk that the vendor could seek to initiate arbitration proceedings in respect of the fulfilment of the original terms of the agreement (including the amendments). Cabral believes that any such arbitration proceedings, if initiated by the vendor, would ultimately prove unsuccessful given both the vendor's inability to complete its contractual obligations to Cabral as well as the vendor's continual breach of key representations and warranties made to Cabral pursuant to the agreement (including the amendments).

20. KEY MANAGEMENT PERSONNEL AND RELATED PARTY INFORMATION

20.1 Key Management Personnel Remuneration

	Consolidated	
	2014 \$	2013 \$
Short term employee benefits	1,012,657	1,107,868
Long term employee benefits	19,758	5,404
Post- employment benefits	208,447	200,980
Share based payments	-	-
	1,240,862	1,314,252

Details of Directors' and key personnel remuneration are set out in the Remuneration Report in the Directors' Report.

20.2 Other Transactions with Key Management Personnel

During the year ended 30 June 2013 a total of \$44,083 in legal services were provided to the Cabral Group on arm's length normal commercial business terms and conditions by a director related entity. No such services were provided to the Cabral Group during the year ended 30 June 2014.

20.3 Transactions with Subsidiaries

Details of subsidiaries are set out in Note 16.

- The Company had loan transactions with and provided accounting and administrative assistance to Northern Yeelirrie Pty Limited, a subsidiary, during the year ended 30 June 2014
- The Company had loan transactions with and provided funds for Cabral Brazil Pty Limited to on loan to its wholly owned subsidiary to purchase various tenements in Brazil. The Company also funded travel and administrative assistance to Cabral Brazil Pty Limited, during the year ended 30 June 2014.
- Transactions by the Company with its subsidiaries consist of the transfer of funds amongst the entities for day-to-day operations, financing, loan advances and repayments. All dealings with the subsidiary are on commercial terms and conditions, except loans, which are made to those entities free of interest. Loans to the subsidiary are also unsecured and there is no fixed date for repayment.
- Agreements exist as between Cabral Metais Ltda and Cabral Mineração Ltda in relation to each of the granted tenements and/or tenement applications comprising the entire Sincorá Area which Cabral Mineração Ltda currently holds on trust for Cabral Metais Ltda.

Transactions by the Company with subsidiaries were:

	2014 \$	2013 \$
Net movement in amount due from subsidiaries:		
Northern Yeelirrie Pty Limited	(2,765)	6,664
Cabral Brazil Pty Limited	1,151,005	5,552,320

20.4 Transactions with Associates

Details of associates are set out in Note 27:

There were no transactions with an associate company during the years ended 30 June 2014 or 30 June 2013.

21. SEGMENT INFORMATION

a. Description of Segments

Management has determined the operating segments based on the reports reviewed by those responsible for decision making which are used to make strategic decisions.

The management team have identified two reportable segments based on Geographical factors; one segment in Australia and one segment in Brazil.

b. Segment Information Provided to those Responsible for Decision Making

The segment information provided to those responsible for decision making for the reportable segments for the year ended 30 June 2014 are as follows:

2014	Australia AUD	Brazil AUD	Total AUD
Total segment revenue	-	-	-
Inter-segment revenue	-	-	-
Revenue from external customers	-	-	-
Adjusted EBITDA	(1,182,672)	(624,378)	(1,807,050)
Depreciation and amortisation	(39,752)	(154,678)	(194,430)
Impairment	-	(11,174,574)	(11,174,574)
Share of loss from associates	(63,637)	-	(63,637)
Total segment assets	2,722,141	3,850,447	6,572,588
Total assets includes:			
Investment in associates	629,980	-	629,980
Exploration and tenements	-	2,226,338	2,226,338
Additions to non-current assets (other than financial assets and deferred tax)	1,834	2,174,708	2,176,541
Total segment liabilities	352,206	9,222,934	9,575,140

The segment information provided to those responsible for decision making for the reportable segments for the year ended 30 June 2013 are as follows:

2013	Australia AUD	Brazil AUD	Total AUD
Total segment revenue	-	-	-
Inter-segment revenue	-	-	-
Revenue from external customers	-	-	-
Adjusted EBITDA	(1,598,397)	(1,929,406)	(3,527,803)
Depreciation and amortisation	(39,331)	(169,673)	(209,004)
Impairment	(123,507)	-	(123,507)
Share of loss from associates	(397,679)	-	(397,679)

Total segment assets	37,326,908	12,882,740	50,209,648
Total assets includes:			
Investment in associates	693,617	-	693,617
Exploration and tenements	-	11,381,943	11,381,943
Additions to non-current assets (other than financial assets and deferred tax)	2,037	2,840,751	2,842,788
Total segment liabilities	17,122,347	8,211,706	25,334,053

c. Other Segment Information

i. Segment Revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	2014	2013
	\$	\$
Total segment revenue	-	-
Intersegment eliminations	-	-
Interest revenue	154,398	281,937
Other revenue	-	-
Total revenue from continuing operations (note 2)	154,398	281,937

i. Adjusted EBITDA

The measurement of adjusted EBITDA excludes the non-recurring expenditure from the operating segment such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by a central treasury function in managing the cash position of the Cabral Group.

A reconciliation of adjusted EBITDA to operating loss is provided as follows:

	2014	2013
	\$	\$
Adjusted EBITDA	(1,807,050)	(3,527,803)
Intersegment eliminations		
Interest revenue	154,398	281,937
Dividend revenue	-	-
Interest expense	-	-
Depreciation and amortisation	(194,430)	(209,004)
Impairment	(11,174,574)	-
Legal expenses	(48,930)	(249,693)
Other	-	-
Loss from continuing operations	(13,070,586)	(3,704,563)

ii. Segment Assets

The amounts provided to those responsible for decision making with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2014	2013
	\$	\$
Segment assets	6,572,588	50,209,648
Intersegment eliminations	(2,870,821)	(33,243,993)
Unallocated:		
Investments accounted for using the equity method	629,980	693,617
Total assets as per the balance sheet	4,331,747	17,659,272

iii. Segment Liabilities

The amounts provided to those responsible for decision making with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2014 \$	2013 \$
Segment liabilities	9,575,140	25,334,053
Intersegment eliminations	(9,039,531)	(24,796,268)
Unallocated:		
Current tax liabilities	-	-
Total liabilities as per the balance sheet	535,609	537,785

22. RECONCILIATION OF LOSS FROM CONTINUING OPERATIONS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2014 \$	2013 \$
Loss from continuing operations	(13,070,586)	(3,704,563)
Depreciation and amortisation	194,430	209,004
Share of profit of associate (profit) / loss	63,637	397,679
Impairment capitalised exploration costs	11,174,574	123,507
Changes in Assets and Liabilities		
(Increase) / decrease in receivables	9,228	9,566
Increase/(decrease) in trade and other creditors	(53,162)	146,597
Increase in employee benefits	50,985	23,117
Net cash outflows from operating activities	(1,630,894)	(2,795,093)

23. EVENTS SUBSEQUENT TO BALANCE DATE

On 13 August 2014 a 1 for 1 non-renounceable rights offer was announced by the Company. The offer price was \$0.015 per share. The offer closed on 5 September 2014 after which on 12 September 2014 30,117,873 new shares were issued in response to total rights issue proceeds of \$451,768. A total of 229,198,814 shares are able to be issued at the sole discretion of the Board of Directors of the Company under the shortfall facility which applied to the offer for a period of 3 months from the date of close of the offer. At the date of this report, a total of 4,113,295 new shares presenting an additional \$61,699 in new funding have been issued under the shortfall facility.

24. EARNINGS PER SHARE

	Consolidated	
	2014 cents	2013 cents
Basic earnings per share (from continuing operations and in total)	(5.040)	(1.429)
Diluted earnings per share (from continuing operations and in total)	(5.040)	(1.429)

	Consolidated	
	2014 No.	2013 No.
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	259,316,667	259,316,667
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	259,316,667	259,316,667

	Consolidated	
	2014 \$	2013 \$
Loss from continuing operations and in total attributable to ordinary equity holders of the company used to calculate basic earnings per share	(13,070,586)	(3,704,563)
Loss from continuing operations and in total attributable to ordinary equity holders of the company used to calculate diluted earnings per share	(13,070,586)	(3,704,563)

25. SHARE-BASED PAYMENTS

On August 1, 2007 the Company issued an aggregate of 2,000,000 options to Group Company employees pursuant to the terms of the Employee and Executive Share Option Plan ("EESOP") approved by shareholders in general meeting on 11 July 2007.

On November 3, 2008 the Company issued an additional 1,150,000 options to Group Company employees pursuant to the EESOP.

During the year ended 30 June 2013 the remaining 1,350,000 EESOP options expired unexercised.

On February 25, 2011 the Company issued an aggregate of 2,250,000 5 year options exercisable at 30 cents to Non-Executive Directors (NONEXOP). On 6 August 2013 the remaining 1,750,000 NONEXOP options were forfeited as a result of director resignations.

Summaries of options Granted under these plans are set out below.

There are no options on issue at 30 June 2014.

Option plan	Grant date	Expiry date	Exercise price	Balance at 1 July No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	Balance at 30 June No.	Vested & exercisable at 30 June No.
Consolidated - 2014									
NONEXOP	25/02/2011	25/02/2016	30.0c	1,750,000	-	-	1,750,000	-	-
Consolidated - 2013									
EESOP	1/8/2007	1/8/2012	23.3c	1,350,000	-	-	1,350,000	-	-
NONEXOP	25/02/2011	25/02/2016	30.0c	1,750,000	-	-	-	1,750,000	1,750,000

26. FINANCIAL INSTRUMENTS

26.1 Financial Risk Management

The Cabral Group's financial instruments consist of deposits with banks, trade receivable and payables, investments at fair value and loans to and from subsidiaries and associates. Derivative financial instruments are not currently used by the Cabral Group.

Senior executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the Cabral Group. The Managing Director and Chief Executive Officer reports regularly to the Board which appraises the adequacy of the risk management strategies and also creates policies for risk management.

The Cabral Group's activities expose it to market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

Market Risk

a. Foreign Exchange Risk

The Cabral Group operates in the state of Bahia in Brazil and is exposed to foreign exchange risk arising from various currency exposures, specifically in respect of Brazilian Reals.

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

Given the Australian Dollar and Brazilian Real are, to a large extent, impacted by commodity prices and, in more recent times, have tended to behave in a similar long term trend versus other global currencies, the Company does not at this time seek to undertake foreign exchange hedging policies to manage its long term investment interests in Brazil and any associated foreign exchange rate risk. There is a form of natural long term hedge that exists at present which is perceived to be a more cost effective mitigate to any long term exchange rate risk than any formal currency hedging activity. Over time, as the Cabral Group's activities grow and the funding and investment amounts are envisaged to become larger and more complex, the Cabral Group will look to formulate a specific foreign exchange rate policy provided it is not too expensive to implement.

The Cabral Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 014	30 June 013
	AUD	AUD
Cash and cash equivalents	424,898	2,122,897
Interest free loans to Group subsidiaries*	2,226,338	8,020,170
Trade receivables	-	-
Trade payables	(182,745)	(191,535)

* Impairment has been raised against these loans where necessary at the parent entity level as a result of impairment of previously capitalised exploration expenditure.

b. Price Risk

Equity market price risk arises indirectly from the Cabral Group's investment in an associated entity that has an investment portfolio of listed stocks. The direct investments by the associated company are predominately concentrated on listed companies involved in the global natural resources, infrastructure and related sectors. The Managing Director and Chief Executive Officer closely monitors the performance and returns of existing and potential securities in accordance with the Cabral Group's investment guidelines.

These investments are classified on the statement of financial position as financial assets at fair value through profit or loss.

The price risk for unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity in future years as they have been written down to nil carrying value.

The Cabral Group is not exposed to direct commodity price risk by way of direct investment in underlying commodities.

An analysis of the effect of the movement in prices of equity investments (excluding unlisted investments) on the profit and equity of the Cabral Group as at 30 June with all other variables remaining constant is as follows:

	Consolidated	
	2014 \$	2013 \$
Increase/(decrease) in loss after tax due to:		
- Increase in equity prices by 5%	21,105	19,615
- Decrease in equity prices by 5%	(21,105)	(19,615)

	Consolidated	
	2014 \$	2013 \$
Increase/(decrease) in equity after tax due to:		
- Increase in equity prices by 5%	21,105	19,615
- Decrease in equity prices by 5%	(21,105)	(19,615)

Interest Rate Risk

The Cabral Group does not have any exposure to interest rate risk as there were no external borrowings at 30 June 2014 (2013: nil). Any borrowings were intercompany related and unsecured and interest free and therefore there is no exposure to interest rate risk associated with these amounts. Interest bearing assets are all short term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

Liquidity Risk

The Cabral Group manages liquidity risk by maintaining cash reserves, placing funds on fixed term deposits with reputable financial institutions, having limited borrowings or debt and having, to the extent possible, the investments in instruments that are tradeable in highly liquid markets.

All trade and other payables are expected to be paid within one year of balance date.

The Cabral Group's credit risk primarily arises from cash and deposits with Australian ADIs or reputable Brazilian banking institutions. The credit risk of financial assets of the Cabral Group which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provision for doubtful debts. There is no collateral or security held for those assets at balance date. There are no financial assets that are past due or impaired.

26.2 Net Fair Value of Financial Assets and Liabilities

The carrying amount of the Cabral Group's financial assets and financial liabilities in the financial statements approximates their fair values as at balance date.

27. ASSOCIATE COMPANY

The Company has a 50% investment in an associate company, CRMSC (Australia) Pty Limited, with a subsidiary of China Railway Materials Commercial Corporation. This associate company is in the business of seeking investment opportunities in the Australian resources industry, investments and commodities trading, import and export of mineral resources, railway transportation materials and related products. During the year ended 30 June 2014, CRMSC (Australia) Pty Limited principal activity related to investments in the Australian resources sector.

For the year ended 30 June 2014 the associate company contributed a loss of \$63,637 (2013: \$397,679 loss) to the consolidated entity's result.

The carrying amount of the investment in the associate company is set out in Note 7.

Transactions with associates are set out in Note 20.4.

The following is a summary of the associate company's financial information:

	CRMSC (Australia) Pty Limited	
	2014	2013
	\$	\$
Summarised statement of financial position		
Cash and cash equivalents	225,600	419,588
Other current assets	1,045,027	982,186
Non-current assets	7,960	6,427
Total assets	1,278,587	1,408,201
Current financial liabilities (excluding trade and other payables and provision)	19,900	19,900
Other current liabilities	4,319	6,657
Non-current liabilities	-	-
Total liabilities	24,219	26,557
Net assets	1,254,368	1,381,644
Summarised statement of profit or loss and other comprehensive income		
Interest revenue	2,016	10,108
Other revenue	175,500	37,500
Depreciation	(18)	(2,381)
Other expenses	(323,633)	(1,081,399)
Profit/(loss) before income tax	(146,135)	(1,036,172)
Income tax benefit	18,861	240,813
Profit/(loss) after income tax	(127,274)	(795,359)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(127,274)	(795,359)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	693,617	(1,091,296)
Share of loss after income tax	(63,637)	(397,679)
Closing carrying amount	629,980	693,617

DIRECTORS' DECLARATION

The Directors of Cabral Resources Limited declare that:

1. In the Directors' opinion, the financial statements and accompanying notes set out on pages 37 to 70, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date;
2. Note 1 confirms that the financial statements also comply with international Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
4. The remuneration disclosures included in pages 14 to 20 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2014, comply with section 300A of the Corporations Act 2001; and
5. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by Section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Michael J. Bogue
Managing Director & Chief Executive Officer

Sydney, 30 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABRAL RESOURCES LIMITED



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Report on the Financial Report

We have audited the accompanying financial report of Cabral Resources Limited (the 'Company'), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors as at the time of this auditor's report.

Sydney Office

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Independent member of Nexia International



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Opinion

In our opinion:

- (a) the financial report of Cabral Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

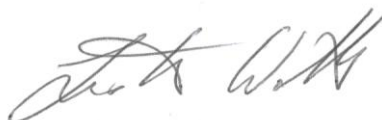
In our opinion, the Remuneration Report of Cabral Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1 (a)(iii), to the financial statements. The conditions disclosed in the note, including the loss after income tax of \$13,070,586, a reduction in cash of \$3,807,435 and the need to raise additional funding in the short-term, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in dark ink that reads "Nexia Court & Co".

Nexia Court & Co
Chartered Accountants

A handwritten signature in dark ink that appears to read "Lester Wills".

Lester Wills
Partner

Sydney, 30 September 2014

CORPORATE INFORMATION

The information contained below is as at 22 September 2014.

CORPORATE GOVERNANCE

Refer to statements on pages 23 to 36.

SUBSTANTIAL SHAREHOLDERS

The following substantial shareholders have been noted from relevant disclosures lodged with the Company and ASX.

Name of Shareholder	Number of shares held	Percentage of issued shares
MR JOHN MICHAEL MOORE	30,598,018	10.46

NUMBER OF SHAREHOLDERS AND OPTION HOLDERS

Shares

As at 22 September 2014, there were 1,195 shareholders holding a total of 292,657,529 fully paid ordinary shares.

Options

There Company has no options on issue.

VOTING RIGHTS

The relevant conditions about voting rights attaching to each share are set out in Article 9.22 of the Constitution as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this constitution:

- On a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and*
- On a poll, each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents, but a Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists".*

DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of share and option holders by size of holding:

Fully paid ordinary shares

Range	Number of holders	Number of shares
1 - 1,000	51	20,807
1,001 - 5,000	176	618,562
5,001 - 10,000	260	2,302,488
10,001 - 100,000	454	19,243,505
100,001 and over	254	270,472,167
	1,195	292,657,529

NON-MARKETABLE PARCELS

There were 714 holders (each holding less than 33,333 shares) of less than a marketable parcel of ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of ordinary fully paid shares are set out below:

Name	Number of ordinary shares held	Percentage of issued shares
Mr John Michael Moore <The Mike Moore S/F a/c>	30,598,018	10.46
S G J Investments Pty Ltd <Number 2 a/c>	10,785,715	3.69
Bond Street Custodians Limited <CPCPL – TU0022 a/c>	9,956,000	3.40
Sino Portfolio International Limited	9,698,925	3.31
UBS Wealth Management Australia Nominees Pty Ltd	8,077,697	2.76
DV Nominees Pty Ltd <Verona Super Fund>	7,165,000	2.45
Toojay Holdings Pty Limited	7,000,000	2.39
Newmek Investments Pty Ltd	7,000,000	2.39
Mr Christopher John Robinson	6,116,838	2.09
Sacha Investments Pty Ltd	5,970,500	2.04
Alen Egan Pty Ltd, The Max Super Fund	5,525,000	1.89
Mr Peter John Hatton & Mrs Jennifer Hatton	4,370,000	1.49
Mr Vernon William Tidy <Warra Dream a/c>	4,080,000	1.39
Hatton Holdings Pty Ltd <PJ Hatton Invests S/F a/c>	4,000,000	1.37
Mr Bruno Pereira Rosa Ribeiro	3,907,908	1.34
Magellan Capital Advisors Pty Ltd	3,880,515	1.33
Calma Holdings Pty Ltd <Mambat Super Fund a/c>	3,750,000	1.28
James Mackenzie & Evelyn Ann Hall	3,572,880	1.22

Name	Number of ordinary shares held	Percentage of issued shares
Vector Nominees Pty Ltd <The Vector Super Fund a/c>	3,500,000	1.20
Verdant Vale Pty Ltd <The VV Superfund a/c>	3,458,969	1.18
	142,413,965	48.67

The top 20 shareholders held 48.66% of the issued fully paid ordinary shares.

TWENTY LARGEST OPTION HOLDERS

The Company has no options on issue.

RESTRICTED SECURITIES

The Company has no restricted securities on issue.

INTERESTS IN EXPLORATION TENEMENTS

Tenement Number	Tenement Status	Tenement Location	Cabral Interest Held
872.495/2013	GRANTED	Bahia State, Brazil	100%
872.494/2013	GRANTED	Bahia State, Brazil	100%
872.247/2013	GRANTED	Bahia State, Brazil	100%
872.089/2013	GRANTED	Bahia State, Brazil	100%
871.402/2013	APPLICATION	Bahia State, Brazil	100%
871.028/2013	APPLICATION	Bahia State, Brazil	100%
870.986/2013	APPLICATION	Bahia State, Brazil	100%
870.985/2013	GRANTED	Bahia State, Brazil	100%
870.984/2013	APPLICATION	Bahia State, Brazil	100%
870.926/2013	APPLICATION	Bahia State, Brazil	100%
870.925/2013	APPLICATION	Bahia State, Brazil	100%
870.837/2013	APPLICATION	Bahia State, Brazil	100%
870.836/2013	APPLICATION	Bahia State, Brazil	100%
870.835/2013	APPLICATION	Bahia State, Brazil	100%
870.834/2013	APPLICATION	Bahia State, Brazil	100%
870.833/2013	GRANTED	Bahia State, Brazil	100%
870.832/2013	GRANTED	Bahia State, Brazil	100%
870.613/2013	APPLICATION	Bahia State, Brazil	100%
870.612/2013	APPLICATION	Bahia State, Brazil	100%
870.611/2013	APPLICATION	Bahia State, Brazil	100%
870.610/2013	APPLICATION	Bahia State, Brazil	100%
870.547/2013	APPLICATION	Bahia State, Brazil	100%

Tenement Number	Tenement Status	Tenement Location	Cabral Interest Held
870.448/2013	APPLICATION	Bahia State, Brazil	100%
870.447/2013	APPLICATION	Bahia State, Brazil	100%
870.446/2013	APPLICATION	Bahia State, Brazil	100%
870.445/2013	APPLICATION	Bahia State, Brazil	100%
870.444/2013	APPLICATION	Bahia State, Brazil	100%
870.443/2013	APPLICATION	Bahia State, Brazil	100%
870.442/2013	APPLICATION	Bahia State, Brazil	100%
870.439/2013	APPLICATION	Bahia State, Brazil	100%
870.438/2013	APPLICATION	Bahia State, Brazil	100%
870.406/2013	APPLICATION	Bahia State, Brazil	100%
870.405/2013	APPLICATION	Bahia State, Brazil	100%
870.404/2013	APPLICATION	Bahia State, Brazil	100%
870.403/2013	APPLICATION	Bahia State, Brazil	100%
870.402/2013	APPLICATION	Bahia State, Brazil	100%
870.401/2013	APPLICATION	Bahia State, Brazil	100%
870.400/2013	APPLICATION	Bahia State, Brazil	100%
870.399/2013	APPLICATION	Bahia State, Brazil	100%
870.398/2013	APPLICATION	Bahia State, Brazil	100%
870.397/2013	APPLICATION	Bahia State, Brazil	100%
870.396/2013	APPLICATION	Bahia State, Brazil	100%
870.395/2013	APPLICATION	Bahia State, Brazil	100%
870.394/2013	APPLICATION	Bahia State, Brazil	100%
870.393/2013	APPLICATION	Bahia State, Brazil	100%
870.392/2013	APPLICATION	Bahia State, Brazil	100%
870.391/2013	APPLICATION	Bahia State, Brazil	100%
870.390/2013	APPLICATION	Bahia State, Brazil	100%
870.389/2013	APPLICATION	Bahia State, Brazil	100%
870.388/2013	APPLICATION	Bahia State, Brazil	100%
870.387/2013	APPLICATION	Bahia State, Brazil	100%
870.386/2013	APPLICATION	Bahia State, Brazil	100%
870.385/2013	APPLICATION	Bahia State, Brazil	100%
870.384/2013	GRANTED	Bahia State, Brazil	100%
870.383/2013	APPLICATION	Bahia State, Brazil	100%
870.382/2013	APPLICATION	Bahia State, Brazil	100%
870.381/2013	APPLICATION	Bahia State, Brazil	100%
870.371/2013	GRANTED	Bahia State, Brazil	100%

Tenement Number	Tenement Status	Tenement Location	Cabral Interest Held
870.369/2013	GRANTED	Bahia State, Brazil	100%
870.349/2013	GRANTED	Bahia State, Brazil	100%
870.060/2013	APPLICATION	Bahia State, Brazil	100%
870.054/2013	GRANTED	Bahia State, Brazil	100%
870.352/2013	GRANTED	Bahia State, Brazil	100%
870.350/2013	GRANTED	Bahia State, Brazil	100%
870.347/2013	GRANTED	Bahia State, Brazil	100%
872.280/2012	APPLICATION	Bahia State, Brazil	100%
870.759/2012	APPLICATION	Bahia State, Brazil	100%
870.758/2012	APPLICATION	Bahia State, Brazil	100%
870.757/2012	APPLICATION	Bahia State, Brazil	100%
870.734/2012	APPLICATION	Bahia State, Brazil	100%
870.733/2012	APPLICATION	Bahia State, Brazil	100%
870.732/2012	APPLICATION	Bahia State, Brazil	100%
870.731/2012	APPLICATION	Bahia State, Brazil	100%
872.581/2011	APPLICATION	Bahia State, Brazil	100%
870.441/2013	GRANTED	Bahia State, Brazil	100%
870.440/2013	GRANTED	Bahia State, Brazil	100%
870.370/2013	GRANTED	Bahia State, Brazil	100%
870.368/2013	GRANTED	Bahia State, Brazil	100%
870.351/2013	GRANTED	Bahia State, Brazil	100%
870.348/2013	GRANTED	Bahia State, Brazil	100%
870.346/2013	GRANTED	Bahia State, Brazil	100%
870.345/2013	GRANTED	Bahia State, Brazil	100%
870.063/2013	GRANTED	Bahia State, Brazil	100%
870.062/2013	GRANTED	Bahia State, Brazil	100%
870.059/2013	GRANTED	Bahia State, Brazil	100%
870.058/2013	GRANTED	Bahia State, Brazil	100%
870.057/2013	GRANTED	Bahia State, Brazil	100%
870.056/2013	GRANTED	Bahia State, Brazil	100%
870.055/2013	GRANTED	Bahia State, Brazil	100%
870.053/2013	GRANTED	Bahia State, Brazil	100%
870.052/2013	GRANTED	Bahia State, Brazil	100%
870.051/2013	GRANTED	Bahia State, Brazil	100%
870.050/2013	GRANTED	Bahia State, Brazil	100%
870.049/2013	GRANTED	Bahia State, Brazil	100%

Tenement Number	Tenement Status	Tenement Location	Cabral Interest Held
873.456/2011	GRANTED	Bahia State, Brazil	100%
873.454/2011	GRANTED	Bahia State, Brazil	100%
873.239/2011	GRANTED	Bahia State, Brazil	100%
873.238/2011	GRANTED	Bahia State, Brazil	100%
873.237/2011	GRANTED	Bahia State, Brazil	100%
873.236/2011	GRANTED	Bahia State, Brazil	100%
873.235/2011	GRANTED	Bahia State, Brazil	100%
873.234/2011	GRANTED	Bahia State, Brazil	100%
873.233/2011	GRANTED	Bahia State, Brazil	100%
873.187/2011	GRANTED	Bahia State, Brazil	100%
873.186/2011	GRANTED	Bahia State, Brazil	100%
873.185/2011	GRANTED	Bahia State, Brazil	100%
873.184/2011	GRANTED	Bahia State, Brazil	100%
872.834/2011	GRANTED	Bahia State, Brazil	100%
872.572/2011	GRANTED	Bahia State, Brazil	100%
870.916/2011	GRANTED	Bahia State, Brazil	100%
872.593/2010	GRANTED	Bahia State, Brazil	100%
872.351/2010	GRANTED	Bahia State, Brazil	100%
871.801/2010	GRANTED	Bahia State, Brazil	100%
871.650/2010	GRANTED	Bahia State, Brazil	100%
871.618/2010	GRANTED	Bahia State, Brazil	100%
873.999/2008	GRANTED	Bahia State, Brazil	100%
873.976/2008	GRANTED	Bahia State, Brazil	100%
873.775/2008	GRANTED	Bahia State, Brazil	100%
870.589/2014	GRANTED	Bahia State, Brazil	100%
870.588/2014	GRANTED	Bahia State, Brazil	100%
870.587/2014	GRANTED	Bahia State, Brazil	100%
870.586/2014	GRANTED	Bahia State, Brazil	100%
870.458/2014	APPLICATION	Bahia State, Brazil	100%
870.457/2014	GRANTED	Bahia State, Brazil	100%

COMPANY SECRETARY

Ms Carolyn Patman

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Telephone: +612 8280 7111

Facsimile: +612 9287 0303

DX 1120 Sydney

Website: www.linkmarketservices.com.au

Email: registrars@linkmarketservices.com.au

STOCK EXCHANGE QUOTATION

The Company's shares are quoted only on the Australian Securities Exchange (code "CBS"). The home exchange is Sydney.