

THE CARAJAS COPPER COMPANY LIMITED

ACN 076 390 451

ENTITLEMENT ISSUE PROSPECTUS

For a fully underwritten renounceable entitlement issue of 1.5 Shares for every 1 Share held by Shareholders registered at the Record Date at an issue price of \$0.003 per Share to raise up to approximately \$615,000 (**Offer**).

Lead Manager and Underwriter of the Offer: CPS Capital Group Pty Ltd. Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mark Reilly
Non-Executive Director

Greg Wood
Non-Executive Chairman

Paula Cowan
Non-Executive Director

Company Secretary

Paula Cowan

Share Registry*

Automic Registry Services
Suite 1a, Level 1
7 Ventnor Avenue
WEST PERTH WA 6005

Telephone: +61 8 9324 2099
Facsimile: +61 8 9321 2337

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Registered Office

Level 1
330 Churchill Avenue
SUBIACO WA 6008

Telephone: +61 8 9200 3467
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Email: info@carajascopper.com.au
Website: www.carajascopper.com

Lead Manager, Underwriter and Broker

CPS Capital Group Pty Ltd
Level 45
108 St Georges Terrace
PERTH WA 6000

Telephone: +61 3 9200 7000
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Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Tuesday, 24 May 2016
Lodgement of Prospectus & Appendix 3B with ASX	Tuesday, 24 May 2016
Notice sent to Shareholders and Optionholders	Thursday, 26 May 2016
Ex date	Friday, 27 May 2016
Rights start trading	Friday, 27 May 2016
Record Date for determining Entitlements	Monday, 30 May 2016
Prospectus and Entitlement and Acceptance Form sent out to Eligible Shareholders & Company announces this has been completed	Thursday, 2 June 2016
Rights trading ends	Monday, 6 June 2016
Shares quoted on a deferred settlement basis	Tuesday, 7 June 2016
Last day to extend the Closing Date	Wednesday, 8 June 2016
Closing Date (5:00 pm WST)*	Tuesday, 14 June 2016
Notify ASX of under subscriptions	Friday, 17 June 2016
Date of issue of Shares to Eligible Shareholders and any Shortfall in accordance with the Underwriting Agreement / Shares entered into Shareholders' security holdings	Tuesday, 21 June 2016
Normal trading of Shares commences*	Wednesday, 22 June 2016

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 24 May 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Going Concern Risk

Investors should be aware of the material going concern risk to which the Company is exposed.

The Company's financial report for the half-year ended 31 December 2015 includes a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern.

The statement of financial position of the Company set out in Section 5.3 of this Prospectus shows that the Company had a consolidated net liability position of \$733,125 as at 30 April 2016, of which the majority of current liabilities are overdue. On a pro-forma basis assuming successful completion of the Offer, the consolidated net liability position of the Company is expected to be \$171,191.

The Company advises that, of the trade and other payables outstanding as at 30 April 2016, \$559,630 are owed to related parties and internal creditors who have confirmed to the Company that they will not call upon the Company to pay the debt until such time as the Company is in a financial position to do so, or a restructure is undertaken that otherwise provides for payment of amounts owing.

The balance of trade and other payables, being \$231,159, are owed primarily to external creditors. The Directors are in communications with the Company's major external creditors and believe that they have their continued support to defer repayment terms and entitlements until such time as the Company has the financial capacity to meet these obligations.

The Directors acknowledge that without the continued support of its related parties and major creditors, there is a material uncertainty which may cast significant doubt about whether the Company will continue as a going concern and therefore whether it will realise its interest in its exploration assets and extinguish its liabilities in the normal course of business.

Notwithstanding the capital raising undertaken by this Prospectus, it is highly likely that further funding will be required to meet the working capital requirements of the Company.

3.2 Additional Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Key risk factors include:

- sovereign risk;
- contractual risk;
- additional requirements for and availability of capital;
- exploration risk; and
- risks associated with potential acquisitions.

The key risk factors of which investors should be aware are set out in more detail at Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable entitlement issue of 1.5 Shares for every 1 Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.003 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 204,999,921 Shares will be issued pursuant to this Offer to raise approximately \$615,000 (before expenses of the Offer).

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The Offer is renounceable. Accordingly, a Shareholder may sell or transfer all or part of their Entitlement.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Underwriting

CPS Capital Group Pty Ltd (**CPS Capital Group** or the **Underwriter**) has agreed to fully underwrite the Offer, being \$615,000 (**Underwritten Amount**) and 204,999,921 Shares (**Underwritten Shares**), under an agreement entered into between the Underwriter and the Company on 16 May 2016 (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay CPS Capital Group a fee equal to 6% of the Underwritten Amount (plus GST if applicable) for underwriting the Offer. CPS Capital Group will also be entitled to reimbursement of any reasonable expenses incurred.

CPS Capital Group is responsible for all sub-underwriting fees payable in connection with sub-underwriting commitments secured by the Underwriter.

Refer to Section 8.5 of this Prospectus for a summary of the material terms of the Underwriting Agreement.

4.4 Lead manager/broker

In addition to underwriting the Offer, CPS Capital Group has also been appointed as lead manager and broker to the Offer under a mandate entered into between the Company and CPS Capital Group (**Mandate**).

The fees payable under the Underwriting Agreement (as summarised in Section 4.3 above) are inclusive of the fees payable to CPS Capital Group for its underwriting commitments as specified under the Mandate.

Refer to Section 8.6 of this Prospectus for a summary of the material terms of the Mandate.

4.5 Effect of the Underwriting on control of the Company

The Underwriter is not presently a Shareholder of the Company and is not a related party of the Company for the purposes of the Corporations Act.

The Underwriter has the sole right to nominate and determine (following reasonable consultation with, and due consideration of any comments provided by, the Company) who is to receive the Shortfall Shares, provided that Shortfall Shares may only be offered to investors who are sophisticated or professional investors within the meaning of sections 708(8) and 708(11) of the Corporations Act, or otherwise do not require a disclosure document under Chapter 6D of the Corporations Act to participate.

The Underwriter will ensure that no party, including the Underwriter itself, will receive Shortfall Shares that would result in the party holding a total voting power in the Company equal to or greater than 19.9% following completion of the Offer. The Underwriter will procure applications from sub-underwriters and third parties as necessary to ensure it complies with the cap on voting power.

The number of Shares that may be held by the Underwriter and its voting power is set out in the table below and shows the potential effect of the underwriting of the Offer under several scenarios relating to the percentage acceptances of Entitlements under the Offer. The table assumes no applications for Shortfall Shares by Eligible Shareholders or sub-underwriters or third parties other than the Underwriter fulfilling its underwriting commitment, but is subject to the cap on the total voting power of the Underwriter of 19.9%.

Event	Number of Shares held by the Underwriter	Voting power of the Underwriter
As at the Record Date	Nil	Nil
Fully subscribed by Eligible Shareholders	Nil	Nil
75% acceptances by Eligible Shareholders	51,249,980	15.0%
66.83% acceptances by Eligible Shareholders	67,991,640	19.9%
50% acceptances by Eligible Shareholders	67,991,640	19.9%
Nil acceptances by Eligible Shareholders	67,991,640	19.9%

The maximum voting power of the Underwriter upon completion of the Offer, assuming no Eligible Shareholders accept their Entitlements and there are no applications for Shortfall Shares by Eligible Shareholders or sub-underwriters or third parties is 19.9%. However, it is unlikely that no Eligible Shareholders will take up Entitlements under the Offer and there will be no applications for Shortfall Shares. The underwriting obligation and therefore voting power of the Underwriters will change by a corresponding amount for the amount of Entitlements and Shortfall Shares taken up by the Eligible Shareholders and other third parties, including sub-underwriters secured by the Underwriter.

4.6 Potential dilution to Shareholders

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 250% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below.

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	14.63%	30,000,000	20,000,000	5.85%
Shareholder 2	10,000,000	7.32%	15,000,000	10,000,000	2.93%
Shareholder 3	4,000,000	2.93%	6,000,000	4,000,000	1.17%
Shareholder 4	2,000,000	1.46%	3,000,000	2,000,000	0.59%
Shareholder 5	1,000,000	0.73%	1,500,000	1,000,000	0.29%

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or subscribed for by the Underwriter (and/or sub-underwriters). In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.7 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 4.8);
- (b) take up all of their Entitlement and apply for additional Shares under the Shortfall Offer (refer to Sections 4.8 and 4.17);
- (c) sell all of their Entitlement on ASX (refer to Section 4.9);
- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 4.10);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.11);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to Section 4.12); or
- (g) allow all or part of their Entitlement to lapse (refer to Section 4.13).

4.8 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form by complete a BPAY® payment in accordance with the instructions referred to in Section 4.16.

4.9 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be

traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements on the ASX will be open for the period as specified in the timetable at Section 2 of this Prospectus.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

4.10 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 4.8 or make a payment by BPAY in accordance with Section 4.16.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

4.11 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.8 or make a payment by BPAY in accordance with Section 4.16.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.12 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "The Carajas Copper Company Limited Entitlement Offer" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

Automatic Registry Services
PO Box 223
West Perth WA 6872

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHES subregister you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with Section 4.8.

4.13 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.14 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.15 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "The Carajas Copper Company Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (WST) on the Closing Date.

4.16 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.17 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares. The Company also reserves the right to place any Shortfall to third parties at its discretion.

The Shortfall Offer is a separate offer made pursuant to this Prospectus. Shares not taken up by Eligible Shareholders will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be \$0.003 each, which is the issue price at which Shares have been offered to Eligible Shareholders under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 4.16 above).

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. Eligible Shareholders applying for Shares in excess of their full Entitlement will have priority under the Shortfall Offer subject to applications being received by the Closing Date of the Offer. In the event of oversubscription from these applications they will be scaled back on a pro-rata basis.

Any remaining Shortfall will be subscribed for by the Underwriter in satisfaction of their commitment under the Underwriting Agreement. The Company notes that no Shares will be issued to an applicant under this Prospectus or via the shortfall if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the shortfall to any related parties of the Company.

The Shortfall is to be issued at the absolute discretion of the Company and as such there is no guarantee that any Shortfall Shares will be issued to Eligible Shareholders or other third parties. The Company reserves the right to scale back any applications for Shortfall Shares in its absolute discretion. Excess application monies for the Shortfall Offer will be refunded without interest.

It is a term of the Offer that, should the Company scale back applications for Shortfall Shares, the applicant will be bound to accept such lesser number allocated to them.

4.18 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.19 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.20 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Pursuant to ASX Listing Rule 7.7, the Company has appointed CPS Capital Group (the **Nominee**) to sell the Entitlements to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the Nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the Nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained in respect of the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shortfall.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.21 Enquiries

Any questions concerning the Offer should be directed to Paula Cowan, Company Secretary, on + 61 8 9200 3467.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$615,000 (before expenses).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	(\$)	%
1.	Picha Project ¹	110,000	17.89
2.	Salobo South Copper Project and Primavera Project ²	75,000	12.19
3.	Payments to creditors	199,319	32.41
4.	New project identification costs	50,000	8.13
5.	Working capital	127,615	20.75
6.	Expenses of the Offer ³	53,066	8.63
	Total	615,000	100%

Notes:

1. As announced to ASX on 23 May 2016, the Company has signed a letter of intent pursuant to which it has the exclusive right to enter into a formal agreement to acquire the rights to the Picha Project in southern Peru, considered prospective for copper. The Company intends to apply part of the funds raised under this Prospectus to its due diligence review of the Picha Project and progressing a definitive agreement with the vendor.
2. Funds will be used to maintain tenure to, and continue its mineral exploration program at, the Company's Salobo South Copper Project and Primavera Project in Brazil.
3. Refer to Section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Shares offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$561,934 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 136,666,614 as at the date of this Prospectus to 341,666,535 Shares following completion of the Offer.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 April 2016 and the unaudited pro-forma balance sheet as at 30 April 2016 shown below have been prepared on the

basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	As at 30 April 2016 \$	Offer Proceeds \$	Expenses of Offer \$	Pro-forma as at 30 April 2016 \$
CURRENT ASSETS				
Cash and cash equivalents	32,327	615,000	(53,066)	594,261
Other receivables	50,337	-	-	50,337
TOTAL CURRENT ASSETS	82,664	615,000	(53,066)	644,598
NON-CURRENT ASSETS				
Deferred exploration and evaluation expenditure ¹	-	-	-	-
TOTAL NON-CURRENT ASSETS	-	-	-	-
TOTAL ASSETS	82,664	615,000	(53,066)	644,598
CURRENT LIABILITIES				
Trade and other payables ²	790,789	-	-	790,789
Interest Bearing Liabilities	25,000	-	-	25,000
TOTAL CURRENT LIABILITIES	815,789	-	-	815,789
TOTAL LIABILITIES	815,789	-	-	815,789
NET ASSETS	(733,125)	615,000	(53,066)	(171,191)
EQUITY				
Issued capital	38,181,888	615,000	(53,066)	38,743,822
Reserves	14,325,561	-	-	14,325,561
Accumulated losses	(53,627,189)	-	-	(53,627,189)
Capital and reserves attributable to owners of The Carajas Copper Company Ltd	(1,119,740)	615,000	(53,066)	(557,806)
Minority Interest	386,615	-	-	386,615
TOTAL EQUITY	(733,125)	615,000	(53,066)	(171,191)

Notes:

1. Deferred exploration and evaluation expenditure of \$923,403 was written off by the Company as at 31 December 2015.

2. Of the trade and other payables outstanding as at 30 April 2016, \$559,630 are owed to related parties and internal creditors who have confirmed to the Company that they will not call upon the Company to pay the debt until such time as the Company is in a financial position to do so, or a restructure is undertaken that otherwise provides for payment of amounts owing. Refer to Section 7.2 of this prospectus for further details.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under this Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	136,666,614
Shares to be issued pursuant to the Offer	204,999,921
Total Shares on issue after completion of the Offer	341,666,535

Performance Shares

	Number
Performance Shares currently on issue	90,000,000
Total Performance Shares on issue after completion of the Offer	90,000,000

Options

	Number
Unlisted Options exercisable at \$0.02 each on or before 31 December 2018	30,000,000
Total Options on issue after completion of the Offer	30,000,000

5.5 Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
RD Consulting Ltd	19,350,000	14.16
Nefco Nominees Pty Ltd	11,466,262	8.39
Gemstar Investments Limited	10,000,000	7.32
Nicholas Von Schirmding	10,000,000	7.32

In the event all Entitlements are accepted, there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of shareholders or other classes of shareholder, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.

On a show of hands, every Shareholder present having the right to vote at the meeting has one vote.

On a poll, every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Share held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

(c) Dividend rights

Subject to the Corporations Act and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Directors to be justified by the profits of the Company.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a

contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) **Future increase in capital**

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

The Shares are quoted on ASX.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Going Concern

The Company's financial report for the half-year ended 31 December 2015 includes a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern.

The statement of financial position of the Company set out in Section 5.3 of this Prospectus shows that the Company had a consolidated net liability position of \$733,125 as at 30 April 2016, of which the majority of current liabilities are overdue. On a pro-forma basis assuming successful completion of the Offer, the consolidated net liability position of the Company is expected to be approximately \$171,191.

The Company advises that, of the trade and other payables outstanding as at 30 April 2016, \$559,630 are owed to related parties and internal creditors who have confirmed to the Company that they will not call upon the Company to pay the debt until such time as the Company is in a financial position to do so, or a restructure is undertaken that otherwise provides for payment of amounts owing.

The balance of trade and other payables, being \$173,495, are owed primarily to external creditors. The Directors are in communications with the Company's major external creditors and believe that they have their continued support to defer repayment terms and entitlements until such time as the Company has the financial capacity to meet these obligations.

The Directors acknowledge that without the continued support of its related parties and major creditors, there is a material uncertainty which may cast significant doubt about whether the Company will continue as a going concern and therefore whether it will realise its interest in its exploration assets and extinguish its liabilities in the normal course of business.

Notwithstanding the capital raising undertaken by this Prospectus, it is highly likely that further funding will be required to meet the working capital requirements of the Company.

7.3 Company specific

(a) Sovereign risks

The Company has interests in the Salobo South Copper Project and Primavera Project in Brazil, and has signed a letter of intent to enter into an agreement to acquire the Picha Project in Peru. The Company also intends to pursue potential opportunities in other jurisdictions including Australia and the Americas. Accordingly, the Company is subject to the risks associated in operating in foreign countries. These risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with mineral exploration and production in Brazil, Peru, Australia and the Americas. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in mining exploration and production and in turn may affect the viability and profitability of the Company.

(b) Contractual Risk

Pursuant to the terms of the Salobo South Copper Project acquisition agreement, the Company must meet a number of payment obligations before obtaining 100% ownership of the project. Therefore, the Company does not have immediate and direct ownership of the Salobo South Copper Project. There is a risk that, if the Company does not meet its obligations under the agreement, the Company may lose its rights to the Salobo South Copper Project. The Company has no current reason to believe that it will not meet and satisfy its obligations pursuant to the acquisition agreement.

Additionally, in order for the Company to be able to achieve its objectives in relation to the Salobo South Copper Project, the Company is reliant on the underlying owner complying with its contractual obligations to complete the transfer of the rights to the project to the Company. In the event that the underlying owner does not comply with its obligations, it may then be necessary for the Company to seek to enforce the agreement which may include commencing legal proceedings. Legal action can be costly and there can be no guarantee that a favourable legal remedy will be ultimately awarded to the Company. The Company has no current reason to believe that the underlying owner will not meet and satisfy its obligations under the agreement.

The Company has signed a letter of intent pursuant to which it has been granted the exclusive right to enter into a formal acquisition agreement to acquire the entity which holds the rights to the Picha Project in Peru. If

the Company's due diligence on the Picha Project is satisfactory and the Company wishes to exercise its right to enter into the agreement, there is no guarantee that the Company and the vendor will agree the formal acquisition agreement on terms acceptable to the Company. If that were to be the case, the Company would not enter into the acquisition agreement and would not complete the purchase of the entity which holds the rights to the Picha Project. The Company has no current reason to believe that, should it wish to exercise the option granted under the letter of intent, it will not be able to agree formal terms of the acquisition agreement with the vendor.

(c) **Additional requirements for capital**

Notwithstanding the capital raising undertaken by the issue of Shares pursuant to this Prospectus, the Company is likely to require additional debt or equity funding in the future to advance its projects. The Company's capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and this may result in loss of tenure, as the case may be. The Offer terms have been set to give existing eligible Shareholders an opportunity to maintain (or potentially increase) their interests in the Company and thereby ensuring successful completion of the Offer.

(d) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, other companies or prospects, although, other than the Picha Project in Peru, no other such acquisitions are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) **Exploration risks**

Resources exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there can be no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(f) **Potential dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 136,666,614 currently on issue to 341,666,535. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last closing price of Shares on ASX prior to the Prospectus being lodged of \$0.005 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

7.4 Industry specific

(a) Exploration and development risks

The primary business of the Company is exploration for, and commercial development of mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to exploration programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) unavailability of drilling, mining, processing and other equipment;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;
- (x) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (xi) delays in completing feasibility studies and obtaining development approvals; and
- (xii) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore

reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

(b) **Resource estimations**

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(c) **Environmental**

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(d) **Operating risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve

commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

7.5 General risks

(a) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.6 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
23 May 2016	Letter of Intent and Option to Acquire Copper Assets in Peru
16 May 2016	Fully Underwritten Rights Issue
16 May 2016	Initial Director's Interest Notice x 3
16 May 2016	Final Director's Interest Notice x 3
16 May 2016	Reinstatement to Official Quotation
16 May 2016	Board Changes
11 May 2016	Suspension
09 May 2016	Trading Halt
27 Apr 2016	Quarterly Cashflow Report
27 Apr 2016	Quarterly Activities Report
18 Mar 2016	Initial Director's Interest Notice
18 Mar 2016	Initial Director's Interest Notice
18 Mar 2016	Initial Director's Interest Notice
18 Mar 2016	Final Director's Interest Notice
18 Mar 2016	Final Director's Interest Notice
18 Mar 2016	Final Director's Interest Notice
17 Mar 2016	Changes to the Board
15 Mar 2016	Half Year Financial Report
02 Mar 2016	Divestment of Mongolian Interests
19 Jan 2016	Quarterly Cashflow Report
19 Jan 2016	Quarterly Activities Report
26 Nov 2015	Results of Annual General Meeting

Date	Description of Announcement
26 Oct 2015	Notice of Annual General Meeting/Proxy Form
14 Oct 2015	Quarterly Cashflow Report
14 Oct 2015	Quarterly Activities Report
13 Oct 2015	Sale of Mongolian Asset
30 Sep 2015	Appendix 4G
30 Sep 2015	Annual Report 2015

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.carajascopper.com.

8.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.009	30 March 2016 and 12, 13, 14 April 2016
Lowest	\$0.004	24 February 2016
Last	\$0.005	23 May 2016

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the Offer.

8.5 Underwriting

CPS Capital Group Pty Ltd (**CPS Capital Group** or the **Underwriter**) has agreed to fully underwrite the Offer, being approximately \$615,000 (**Underwritten Amount**) and 204,999,921 Shares (**Underwritten Shares**), under an agreement entered into between the Underwriter and the Company on 16 May 2016 (**Underwriting Agreement**).

The material terms of the Underwriting Agreement are as follows:

- (a) **Fee:** the Company has agreed to pay the Underwriter a fee equal to 6% of the Underwritten Amount (being approximately \$36,900) in consideration for the Underwriter's underwriting obligations.
- (b) **Expenses:** additionally, the Company will reimburse the Underwriter for its reasonable costs and expenses up to a maximum of \$15,000.
- (c) **Sub-underwriting arrangements:** the Underwriter is responsible for all sub-underwriting fees payable in connection with sub-underwriting commitments secured by the Underwriter.

- (d) **Voting power:** the Underwriter will ensure that no party, including the Underwriter itself, will receive Shortfall Shares that would result in the party holding a total voting power in the Company equal to or greater than 19.9% following completion of the Offer. The Underwriter will procure applications from sub-underwriters and third parties as necessary to ensure it complies with the cap on voting power.
- (e) **Termination Rights:** The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement, upon or prior to the issue of the Underwritten Shares, if:
- (i) **(Share Price):** the share price of the Company trading on the ASX under the ASX code of CJC finishes trading for 2 consecutive days with a closing share price that is less than \$0.003 during the Offer period;
 - (ii) **(Indices fall):** any of the following indexes closes on any 2 consecutive trading days before the Shortfall Notice Deadline Date 2% or more below its respective level as at the close of business on the Business Day prior to the execution date:
 - (A) Dow Jones;
 - (B) S&P 500;
 - (C) Nasdaq;
 - (D) Russell 2000;
 - (E) FTSE
 - (F) Nikkei; or
 - (G) Shanghai SE Comp;
 - (iii) **(Prospectus):** the Prospectus or the Offer is withdrawn by the Company;
 - (iv) **(No Listing Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Prospectus being lodged with ASIC;
 - (v) **(No Official Quotation):** ASX advises the Company that it will or may not grant official quotation to the Underwritten Shares on or prior to the Shortfall Notice Deadline Date;
 - (vi) **(Restriction on allotment):** the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
 - (vii) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt. 6.10 of the Corporations

Act, or an application for such declaration is made to the Takeovers Panel;

- (viii) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Iraq, Syria, Turkey, Tunisia, North Korea, Pakistan, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;
- (ix) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (x) **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company or any of its subsidiaries (**Relevant Company**);
- (xi) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer; or
- (xii) **(Termination Events)**: the occurrence of any of the following events, in the reasonable opinion of the Underwriter reached in good faith, has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse effect on the Offer or could give rise to a liability of the Underwriter under the Corporations Act:
 - (A) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date the Underwriter must apply for the Shortfall Shares;
 - (B) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (C) **(Contravention of constitution or Act)**: a contravention by any Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (D) **(Adverse change)**: an event occurs which gives rise to a material adverse effect in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;

- (E) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them that is materially adverse from the point of view of an investor;
- (F) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (G) **(Public statements)**: without the prior approval of the Underwriter, a public statement is made by the Company in relation to the Offer or the Prospectus;
- (H) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (I) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (J) **(Prescribed Occurrence)**: a prescribed occurrence occurs, other than as disclosed in the Prospectus;
 - (I) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
 - (II) a Relevant Company resolving to reduce its share capital in any way;
 - (III) a Relevant Company:
 - (1) entering into a buy-back agreement or;
 - (2) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act;
 - (IV) a Relevant Company issuing, or agreeing to issue, convertible notes;
 - (V) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - (VI) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

- (VII) a Relevant Company resolving that it be wound up;
- (VIII) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- (IX) the making of an order by a court for the winding up of a Relevant Company;
- (X) an administrator of a Relevant Company, being appointed under
- (XI) Section 436A, 436B or 436C of the Corporations Act;
- (XII) a Relevant Company executing a deed of company arrangement; or
- (XIII) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company;
- (K) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (L) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (M) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (N) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter;
- (O) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (P) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 3 Business Days;
- (Q) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 5 days occurs;

- (R) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (S) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus or the Mandate;
- (T) **(Breach of Material Contracts)**: any of the material contracts is terminated or substantially modified;
- (U) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company; or
- (V) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

8.6 Lead manager/broker

In addition to underwriting the Offer, CPS Capital Group has also been appointed as lead manager and broker to the Offer under a mandate entered between the Company and CPS Capital Group announced on 16 May 2016 **(Mandate)**.

Pursuant to the Mandate, the Company has agreed to pay CPS Capital Group:

- (a) an underwriting fee of 6%, plus GST where applicable, for underwriting the Offer (see Section 8.5 for a summary of the Underwriting Agreement); and
- (b) an asset introduction fee of 5%, plus GST where applicable, for any asset which the Company may acquire in the future that is introduced to the Company by CPS Capital Group. This fee shall be paid for the entire value of any asset, including options, future performance shares and the like.

8.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director, holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out as follows:

Director	Shares	Options	Performance Shares	Entitlement to Shares
Mark Reilly	Nil	Nil	Nil	Nil
Greg Wood	Nil	Nil	Nil	Nil
Paula Cowan	7,425	Nil	Nil	11,138

Note

1. The Directors reserve the right to take up all or some of their respective Entitlements.

Remuneration

The Constitution of the Company provide that the non-executive directors may be paid for their services as directors a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The current amount has been set at an amount not to exceed \$150,000 per annum.

The remuneration of executive directors is decided by the Board, without the affected executive director participating in that decision-making process and may be paid by way of fixed salary or commission.

In the last two financial years, \$1,257,438 (\$82,094 for executive directors and \$46,500 for non-executive directors for salary and fees in 2014; and \$127,363 for executive directors and \$12,000 for non-executive directors for salary and fees, and \$989,481 for executive directors for share based payments, in 2015) has been paid by the Company by way of remuneration for services provided by the past and present directors, companies associated with the directors or their associates in their capacity as directors, consultants or advisers. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses,

travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years prior to the date of this Prospectus and their current remuneration as at the date of this Prospectus for the current financial year, inclusive of directors fees and consultancy fees.

Director	FY ended 30 June 2014	FY ended 30 June 2015	FY ended 30 June 2016
Mark Reilly	Nil	Nil	Nil
Greg Wood	Nil	Nil	Nil
Paula Cowan	Nil	Nil	Nil

8.8 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

CPS Capital Group as underwriter and lead manager will be paid the fees set out in Sections 8.5 and 8.6 in respect of this Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

8.10 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

CPS Capital Group has given its written consent to being named as Lead Manager, Broker and Underwriter to the Offer in this Prospectus, in the form and context in which it is named. CPS Capital Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$53,066 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	3,846
Lead Manager/Underwriter Fees	36,900
Legal fees	5,000
Printing and distribution	5,000
Total	53,066

8.12 Electronic prospectus

The Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9200 3467 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.carajascopper.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Paula Cowan
Director
For and on behalf of
THE CARAJAS COPPER COMPANY LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means an Eligible Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules or **Listing Rules** means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means The Carajas Copper Company Limited (ACN 076 390 451).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

CPS Capital Group, CPS Capital Group Pty Ltd, Lead Manager or **Underwriter** means CPS Capital Group Pty Ltd (ACN 088 055 636), Authorised Representative No of CPS Capital Group Pty Ltd (AFSL 294848).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder registered on the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of an Eligible Shareholder.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.17 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall Offer.

Underwriting Agreement means the agreement between the Company and the Underwriter, a summary of which is set out in Section 8.5.

WST means Western Standard Time as observed in Perth, Western Australia.