



**CHARTER
PACIFIC**
Corporation Limited

ACN 003 344 287

PROSPECTUS

This is a Prospectus for the grant of up to 76,236,421 bonus Options to Shareholders on a 9 Options for 10 Shares basis, exercisable at \$0.12 per Option. The Options will be granted at no cost to Shareholders and will expire on 4 February 2011.

19 January 2009

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IMPORTANT NOTICES

This Prospectus is dated 19 January 2009. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission ('ASIC') on 19 January 2009. ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is the date which is 13 months after the date of this Prospectus and no Options will be granted on the basis of this Prospectus after the expiry date.

This Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shares allotted or issued pursuant to the exercise of Options granted under this Prospectus will be allotted or issued pursuant to the terms and conditions of the Options and, in any event, not more than 14 days after the exercise of those Options. No securities other than Shares allotted or issued pursuant to the exercise of Options will be allotted or issued on the basis of this Prospectus.

Neither the Company, its respective associates or directors guarantee that the exercise price of the Options will be equal to or less than the price of the Shares during the exercise period or that Shareholders will be able to find purchasers for the Options.

Only those Shareholders recorded as such on the Shareholder register at the Record Date, which will be 7.00PM (Queensland time) 2 February 2009, will be entitled to participate in the grant of the Options.

Definitions of certain terms used in this Prospectus appear in the Definitions section.

THIS PROSPECTUS IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. IF, AFTER READING THIS PROSPECTUS, YOU HAVE ANY QUESTIONS ABOUT THE GRANT AND EXERCISE OF THE OPTIONS PLEASE CONTACT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

CORPORATE DIRECTORY

DIRECTORS

Brian Sprod (Chairman)

Kevin Dart

Peter Bradfield

SECRETARY

Steven Cole

REGISTERED OFFICE

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SHARE AND OPTION REGISTRAR

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KEY DETAILS

Options will be granted at no cost to Shareholders	
Entitlement	9 Options for every 10 Shares held
Number of Options to be granted (up to):	76,236,421
Options will be exercisable at:	\$0.12 per Option to acquire one ordinary Share per Option held
Amount raised (if all Options are exercised):	\$9,148,371

KEY DATES

Record date to determine entitlements to Options	7.00pm (Queensland time) 2 February 2009
Grant of Options	5 February 2009
Dispatch of holding statements to Shareholders	11 February 2009
Exercise Period	5 February 2009 to 5.00pm (Queensland time) 4 February 2011

1. GRANT OF OPTIONS

As announced on 26 November 2008, the Board of the Company resolved to declare a bonus grant of Options to Shareholders on the basis of 9 Options for 10 Shares held.

The Directors will grant Options to all Shareholders (other than Shareholders with a registered address outside of Australia or New Zealand) as at 7.00pm (Queensland time) on the Record Date.

No action is required to accept the Company's offer and no payment is required from Shareholders for the grant of the Options. Shareholders will be sent a holding statement. This will indicate the number of Options to which each Shareholder is entitled. If a Shareholder does not wish to be granted Options, they should notify the Company in writing.

The Directors anticipate that the Options will be granted pursuant to this Prospectus on 5 February 2009 (although the date is subject to change).

Application to ASX will be made by the Company within 7 days of the date of this Prospectus for the Options to be granted official quotation.

No payment is required for the grant of the Options. Where the number of Options to which a Shareholder is entitled is not a whole number, any fraction will be rounded up to the nearest whole number.

2. EFFECT OF THE OPTIONS

At the date of this Prospectus, the Company has 84,707,062 ordinary shares on issue.

The grant of the Options will have no immediate effect on the share capital or balance sheet of the Company (other than indirectly to the extent of the costs of preparing this Prospectus, amending Company registers and obtaining ASX quotation of the Options).

In the event all Options granted are exercised, there would be a total of 160,943,483 ordinary shares on issue.

Any exercise of Options will strengthen the Company's financial position, with issued capital and cash on the balance sheet increasing correspondingly (except for effects on cash holdings of share registry and ASX quotation fees upon such exercise). If all Options are exercised, the gross proceeds of issue of the resultant New Shares would be approximately \$9,148,371.

To the extent that capital is raised by any exercise of Options, those proceeds will give the Company further working capital and equity finance for development of its investment activities, as and when Options are exercised.

3. SHAREHOLDERS OUTSIDE AUSTRALIA OR NEW ZEALAND

The Company will only extend the offer under this Prospectus to Shareholders with registered addresses in Australia or New Zealand. The Company considers it would be unreasonable to extend the offer to Shareholders with registered addresses in other jurisdictions having regard to the small number of such Shareholders, the small number and value of securities that would be offered in such jurisdictions and the costs of complying with legal and regulatory requirements in those jurisdictions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

4. RIGHTS ATTACHING TO THE OPTIONS AND SHARES

4.1. Options

The rights attaching to the Options are set out in the Schedule of Terms and Conditions of Grant of Options attached to this Prospectus.

4.2. Rights Attaching to the New Shares

All ordinary fully paid Shares carry one vote per share. The New Shares issued pursuant to the exercise of Options will rank equally in all respects with existing fully paid ordinary shares of the Company.

The rights attaching to the Shares in the Company are:

- Set out in the constitution of the Company. Shareholders may inspect the constitution of the Company at the Company's registered office or obtain a copy of it by contacting the Company Secretary on +61 7 5538 2558; and
- In certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a summary of the principal rights of the Shareholders.

Voting

Every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote by a show of hands, and, on a poll every Shareholder who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, registered in such Shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by any 5 Shareholders present in person or by proxy, attorney or representative or by any one or more Shareholders who are together entitled to not less than 5% of the votes that may be cast on the resolution on the poll.

Management Share

The voting rights attaching to the Management Share, as set out in the Company's constitution are:

The holder of the Management Share when present in person or by proxy or attorney at any general meeting of the Company shall on a poll or any resolution be entitled to as many votes as shall together with votes which the holder may exercise in respect of the Shares held solely by him in his own capacity and not as trustee, attorney or otherwise as shall institute thirty per centum (30%) of the votes given personally or by proxy or attorney on such resolution.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the Shares at a fixed amount per Share.

Transfer of Securities

A Shareholder may transfer securities by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in securities, or by an instrument in writing in a form approved by ASX, or in any other usual form or in any form approved by the directors.

The Directors of the Company may refuse to register any transfer of securities, other than a proper SCH transfer where permitted by the Listing Rules of the ASX. The Company must not refuse or fail to register or give effect to or delay or in any way interfere with a proper SCH transfer of securities.

Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the ASX Listing Rules.

Liquidation Rights

All Shares on issue in the Company rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of Shareholders, divide among the Shareholders at the time the whole or any part of the remaining assets of the Company. The liquidator may with the sanction of a special resolution of the Company vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder Liability

As the New Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration of Constitution

The constitution can only be amended by a special resolution passed by at least three-quarters of votes cast by Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. LIABILITIES ATTACHING TO THE OPTIONS AND SHARES

5.1. Factors influencing success and risk

There are a number of risks to Shareholders in the event they exercise their Options and acquire New Shares. General movements in local and international stock markets, exchange rates, economic conditions, investor sentiment and interest rates could all affect the market price of the Company's securities. These risks apply generally to any investment on the stock market.

The Options granted under this Prospectus carry no guarantee with respect to the price at which the Shares will trade on ASX. If Shareholders are in doubt as to whether they should exercise their Options and acquire New Shares, they should consult with their stockbroker, accountant or other professional adviser.

5.2. Company specific risks

An analysis of some of the specific business risks facing the Company in the conduct of its current activities is shown below.

Investment risks

The Company invests in a range of listed and unlisted companies. The value of these investments, which may be affected by the stability, liquidity and integrity of global banking and financial systems, might rise or fall and they might trade at prices below or above the prices at which the Company purchased them.

Economic conditions

The Company's performance is influenced by the impact of a variety of economic and business conditions including the environment within which its investee companies operate, the level of inflation, interest rates, government fiscal, monetary and regulatory policies, fluctuations in exchange rates and employment and consumer demands internationally and in Australia. Prolonged deterioration in general economic conditions could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

In addition, listed and unlisted securities in companies within emerging markets have their own special risk profiles including sovereign, market, currency, regulatory, legal, liquidity, solvency and credit risks.

Changes in law

The value of the Company's investments may be affected by changes in regulation relating to tax, administration, securities and market practices.

Reliance on key personnel

The Company's success will depend greatly on the experience and core skills of its Directors and management. The Company relies heavily upon the ability of these officers to effectively manage the Company and its investments. Shareholders should however be aware that the past performance of the Directors and management is not necessarily a guide to future performance of the Company.

It is important to note that not all risks can be foreseen or "managed". It is therefore not possible for the Company to protect the value of your investment from all risks. You should consult with a licensed financial adviser to determine your own risk/reward profile. Any risk management can add or detract from the value of your investment.

6. ADDITIONAL INFORMATION

6.1. Nature of the Prospectus

This is a 'transaction specific' prospectus. As the Company is a disclosing entity under the Corporations Act it is subject to regular reporting and disclosure obligations, which require the Company to:

- Prepare and lodge with ASIC yearly and half yearly financial reports;
- Immediately notify ASX of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of shares of the Company.

As the Company has been listed on the ASX for over 19 years (including since the introduction in September 1994 of the enhanced disclosure requirements referred to above) a substantial amount of information about the Company has been lodged with the ASX. This publicly available information is not repeated in this Prospectus.

6.2. Obtaining Copies of Documents

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX concerning the Company may be obtained from, or inspected at, an office of ASX or the ASX website www.asx.com.au.

The Company will provide free of charge to any person who asks before the Offer closes, a copy of any continuous disclosure notice given by the Company after its last annual financial report and before the lodgement of a copy of this prospectus with ASIC and a copy of the last annual financial report of the Company for the year ended 30 June 2008. The Company's accounts for the half year ended 31 December 2008 are expected to be lodged with ASX and accessible by no later than 27 February 2009.

6.3. Directors' Interests

Except as disclosed in this Prospectus, no Director of the Company, or firm in which a Director is partner, has any interest, nor has held any interest at any time within two years prior to the Prospectus being lodged with ASIC, in the promotion of the Company or in property proposed to be acquired by the Company in connection with its formation or promotion or has received or is entitled to receive any sum for services rendered by him or herself or the firm either to induce him or her to become or qualify him or her as a Director, or otherwise in connection with the promotion or formation of the Company.

<i>Director</i>	<i>Ordinary Shares</i>	<i>Entitlement to Bonus Options</i>
Brian Sprod	143,000	128,700
Kevin Dart	17,150,065	15,435,059
Peter Bradfield	300,000	270,000

7. DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

'ASIC' means the Australian Securities and Investments Commission.

'ASX' means Australian Securities Exchange or ASX Limited.

'Company' means Charter Pacific Corporation Limited ACN 003 344 287.

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

'Directors' means the Directors of the Company.

'Listing Rules' means the official listing rules of ASX.

'Management Share' means that share in the capital of the Company, terms of which are contained in the constitution and summarised at section 4.2 of this Prospectus.

'New Shares' means Shares to be issued upon exercise of Options.

'Option' means an Option on the terms and conditions contained in the Schedule to this Prospectus.

'Record Date' means 2 February 2009.

'SCH Business Rules' means the Securities Clearing House Business Rules approved under the Corporations Act.

'Share(s)' means fully paid ordinary Shares in the capital of the Company.

'Shareholder(s)' means holders of Shares in Charter Pacific Corporation Limited.

8. AUTHORISATION

This Prospectus is issued by Charter Pacific Corporation Limited.

Each Director has consented to lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated 19 January 2009



Brian Sprod
Chairman

SCHEDULE

TERMS AND CONDITIONS OF GRANT OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES IN THE COMPANY

1. Entitlement

Each Option entitles the optionholder to subscribe for one fully paid ordinary share in the capital of the Company.

2. Price

No amount is payable by Shareholders on grant of the Options.

3. Exercise Price

Subject to paragraphs 7 and 8 of this Schedule, the exercise price of each Option is \$0.12.

4. Exercise Dates

4.1. Options may be exercised wholly or in part on the first day after their grant on which banks are open for general business in Brisbane, Queensland (excluding Saturdays and Sundays and public holidays) and at any time prior to the expiry time and date of 5.00pm (Queensland time) 4 February 2011 (**Expiry Date**) or during the period of at least 7 business days referred to in paragraph 6.3.

4.2. Any Option that is not exercised will automatically expire on the Expiry Date.

5. Transferability

The Options may only be transferred in accordance with the rules applicable to Australian Securities Exchange Limited quoted securities.

6. Participation in Bonus Issues and Cash Issues

6.1. If the Company makes a bonus issue of Shares, or other securities convertible into ordinary Shares, pro rata to holders of ordinary Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any Shareholder election), the optionholder may participate in such issue, on exercise of all or part of the Options on or before the record date for that offer, on the same basis as the holders of ordinary Shares in the capital of the Company.

6.2. If the Company makes an offer for cash of ordinary shares pro rata to the holders of ordinary Shares the optionholder may participate in such offer, on exercise of all or part of the Options on or before the record date for that offer, on the same basis as the holders of ordinary Shares in the capital of the Company.

6.3. The Company must notify the optionholder at least 7 business days before the record date for determining entitlements to an offer referred to in paragraphs 6.1 or 6.2 of:

- a) The proposed terms of the issue or offer; and
- b) The right to exercise his or her Options under paragraphs 6.1 or 6.2 (as the case may be).

7. Adjustments for Bonus Issues and Cash Issues

- 7.1. If the Company makes an offer for cash of ordinary Shares pro rata to the holders of ordinary Shares, the exercise price of each Option (unexercised at the same time of the issue of Shares pursuant to the pro rata offer) will be reduced with the new exercise price of each Option to be calculated in accordance with the following formula:

$$NP = OP - \frac{E[P-(S+D)]}{N + 1}$$

where:

NP = the new exercise price of the Option

OP = the old exercise price of the Option

E = the number of underlying securities into which one Option is exercisable

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex rights date or ex entitlement date

S = the subscription price for a security under the pro rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue)

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

No change will be made to the number of Shares to which optionholders are entitled.

- 7.2. If the Company makes a bonus issue of Shares, or other securities convertible into ordinary Shares, pro rata to holders of ordinary Shares (other than issue in lieu of dividends or by way of dividend reinvestment pursuant to any Shareholder election), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for bonus Shares. No change will be made to the exercise price.

8. Reconstruction

- 8.1. *In a consolidation of capital* – the number of Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.
- 8.2. *In a sub-division of capital* – the number of Options must be sub-divided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.
- 8.3. If there is any reorganisation (including reduction or return of Share capital) of share capital of the Company, the rights of the optionholder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

9. Ranking of Shares Issued on Exercise of Options

All shares issued pursuant to the exercise of Options will, subject to the constitution of the Company, rank equally in all respects (including rights relating to dividends) with the existing ordinary shares of the Company at the date of issue.

10. Method of Exercise of Options

- 10.1. Options may be exercised by written notice to the Directors of the Company in the form specified by the Directors of the Company from time to time and available from the securities registrar and the Company's registered office ('exercise notice'). An exercise notice must specify the number of Options to be exercised, which number must be a multiple of 100 unless all of the Options held by the optionholder are exercised, and accompanied by the payment for the exercise price of \$0.12 per Option. Options will be deemed to have been exercised on the date the application is lodged with the Directors of the Company.
- 10.2. The exercise of less than all of the optionholder's Options will not prevent the optionholder from exercising his or her remaining Options.
- 10.3. Within 14 days of receipt of an exercise notice and payment by the optionholder of the exercise price, the Company must issue to the optionholder the number of fully paid ordinary shares in the capital of the Company equal to the number of Options exercised.
- 10.4. The Company will as soon as practicable after issue make application for the shares issued on exercise of Options by the optionholder to be granted official quotation on the Australian Securities Exchange Limited.