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ASX RELEASE

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Carbon Polymers acquires Melbourne Plant

.. CBP expects the new plant to increase capacity whilst reducing production risks

Carbon Polymers Limited (ASX: CBP) has successfully acquired the assets and operations of the Tyre Recycling Group Pty Ltd (TRG) in Melbourne, Victoria.

TRG is a tyre recycling company based in Melbourne. It has a 5 stage processing plant, capable of processing 2 tonnes per hour. The strategic importance of this acquisition will assist CBP in achieving its national rollout strategy. The company will now operate 5 full tyre recycling facilities with the capacity to produce high quality fine granules and powder. This acquisition will increase the speed to market of products competing in the supply of softfall surfacing, additives for road binding agents and adhesives manufacture. The operation in Melbourne will also be used to facilitate other lines of business the company controls.

The shared cost structure means that the company can efficiently operate with lower costs and compete in several market segments. This additional capacity, combined with the existing plants will take CBP to 60,000 tonnes per annum, with further upgrades to existing plants to deliver a total of 70,000 tonnes per annum nationally.

The Company sought to raise \$1 million via Convertible Notes to fund the acquisition and integration. The offering was fully subscribed. The Notes have a maturity of 3 years, an interest rate of 10% and convert at \$0.25 cents per note into fully paid ordinary shares. The notes also have a 1 for 1 attaching option with an exercise price of \$0.30 and expiring in April 2014.

“This acquisition is delivering the growth promised to CBP shareholders and achieving our aim of a truly national processing capability”, said Mr Andrew Howard, managing director of Carbon Polymers. “This acquisition was of extreme strategic importance in adding to Carbon Polymers national footprint.”

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