

CARBON POLYMERS LTD.

ABN: 42 000 764 572

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Notice is given that an General Meeting of Shareholders of **Carbon Polymers Limited (ASX:CBP)** will be held at 150-166 Woodpark Road, Smithfield on **Friday 10th August 2012** commencing at 10.30am.

This is an important document and requires your attention. Please read it carefully. If you are in doubt as to what you should do, please consult your investment or other professional advisor.

Registered Office:

Level 7 131 York Street Sydney NSW 2000

PO Box Q819 QVB NSW 1230

Telephone: 02 9264 5400

Facsimile: 02 9264 9294

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ABN: 42 000 764 572

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Carbon Polymers Limited will be held at 150-166 Woodpark Road, Smithfield on **Friday 10th August 2012** commencing at 10.30am.

The Explanatory Memorandum provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum, Schedule 1 and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

ORDINARY BUSINESS:

1. Remove the Company's auditor

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“Stirling International be removed as the Company's auditor, pursuant to section 329 of the Corporations Act.”

2. To appoint an Auditor

If the first item is passed as an ordinary resolution of the company then to consider and, if thought fit, to pass the following resolution as a special resolution:

“That K S Black & Co be appointed as the Company's auditor in accordance with section 327D of the Corporations Act.”

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Voting at the meeting

Required Majority

In accordance with the Corporations Act and the Company's Constitution:

- I. A resolution must be passed at a meeting of which not less than 28 days written notice specifying the intention to propose the resolution has been; and
- II. An ordinary resolution must be passed by a simple majority of the total votes cast by shareholders entitled to vote on the resolution (whether in person or by proxy, attorney or representative).

Entitlement to Vote

The Directors have determined that the shareholders eligible to attend and vote at the meeting are those persons who are registered shareholders of the Company at 10:30am EST on 8th August 2012.

Proxies

If you are unable to attend the meeting, we encourage you to take advantage of the provisions for registering your vote and your interest in the Company's affairs by means of a proxy. For your convenience this may be done using the form attached. A proxy need not also be a member. A Member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the Member. Where more than one proxy is appointed each proxy should be appointed to represent a specified proportion of the Member's voting rights. If the proxy form does not specify the proportion or the number of the Member's votes that each proxy may exercise, each proxy may exercise half of the votes and any fractions of the votes will be disregarded.

A member who has returned a proxy and later decides to attend the meeting in person is free to revoke the proxy at the meeting and to vote on his/her own behalf. Should a Member desire to direct the proxy how to vote, the Member should place a mark in the appropriate box at the bottom of the form, otherwise the proxy may vote as he/she thinks fit or abstain from voting, unless the proxy is the Chairman or any other Director, in which case the proxy may only vote as he/she thinks fit if the appropriate box is marked.

To be effective, completed proxies (together with the original or a certified copy of any power of attorney under which it is signed) must be lodged at the Registered Office of the Company,

Level 7, 131 York Street
SYDNEY NSW 1230

not later than 48 hours before the time for holding the meeting.

Proxies may be lodged by facsimile to (02) 9756 2381. If an attorney for a member is to vote at the meeting the instrument conferring the power of attorney or a certified copy must be provided to the Company in the same manner as proxies not later than 48 hours before the time for holding the meeting.

By Order of the Board
C A Grady CA
Company Secretary
Sydney, 10th July 2012

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EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at General Meeting of Shareholders of Carbon Polymers Limited will be held at 150-166 Woodpark Road, Smithfield on **Friday 10th August 2012** commencing at 10.30am.

This purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. Item 1& 2 Change of Auditor

As required by section 329 of the Corporations Act 2001, the company is required to put a resolution to members to remove the company's auditor at a general meeting of members and appoint an auditor at a general meeting of members.

Stirling International has been engaged as the Company's auditor for more than 15 years. The Directors believe this is an appropriate length of time to retain an auditor and consider a review of who audits the company appropriate.

Further, the cost of Stirling International as auditor of the company has not been in line with what similar sized companies pay for audit services. With this in mind the Company conducted a selection process to select the auditor and following this the board have recommended that K.S. Black & Co be appointed as auditor.

As required by section 328B(3) Corporations Act, a copy of the form for the nomination of K S Black & Co as the Company's auditors is attached. Resolutions 1 and 2 are necessary for the change of auditor

The Directors recommend you vote in favour of resolutions 1 and 2.

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PROXY FORM

To The Company Secretary
Carbon Polymers Limited
Registered Office Address: Level 7
131 York Street Sydney, NSW 2000

Telephone: (02) 9264 5400
Facsimile: (02) 9264 9294

I/We (name of shareholder).....
of (address)
being a member/members of Carbon Polymers Limited ("Company")
holdingshares in the Company

HEREBY APPOINT

proxy's name)
of (proxy's address).....
and/or failing him/her (name).....
of (address).....

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 150-166 Woodpark Road, Smithfield on Friday 10th August 2012 at 10.00am EST and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner

Resolution 1. – Remove the Company’s auditor

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2. To appoint an Auditor

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ shares

If the shareholder is an individual:

Signed: _____

Name: _____

If the shareholder is a company:
Affix common seal (if required by constitution)

Director/Sole Director and Secretary

Director/Secretary

Dated:

2011.

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INSTRUCTIONS FOR APPOINTMENT OF PROXY

A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.

Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.

The proxy form must be signed personally by the shareholder or his or her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.

If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.

To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting **that is, 10:30am EST on 8th August 2012** by post, facsimile or email to the respective addresses stipulated in this proxy form.

If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and if the proxy is the Chairman, the proxy must vote on a poll and must vote that way, and
if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.