

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 12th April 2013** 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:

150 Woodpark Rd, Smithfield NSW 2164

Telephone: 02 9756 0960

Facsimile: 02 9756 2381

Email: admin@carbonpolymers.com.au

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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 12th April 2013** 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.

ORDINARY BUSINESS:

1. To appoint a Director

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

“That Mr Virendra Nath be appointed as a director of the Company.”

2. To remove a Director

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

“Remove Mr Andrew Howard as a director, Chairman and Managing Director of Carbon Polymers Ltd.”

3. To remove a Director

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

“Remove Mr Phillip Merhi as a director of Carbon Polymers Ltd.”

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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 AEST on 10th April 2013.

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 Principal Place of Business of the Company,

150-166 Woodpark Rd
SMITHFIELD NSW 2164

Or mailed to

PO Box A884
Sydney South NSW 1235

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
D Jacobs

Company Secretary
Sydney, 7 March 2013

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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 12th April 2013** 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.

Item 1& 2 Appoint and remove a director

The Company received a request to hold a general meeting from Central Pathology Services Pty Ltd and Fekila Pty Ltd, corporate entities controlled by Dr Kee Wong, to convene a General meeting of members under section 249D of the Corporations Act 2001. Under that section, the directors of Carbon Polymers must call and arrange to hold a general meeting on the request of members, holding at least 5% of the votes that may be cast at a General Meeting. Dr Kee Wong was a director and the managing director of the company from 2001 to June 2010. As a director, his recorded control of shares was over 58% of the company. He now holds about 10% of the ordinary shares in the company through his corporate entities. Dr Wong has put forward Mr Virendra Nath to be elected as a director of the company.

Mr Nath was formally the financial controller of Carbon Polymers and was removed from that position in November 2012. During his 11 months as financial controller the Board formed the view that Mr Nath failed to discharge his duties. Business Activity statements (BAS) for group entities had not been lodged as far back as March 2011. Bank reconciliations had to be redone following Mr Nath's departure from the company. The Board is of the view that Mr Nath did not have the ability or capacity to be a financial controller of the company and consequently does not have the ability or capacity to perform at a more senior level as a director of the company.

Mr Howard is managing director of the company. He restructured the company in 2010. The company has gone from a deficit of assets against liabilities in June 2010 of (\$410,954) to a net asset position in June 2012 of \$14,355,448. The company has been through stages to transition into an effective diversified investment company. Mr Howard believes that he still has work to do to achieve this to ensure the company and shareholders will prosper.

The Board does not support resolutions 1 and 2 to appoint Mr Nath and to remove Mr Howard.

Item 3 Remove a director

Mr Phillip Merhi was responsible for the accounting functions of the Company and the appointment of the previous financial controllers. As such, the auditors of the company were not satisfied with the state of the accounts for the last financial year. As a consequence, a resolution has been put forward to remove Mr Merhi as a director of the company.

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PROXY FORM

To The Company Secretary
Carbon Polymers Limited
150-166 Woodpark Road
Smithfield NSW 2164

Telephone: (02) 9756 0960
Facsimile: (02) 9756 2381

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 12th April 2013 at 10.30am AEST 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

	For	Against	Abstain
Resolution 1. – To appoint a director – Mr Virendra Nath	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2. To remove a director – Mr Andrew Howard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3. To remove a director – Mr Phillip Merhi	<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:

2013.

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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 AEST on 10th April 2013** 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.