



21 November 2013

Ms Stephanie So
Adviser, Listings (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Stephanie,

RE: RESPONSE TO ASX QUERY

We received your letter dated 19 November 2013 at the same time that we lodged our response to Media reports. For thoroughness we will repeat information contained in that update in this response. Accordingly we advise as follows in your point order form:

1. The reason that the company never stated that we had made sales or processed rubber from Melbourne is that the company had never announced commissioning of the Melbourne Equipment. The company has never attributed any sales or production for Melbourne. The company only made reference to the potential capacity of the equipment. The company did not promote an office or base of operations in Melbourne at any time and therefore could not have produced any product from Melbourne.

The company acquired plant and equipment in Melbourne and notified the market of this acquisition accordingly on 29 November 2011. The company did not state that it had commissioned the equipment nor commenced any operations of a plant in Melbourne. If the company had commenced operations in Melbourne it would have notified the market accordingly. To date the company has not commissioned this plan and equipment. The company entered into an agreement to acquire plant and equipment from TRG as standalone items that was not a going concern. The agreement allowed for all other non-tangible items to be included however the company, TRG, was not purchased or included. The company has never attributed any income to the Melbourne equipment. In relaying this information the company had identified to shareholders the capacity of the equipment and what it would add to the company's overall capacity. Capacity is a measure of the maximum amount of production, not actual production. Capacity Utilisation is the actual production. The company also identified that the equipment would bolster its ability to add to the existing equipment and assist in expansion on a national basis. The announcement was made at the time of the acquisition and reflected the desire of the company to expand its current national footprint. The announcement did not refer to the establishment of a Melbourne operation or even the continuation of such an operation. The company further notified shareholders in the Half-yearly accounts that additional plant and equipment had been acquired in December 2011 and some of it utilised in Sydney. The impact of purchasing this equipment had no effect on the share price of the company at the time.

2. No contract existed with VicRoads. The agreement was never entered into. The company was awarded the right to supply VicRoads under a contract to be executed. However this agreement was not executed by the Company.

The reason the Company did not execute the agreements was that the specification of the product for supply under the tender had been altered by Vicroads by virtue of their subjective view of the product's quality grading. The company was not comfortable with that revision to the interpretation and adoption of those changes would have an adverse impact on the company if it entered into the revised agreement.

3. As no contract was executed and no formal commercial relationship existed for this tender the event was not material to the company. The reason the Company did not execute the agreements was that the specification of the product for supply under the tender had been altered by Vicroads. The impact of the original announcement had no effect on the share price of the company at the time.
4. No contract existed to be cancelled.

The company announced that it had been awarded a Victorian government tender to supply crumb rubber in October 2011. The company has never executed agreements to supply this product. The company did supply product to VicRoads prior to being formally awarded the tender and prior to receiving definitive agreements, but this supply was outside of those tabled agreements. At no time did a contract get cancelled as one was not executed. The announcement had no impact on the share price of the company. As the company did not enter into any agreement and nothing was cancelled therefore there was nothing to announce to the market. No definitive agreements were executed by the company, due to the nature of the changed requirements of VicRoads against what was foreshadowed.

5. It was mentioned that the company closed plants in Melbourne, Brisbane, Perth, Adelaide and Sydney without notifying shareholders. This is incorrect. The company has never operated plants in Brisbane or Melbourne. As stated above the company acquired equipment in Melbourne but never operated the equipment or stated that the equipment had been commissioned. Further, the company had no address of business in Victoria and never promoted such operational address.

The company did not set up any plant in Brisbane and this was only ever proposed as a potential area for future expansion. However at no time did the company state that it had a recycling plant operating in Brisbane. The company is unsure of how or why Brisbane was even mentioned.

In Adelaide, the company only ever reprocessed inventory that was part of the Reclaim Industries acquisition, and was never a net producer of goods. Further, the equipment at the Adelaide site was worth well below our material threshold and did not need to be disclosed. The company discontinued operations in mid 2012.

The Perth operation was also deemed to be not material in the context of the Company's overall operations and value. In relation to the Sydney plant, shareholders were notified of this event three months ago on the 28 August 2013. The company was compliant with its obligations to the market in relation to the plants.

6. The operations for Melbourne or Brisbane were nonexistent and therefore there was no closure and no material event. In Adelaide, the company only ever reprocessed inventory that was part of the Reclaim Industries acquisition, and was never a net producer of goods. Further, the equipment at the Adelaide site was worth well below our material threshold and did not need to be disclosed. The company discontinued operations in mid 2012. The Perth operation was also deemed to be not material in the context of the Company's overall operations and value and did not need to be disclosed.

The Sydney plant was material and was announced to the market. You will also note that the level of revenue for the company from the financial year ending 2012 to the financial year 2013 increased even though it included the closures in Adelaide and Perth. These closures did not affect the total revenue of the company which would be another metric used to measure materiality to the company.

7. Answer was covered in previous points 5 and 6.
8. The relevant announcement has been previously identified to the market as having been made on 28 August 2013. Other events did not require announcing to shareholders under listing rule 3.1.
9. Not applicable
10. The company is in compliance with listing rule 3.1

If you need anything further please do not hesitate to contact me or the company secretary.

Yours faithfully,



Andrew Howard
Director



19 November 2013

Mr Andrew Howard
Managing Director
Carbon Polymers Limited
18-22 Pacific Drive
Keysborough VIC 3173

By Email

Dear Andrew

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NSW 1215

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Carbon Polymers Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The Company's announcement titled "Carbon Polymers awarded Victorian Government tender" lodged with ASX on 19 October 2011, disclosing that the Company had been awarded a Victorian Government tender to supply granular crumb rubber to Sprayline Services, the commercial contracting arm of VicRoads (the "VicRoads Contract").
2. The Company's announcement titled "Carbon Polymers acquires Melbourne Plant" lodged with ASX on 29 November 2011, disclosing the Company had successfully acquired the assets and operations of the Tyre Recycling Group Pty Ltd ("TRG") in Melbourne, Victoria, which included a 5 stage processing plant (the "TRG Acquisition"). The announcement discloses the Company raised \$1 million to fund the TRG Acquisition and that "this additional capacity, combined with the existing plants will take CBP to 60,000 tonnes per annum". In the announcement, Mr. Andrew Howard, Managing Director of the Company said "this acquisition is delivering the growth promised to CBP shareholders and achieving our aim of a truly national processing capacity... this acquisition was of extreme strategic importance in adding to Carbon Polymers national footprint."
3. The news story on 7.30 by the Australian Broadcasting Corporation (ABC) titled 'Recycling collapse leaves piles of tyres and unpaid millions' dated 18 November 2013 (the "7.30 Report"), which alleges the following.
 - a. The closure of the Company's operations in Perth.
 - b. The closure of the Company's operations in Adelaide and that there was no production or tyre collection in Adelaide.
 - c. There were no sales or any rubber reprocessed with the assets and operations acquired as part of the TRG Acquisition in Melbourne.
 - d. The cancellation of the VicRoads Contract which the Company has not disclosed to the market.
 - e. The abandonment of the Company's Smithfield site in Sydney.
4. The media article in the Sydney Morning Herald dated 18 November 2013 (the "SMH Article"), which referred to the closure of the Company's operations in Perth, Adelaide, Brisbane and Melbourne. It also alleges the Smithfield site had been largely idle for months.

5. Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information.
6. The definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."
7. Paragraph 17 of Guidance Note 8 which states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."
8. Listing rule 3.1A, which sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.
 - 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
 - 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
 - 3.1A.3 *One or more of the following applies.*
 - *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*
9. ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. The 7.30 Report makes reference to there being no sales or rubber reprocessed following the TRG Acquisition. Please comment on this having regard to the Company's announcement dated 29 November 2011 and in particular the Managing Director's comments quoted in paragraph 2 above.
2. The 7.30 Report makes reference to the VicRoads Contract as being cancelled. Please comment on the status of the VicRoads Contract.
3. Does the Company consider the VicRoads Contract material to the Company?

4. If the VicRoads Contract has been cancelled, please answer the following questions.
 - a. If the answer to question 3 is “no”, please advise the basis on which the Company does not consider the cancellation of the VicRoads Contract to be material.
 - b. If the answer to question 3 is “yes”, when did the Company first become aware of the cancellation of the VicRoads Contract?
 - c. Please identify any announcement from the Company which disclosed the cancellation of the VicRoads Contract.
 - d. If there was no announcement, and the Company became aware of the cancellation of the VicRoads Contract, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
5. The 7.30 Report and the SMH Article refer to the closure of the Company’s operations in Perth, Adelaide, Brisbane and Melbourne. Please comment on the closures and whether the Company considers the closures either individually or collectively to be material to the Company?
6. If the answer to question 5 is “no”, please advise the basis on which the Company does not consider the closures to be material.
7. If the answer to question 5 is “yes”, when did the Company first become aware of the closure of each of the operations in the various states?
8. Please identify any announcement from the Company which disclosed the closure of each of the operations in the various states.
9. If there was no announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
10. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by e-mail or by facsimile on **facsimile number (02) 9241 7620**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5.00 p.m. A.E.D.T. on Friday, 22 November 2013**.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(Sent electronically without signature)

Stephanie So
Senior Adviser, Listings Compliance (Sydney)