



9 May 2012

Dear Shareholder,

**CARBON POLYMERS LIMITED'S PRO RATA NON-RENOUNCEABLE RIGHTS ISSUE  
NOTICE TO INELIGIBLE SHAREHOLDERS**

This letter is to inform you that, unfortunately, you are not eligible to participate in the Rights Issue (as defined below). You are not required to do anything in response to this letter.

As announced on 8 May 2012, Carbon Polymers Limited (Carbon Polymers or the Company) is undertaking a pro rata non-renounceable rights issue (Rights Issue) to eligible shareholders on the basis of 3 new Carbon Polymers ordinary share for every 5 Carbon Polymers ordinary shares held as at 5:00pm (Sydney time) on 16 May 2012 (Record Date) at an offer price of \$0.04 per new share.

The Rights Issue is part of a funding package announced on 16 March 2012, which also includes loan facilities still being negotiated. An offer booklet and an investor presentation detailing the Rights Issue were released on ASX on 8 May 2012 (Offer Documentation). Copies are available on ASX's website ([www.asx.com.au](http://www.asx.com.au)).

Carbon Polymers has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Rights Issue to shareholders in all countries outside Australia and New Zealand. The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Rights Issue to be made in those countries. Having regard to the number of shareholders in particular countries and the cost of compliance with local laws to make the Rights Issue in those countries, Carbon Polymers has restricted the countries in which the Rights Issue will be made.

Unfortunately, in compliance with ASX Listing Rule 7.7.1(b), Carbon Polymers wishes to advise you that it will therefore not be extending the Rights Issue to you and you will not be able to subscribe for shares under the Rights Issue.

As the Rights Issue is non-renounceable, you will not receive any payment or value for entitlements in respect of any shares that would have been offered to you if you were eligible to participate in the Rights Issue.

If you have any questions, please contact Carbon Polymers on +61 2 9756 0960.

On behalf of the Board and Management of Carbon Polymers, we regret that you are not eligible to participate in the Rights Issue and thank you for your continued support of the Company.

Yours faithfully

Andrew Howard  
Chairman & CEO

