

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 29th October 2013

NOTICE OF ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of Cardia Bioplastics Ltd to be held on Friday 29th November 2013 together with the accompanying documents will be dispatched to shareholders today. At the same time the 2013 Annual Report will be sent to shareholders who requested it.

The Notice and accompanying documents are attached.

Rekha Bhambhani
Company Secretary

CARDIA BIOPLASTICS LIMITED
(ACN 064 755 237)

NOTICE OF ANNUAL GENERAL MEETING
INCLUDING
PROXY FORM
AND
EXPLANATORY MEMORANDUM

Date of Meeting

Friday, 29th November 2013

Time of Meeting

10.00 am (AEDST)

Place of Meeting

Level 11, 409 St Kilda Road,
Melbourne, 3004

CARDIA BIOPLASTICS LIMITED

(ACN 064 755 237)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING (“AGM”) OF SHAREHOLDERS OF CARDIA BIOPLASTICS LIMITED (ACN 064 755 237) (“**CARDIA OR THE COMPANY**”) WILL BE HELD AT LEVEL 11, 409 ST KILDA ROAD, MELBOURNE 3004 ON FRIDAY 29 NOVEMBER 2013 AT 10.00AM (AEDST) FOR THE PURPOSES OF TRANSACTING THE FOLLOWING BUSINESS.

The Explanatory Memorandum and Proxy Form accompanying this Notice of Annual General Meeting are hereby incorporated in and comprise part of this Notice of Annual General Meeting.

BUSINESS

2013 Annual Financial Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2013, comprising the Financial Report, the Directors' Report, and the Independent Auditor's Report.

NON-BINDING RESOLUTION

To consider, and if thought fit, to pass, with or without amendment, the following non-binding resolution:

Resolution 1: Adoption of Remuneration Report

“That, for the purposes of section 250R (2) of the Corporations Act 2001(Cth) and for all other purposes, the 2013 Remuneration Report as included in the Directors' Report of the Annual Report of the Company for the year ended 30 June 2013 be adopted.”

Further details in respect of Resolution 1 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by:

- (a) a member of the key management personnel for the Company or its subsidiaries whose remuneration details are included in the Remuneration Report (or a closely related party of that person), unless that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1 and the vote is not cast on behalf of a member of the Key management personnel of the Company or its subsidiaries whose remuneration details are included in the Remuneration Report (or a closely related party of that person); and
- (b) a member of the key management personnel for the Company or its subsidiaries whose remuneration details are not included in the Remuneration Report (or a closely related party of that person) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 1, unless the proxy is the Chairman of the meeting at which Resolution 1 is voted on and the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or its subsidiaries.

ORDINARY RESOLUTIONS

To consider, and if thought fit, to pass, with or without amendment, the following **ordinary resolutions**:

Resolution 2: Re-election of Director- Mr. Richard Tegoni

“That Mr Richard Tegoni, a director retiring by rotation in accordance with ASX Listing Rule 14.4 and Clause 4.2 of the Company's Constitution and being eligible, is re-elected as a director of the Company.

Further details in respect of Resolution 2 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 3: Re-election of Director- Mr. Steven Bendel

"That Mr. Steven Bendel, a director retiring by rotation in accordance with ASX Listing Rule 14.4 and Clause 4.2 of the Company's Constitution and being eligible, is re-elected as a director of the Company.

Further details in respect of Resolution 3 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 4: Ratification of Issue of Shares to Sophisticated and Professional Investors

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 135,016,316 fully paid ordinary shares under the placement announced on 21 May 2013 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, be ratified."

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution 4 by:

- a person or persons who participated in the issue and an associate of that person (or those persons).

However, the Company need not disregard a vote cast on Resolution 4 if it is cast by:

- a) a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
- b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction of the proxy form to vote as the proxy decides.

Resolution 5: Ratification of Issue of Shares to Sophisticated and Professional Investors

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 80,000,000 fully paid ordinary shares under the placement announced on 10 October 2013 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, be ratified."

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution 5 by:

- a person or persons who participated in the issue and an associate of that person (or those persons).

However, the Company need not disregard a vote cast on Resolution 5 if it is cast by:

- a) a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
- b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction of the proxy form to vote as the proxy decides.

SPECIAL RESOLUTION

To consider, and if thought fit, to pass, with or without amendment, the following **special resolution**:

Resolution 6: Approval of 10% placement facility

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

CONTINGENT ITEM OF BUSINESS

To consider, and if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

Resolution 7: Conditional Resolution to Hold a 'Spill Meeting'

This Resolution will be considered at the AGM only if at least 25% of votes cast on Resolution 1 are cast against Resolution 1-i.e. the adoption of Remuneration Report. The Explanatory Memorandum further explains the circumstances in which Resolution 7 will be put to the meeting.

'That for the purposes of Section 250V (1) of the Corporation Act and for all other purposes,

- (a) another meeting (the "Spill Meeting") of the Company's members be held within (90) days of the date of this AGM;
- (b) all of the Company's Directors who were Directors when the resolution to approve the Directors' Report for the year ended 30 June 2013 was passed (excluding the Managing Director) cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by:

- (a) a member of the key management personnel for the Company or its subsidiaries whose remuneration details are included in the Remuneration Report (or a closely related party of that person), unless that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 7 and the vote is not cast on behalf of a member of the Key management personnel of the Company or its subsidiaries whose remuneration details are included in the Remuneration Report (or a closely related party of that person); and
- (b) a member of the key management personnel for the Company or its subsidiaries whose remuneration details are not included in the Remuneration Report (or a closely related party of that person) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 7, unless the proxy is the Chairman of the meeting at which Resolution 7 is voted on and the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or its subsidiaries.

PROXIES

Appointing a proxy

Members are entitled to appoint up to two proxies to act generally at the Annual General Meeting on their behalf, and to vote in accordance with their directions on the Proxy Form. A proxy need not be a Member. A personalised Proxy Form is attached to this Notice of Annual General Meeting.

Where two proxies are appointed, each proxy can be appointed to represent a specified proportion or number of the votes of the member. If no number or proportion of votes is specified, each proxy may exercise half of the member's votes. Neither proxy is entitled to vote on a show of hands if more than one proxy attends the Annual General Meeting.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each resolution by marking the appropriate boxes on the Proxy Form.

Completed Proxy Forms (together with any authority under which the Proxy Form was signed, or a certified copy of the authority) must be returned by 10.00 am on 27th November 2013.

- by mail to Share Registry – Advanced Share Registry, PO Box 1156, Nedlands, Western Australia -6909
- personally to Share Registry-Advanced Share Registry, 150 Stirling Highway, Nedlands, Western Australia- 6009
- by facsimile to + 61 (08) 93897871

Further instructions are on the reverse of the Proxy Form.

Undirected Proxies and Voting Restrictions

Where permitted, the Chairman of the Annual General Meeting will vote undirected proxies in favour of all the resolutions (including Resolution 1) except for Resolution 7, where the Chairman intends to vote against the resolution. This will be on the basis that the Proxy Form expressly authorises the Chairman to vote undirected proxies even if the resolution is connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

If you appoint a Director (other than the Chairman of the meeting), or any of the Company's other key management personnel or a closely related party of that person, as your proxy and do not direct your proxy how to vote on Resolutions 1 and 7, the proxy will not be permitted to vote as your proxy on those resolutions. **Accordingly, if you want your vote to be counted on those resolutions, you should direct your proxy how to vote in respect of those resolutions.**

Corporate representation

A corporation which is a member, or which has been appointed a proxy, may appoint an individual to act as a representative to vote at the Annual General Meeting. The appointment must comply with section 250D of the Corporation Act. The representative should bring to the Annual General Meeting evidence of his or her appointment unless it has previously been provided to the Share Registry.

VOTING EXCLUSION

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

All members may attend the Annual General Meeting. The Directors have determined that for the purposes of voting at the meeting, shares will be taken to be held by the persons who are registered as the holders of those shares as at 7 pm (AEDST) on 27th November 2013.

By Order of the Board of
Cardia Bioplastics Limited

Rekha Bhambhani
Company Secretary
Dated: 24 October 2013

The accompanying Explanatory Memorandum and Proxy Form including Voting instructions form part of
this Notice of Annual General Meeting

EXPLANATORY MEMORANDUM TO NOTICE OF ANNUAL GENERAL MEETING

This Explanatory Memorandum accompanies and forms part of the Cardia Bioplastics Limited ("Cardia" or "the Company") Notice of Annual General Meeting to be held on 29th November 2013 at 10.00 am (AEDST). The Notice of Annual General Meeting should be read together with this explanatory memorandum.

BUSINESS

2013 ANNUAL REPORT

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2013, comprising the Financial Report, the Directors' Report and the Auditor's Report.

Under the Corporations Act 2001, the directors of a public company that is required to hold an Annual General Meeting must table the financial statements and reports of the Company for the previous year for discussion by the members at that annual general meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements for the year ended 30 June 2013 in the Annual Report.

A Copy of the Annual Report is enclosed with this Notice for those shareholders who have requested it.

Shareholders should note that the sole purpose of tabling the Annual Report of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to ask questions or discuss matters arising there from at the meeting. At the meeting, a representative of the Company's auditors, William Buck will be available to answer any questions of the members.

It is not the purpose of the meeting that the financial statements be approved, rejected or modified in any way. Further as it is not required by the Corporations Act, no resolution to adopt, receive or consider the statements will be put to the meeting.

NON-BINDING RESOLUTION

Resolution 1: Adoption of Remuneration Report

1.1 General

Pursuant to section 250R(2) of the Corporations Act, at the Annual General Meeting, the Company must propose a resolution that the Remuneration Report be adopted.

The Remuneration Report is contained within the 2013 Annual Report. You may access the Annual Report by visiting the Company's website www.cardiabioplastics.com or you may order a hard copy of the Annual Report by phoning +61 (0) 3 95620122. The Remuneration Report :

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior management of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior management of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior management of the Company.

The purpose of Resolution 1 is to lay before the shareholders the Company's Remuneration Report so that shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the Corporations Act and vote on a non-binding resolution to adopt the Remuneration Report for the year ended 30 June 2013.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Section 250R (3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the Corporations Amendment (Improving Accountability on Director of the Company and Executive Remuneration) Act 2011 (**Director and Executive Remuneration Act**) which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to shareholders at the second annual general meeting a further resolution (the 'spill resolution') on whether another meeting (known as "spill meeting") should be held (within 90 days) at which all Directors (other than the Managing director and any directors appointed since the applicable Directors' Report was approved by the Board) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

If the spill resolution is approved at the annual general meeting by a simple majority of 50% or more of the eligible votes cast, the spill meeting must be held within 90 days of that second annual general to consider the composition of the Board.

At the 2012 Annual General Meeting, approximately 58% of the votes cast in respect of the resolution to adopt the 2012 Remuneration Report were cast in favour of that resolution and 42% against. Because the votes "against" exceeded 25% of the votes cast, the Company recorded a **"first strike"** under the new two strikes rule. **If (and only if) at least 25% of the votes cast on Resolution 1 at the 2013 Annual General Meeting are against adopting 2013 Remuneration Report, this will constitute a " second strike" and Resolution 7 (known as the "Spill Resolution") will be put to the Meeting and voted on.**

Following the **"first strike"** against the 2012 Remuneration Report and as a part of on-going cost-reduction strategies for the Company, the Cardia Board conducted a strategic review of the Company's global activities and costs including a review of director compensation arrangements in light of changing market conditions, shareholder expectations and the requirement to reduce corporate costs. This resulted in restructuring of resources and revised remuneration arrangements being implemented across the Company including revised arrangements for Executive Directors, Non-Executive Directors, Senior Management and Other employees.

The revised compensation arrangements and restructuring measures included the following:

- Executive Chairman position was made redundant;
- Mr.Volpe was appointed as Non –executive Chairman;
- The Managing Director's base remuneration was progressively decreased by 48% by end of June 2013. Performance related component of the remuneration package was revised from being dependent only on the achievement of revenue targets to being dependent on the achievement of revenue targets linked with profitability targets;
- The remuneration for non-executive directors has been reduced by 40%;
- Two Management positions were abolished or made redundant;
- The remuneration of Senior Management and Other employees across the Company has been temporarily reduced by 20% until the achievement of revenue targets;
- After review of the Company's global sales activities, the Company had consolidated its local country presence globally and accordingly, three full time overseas based sales and development positions were abolished and made redundant.

Effective November 2013, the Company has further reduced directors fees payable to each non-executive director to \$12,500 p.a and non-executive chairman's remuneration has been reduced to \$15,000 p.a.

The Board believes that the Company's current remuneration arrangements are fair, reasonable and appropriate. The arrangements support the strategic direction of the Company and align with Shareholders' expectations.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

Where permitted, the Chairman intends to exercise all undirected proxies in favour of Resolution 1.

1.2 Voting exclusion statement

For the purposes of the voting exclusion statement:

- (a) the “key management personnel” for the Company and its subsidiaries are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries either directly or indirectly. The Key management personnel for the Company and its subsidiaries during the year ended 30 June 2013 are listed in the Annual Financial Report of the Company; and
- (b) a ‘closely related party’ of a member of the key management personnel for the Company and its subsidiaries means:
 - (i) a spouse or child of the member;
 - (ii) a child of the member’s spouse;
 - (iii) a dependant of the member or of the member’s spouse;
 - (iv) anyone else who is one of the member’s family and may be expected to influence the member, or be influenced by the member, in the member’s dealings with the entity; or
 - (v) a company the member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a member to attend and vote at the meeting under a power of attorney- on the basis that references to persons attending and voting are read as references to persons attending and voting and references to an instrument under which the proxy is appointed are read as references to the power of attorney under which the attorney is appointed.

1.3 Directors’ Recommendation

The Directors unanimously recommend that members vote **in favour** of Resolution 1.

ORDINARY RESOLUTIONS

Resolution 2: Re-election of Director- Mr. Richard Tegoni

2.1 General

In accordance with ASX Listing Rule 14.4 and Clause 4.2 of the Company’s Constitution, at every Annual General Meeting each director appointed since the last Annual General Meeting must retire from office and is eligible for re-election.

Mr. Richard Tegoni retires in accordance with the Company’s Constitution and being eligible for re-election has consented to be re-elected and presents himself for re-election. He is 45 years of age and was appointed a non-executive director on 21 December 2012.

Information about Mr.Tegoni is contained in the 2013 Annual Report.

2.2 Directors’ Recommendation

The Directors (other than Mr.Tegoni) recommend that members vote **in favour** of Resolution 2.

Resolution 3: Re-election of Director- Mr. Steven Bendel

3.1 General

In accordance with ASX Listing Rule 14.4 and Clause 4.2 of the Company’s Constitution, at every Annual General Meeting each director appointed since the last Annual General Meeting must retire from office and is eligible for re-election.

Mr. Steven Bendel retires in accordance with the Company’s Constitution and being eligible for re-election has consented to be re-elected and presents himself for re-election. He is 45 years of age and was appointed a non-executive director on 7 October 2013.

Mr.Bendel’s qualifications include Bachelor of Education degree from Victoria College-Rusden with Graduate Diploma of Business Accounting from Monash University. Mr.Bendel is also a member of CPA Australia.

Mr. Bendel currently is a sole proprietor of accountancy practice-Bendel Partners Pty Ltd. Through his accountancy practice, Mr. Bendel has a experience dealing with a diverse range of clientele ranging from small and medium sized business (including a law firm, medical & dental service providers, financiers, importers and wholesalers, property developers), single and multi-tenanted commercial property investors & syndicates (suburban & regional shopping centres, bulky good clearance centres, child care facilities, national fast food outlets, factories, warehouses, residential and an aged accommodation facility) and is also actively involved in property syndications, property development, lease negotiations, sourcing and negotiating finance (short and long term) with major lending institutions.

3.2 Directors' Recommendation

The Directors (other than Mr. Bendel) recommend that members vote **in favour** of Resolution 3.

Resolution 4: Ratification of Issue of Shares to Professional and Sophisticated Investors

4.1 Background

On 21 May 2013, the Company raised \$500,000 (before costs) via placement offer to professional and sophisticated investors on the following terms:

- Issue of 200 Million fully paid ordinary shares at an issue price of \$0.0025 per share with one free new option for every two new shares subscribed.
- New Options will have an exercise price of \$0.0035 and an expiry date of 12 months from the date of issue.
- New Options, once issued will be unlisted securities.

200 Million fully paid ordinary shares were issued under the Company's placement capacity available pursuant to Listing Rules 7.1 and 7.1A

100 Million free attaching options were issued in July 2013 following shareholders' approval in the general meeting that was held on 10 July 2013.

Funds raised via placement are being used for general working capital requirements of the Company.

Of the total 200 Million fully paid ordinary shares issued under the placement referred above, issue of 64,983,684 fully paid ordinary shares were effected under the Company's 15% placement capacity (Listing Rule 7.1) and issue of balance 135,016,316 fully paid ordinary shares were effected under the Company's 10% placement capacity (Listing Rule 7.1A).

The Company has already ratified the issue of 64,983,684 ordinary shares that were affected under the Company's 15% placement (Listing Rule 7.1) at the general meeting that was held on 10 July 2013. By this resolution, the Company is seeking to ratify issue of balance 135,016,316 ordinary shares that were affected under the Company's 10% placement capacity (Listing Rule 7.1A).

4.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 provides that without the approval of shareholders the Company must not issue or agree to issue more securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would be an amount that would exceed 15% of the issued shares at the commencement of that 12 month period, unless an exception in ASX Listing Rule 7.2 applies.

In addition, ASX Listing Rule 7.1A provides that the Company can place a further 10% of its issued capital where it has prior approval from shareholders.

Of the total 200 Million fully paid ordinary shares issued under the placement referred above in section 4.1, issue of 64,983,684 fully paid ordinary shares were effected under the Company's 15% placement capacity (Listing Rule 7.1) and issue of balance 135,016,316 fully paid ordinary shares were effected under the Company's 10% placement capacity (Listing Rule 7.1A).

ASX Listing Rule 7.4 further provides that an issue of securities without approval of shareholders under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if:

- a) the issue of securities did not breach ASX Listing Rule 7.1; and
- b) holders of ordinary securities subsequently approve the issue.

ASX Listing Rule 7.4 also provides that an issue of securities made pursuant to ASX Listing Rule 7.1A can be ratified under Listing Rule 7.4.

By Resolution 4, the Company is seeking shareholders' approval under ASX Listing Rule 7.4 to ratify the prior allotment and issue of 135,016,316 fully paid ordinary shares, so as to refresh the Company's 10% placement capacity accordingly, pursuant to ASX Listing Rule 7.1A.

4.3 Technical information required by ASX Listing Rule 7.5

In compliance with ASX Listing Rule 7.5, the following information is provided:

- **Number of securities issued or to be pursuant to Resolution 4**
200 Million Ordinary shares of which 135,016,316 Ordinary Shares were issued pursuant to ASX Listing Rule 7.1A.
- **Issue price of securities**
\$0.0025 per Share
- **Terms of securities**
All Shares were issued as fully paid ordinary shares ranking equally with existing shares.
- **Names of allottees or the basis on which allottees were determined**
 - The Shares were issued to clients of FoxFire Capital Pty Ltd, specifically professional and sophisticated investors (within the meaning ascribed to those expressions in section 708 of the Corporation Act 2001) and no related parties were involved.
 - It is noted that Foxfire Capital Pty Ltd, a company related to Mr. Volpe, was paid a placement fee of \$20,000. The placement fee was on arm's length commercial terms in accordance with section 210 of the Corporations Act.
- **Intended use of the funds raised**
Funds raised are being used for the general working capital requirements of the Company.
- **Voting Exclusion Statement**
A voting exclusion statement is included in the Notice accompanying the Explanatory Memorandum.

4.4 Directors' Recommendation

The Board recommends that members vote in favour of Resolution 4.

Resolution 5: Ratification of Issue of Shares to Professional and Sophisticated Investors

5.1 Background

On 10 October 2013, the Company raised \$200,000 via placement offer to professional and sophisticated investors at an issue price of \$0.0025 per share.

80 Million fully paid ordinary shares were issued under the Company's placement capacity available pursuant to Listing Rule 7.1A

Funds raised via placement are being used for general working capital requirements of the Company.

5.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 provides that without the approval of shareholders the Company must not issue or agree to issue more securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would be

an amount that would exceed 15% of the issued shares at the commencement of that 12 month period, unless an exception in ASX Listing Rule 7.2 applies.

In addition, ASX Listing Rule 7.1A provides that the Company can place a further 10% of its issued capital where it has prior approval from shareholders.

ASX Listing Rule 7.4 further provides that an issue of securities without approval of shareholders under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if:

- a) the issue of securities did not breach ASX Listing Rule 7.1; and
- b) holders of ordinary securities subsequently approve the issue.

ASX Listing Rule 7.4 also provides that an issue of securities made pursuant to ASX Listing Rule 7.1A can be ratified under Listing Rule 7.4.

By Resolution 5, the Company is seeking shareholders' approval under ASX Listing Rule 7.4 to ratify the prior allotment and issue of 80 Million fully paid ordinary shares, so as to refresh the Company's 10% placement capacity accordingly, pursuant to ASX Listing Rule 7.1A.

5.3 Technical information required by ASX Listing Rule 7.5

In compliance with ASX Listing Rule 7.5, the following information is provided:

- **Number of securities to be issued pursuant to Resolution 5**
80 Million Ordinary Shares
- **Issue price of securities**
\$0.0025 per Share
- **Terms of securities**
All Shares were issued as fully paid ordinary shares ranking equally with existing shares.
- **Names of allottees or the basis on which allottees were determined**
The Shares were issued to professional and sophisticated investors (within the meaning ascribed to those expressions in section 708 of the Corporation Act 2001) and no related parties were involved.
- **Intended use of the funds raised**
Funds raised are being used for the general working capital requirements of the Company.
- **Voting Exclusion Statement**
A voting exclusion statement is included in the Notice accompanying the Explanatory Memorandum.

5.4 Directors' Recommendation

The Board recommends that members vote in favour of Resolution 5.

SPECIAL RESOLUTION

Resolution 6: Approval of 10% placement facility

6.1 General

Listing Rule 7.1A came into effect on 1 August 2012 and enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity for the purposes of Listing Rule 7.1A as it is not included in the S&P /ASX 300 Index and has a market capitalisation of approximately \$7.4 million as at 21st October 2013.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Meeting without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders' present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

6.2 ASX Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company as at the date of the Notice has on issue three classes of Equity Securities, Shares, Listed Options and Unlisted Options.

c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- B) plus the number of partly paid shares that became fully paid in the 12 months;
- C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities under or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 2,486,557,931 ordinary shares and has a capacity to issue:

- (i) **372,983,690** equity securities under Listing Rule 7.1; and

- (ii) subject to Shareholders' approval being obtained under Resolutions 4, 5 and 6, **248,655,793** equity securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 6.2(c) above).

e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 ASX trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

6.3 Information required by ASX Listing Rule 7.3A

ASX Listing Rule 7.3A sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1A. The following information is provided for the purposes of Listing Rule 7.3A:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 ASX trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
 - (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below also shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A (2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placement under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		50% decrease in Current Issue Price	Current Issue Price	100% increase in Current Issue Price
		\$0.0015	\$0.003	\$0.006
2,486,557,931	10% Voting dilution	248,655,793 Ordinary Shares	248,655,793 Ordinary Shares	248,655,793 Ordinary Shares
	Funds raised	\$372,984	\$745,967	\$1,491,935
3,729,836,896	10% Voting dilution	372,983,690 Ordinary Shares	372,983,690 Ordinary Shares	372,983,690 Ordinary Shares
	Funds raised	\$559,475	\$1,118,951	\$2,237,902
4,973,115,862	10% Voting dilution	497,311,586 Ordinary Shares	497,311,586 Ordinary Shares	497,311,586 Ordinary Shares
	Funds raised	\$745,967	\$1,491,935	\$2,983,870

The table has been prepared on the following assumptions:

- (i) The current issue price is \$0.003, being the closing price of the Company's Shares on ASX on 21st October 2013.
 - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
 - (iv) The 10% dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Ordinary shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) The Company seeks to issue the Equity Securities for the following purposes:
- for cash consideration in which case the Company intends to use the funds raised for working capital purposes mainly to cover for
 - a) marketing and distribution expenses of the Company's products;
 - b) research and development of existing and new product applications;
 - c) maintenance of intellectual property;
 - d) staff and office costs, audit and compliance expenses, and ASX fees;
 - e) for general working capital float to maintain minimum levels of inventories and cash liquidity in the business.
- e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including ,but not limited to, the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- f) For the purposes of Listing Rule 7.3A.6 the following information is provided.

The Company obtained Shareholder approval for the 10% Placement Capacity at its 2012 Annual General Meeting.

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on the issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	919,500,035 ordinary shares and 100,000,000 options Of the above ordinary shares issued, a total of 215,016,316 ordinary shares were issued under 10% placement capacity.
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	65.06%

The table below along with notes set out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Note	Date	Number of Equity Securities Issued	Class of Equity Securities Issued	Name of Person to Whom Equity Securities were issued to	Issue Price	Discount	Cash Consideration & Use/Intended Use of Funds
1	21/12/2012	200,000,000	Ordinary Shares	Professional & Sophisticated Investors (Mr. Richard Tegoni and his related parties)	0.2 Cents/ Share	NIL	\$400,000 For Working Capital
2	27/12/2012	199,500,000	Ordinary Shares	Various Shareholders	0.2 Cents/ Share	17% Discount to average price of last 5 trading days immediately prior to the offer date	\$399,000 For Working Capital
3	22/05/2013	200,000,000	Ordinary Shares	Professional & Sophisticated Investors	0.25 Cents/ Share	NIL	\$500,000 For Working Capital
4	24/05/2013	35	Ordinary Shares	Issue of shares on exercise of options	2 Cents/ Share	NIL	\$0.70 For Working Capital
5	16/07/2013	100,000,000	Options	Professional & Sophisticated Investors	Free of cost	NIL	NIL
6	25/09/2013	80,000,000	Ordinary Shares	Professional & Sophisticated Investors	0.25 Cents/ Share	NIL	\$200,000 For Working Capital
7	9/10/2013	160,000,000	Ordinary Shares	Professional & Sophisticated Investors	0.25 Cents/ Share	NIL	\$400,000 For Working Capital
8	10/10/2013	80,000,000	Ordinary Shares	Professional & Sophisticated Investors	0.25 Cents/ Share	3.4% Discount over 15 days VWAP	\$200,000 For Working Capital

Notes:

1. 200 Million Ordinary shares were issued to Mr. Richard Tegoni and his related parties utilising Company's placement capacity under listing Rule 7.1. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.
2. 199.5 Million Ordinary Shares were issued pursuant to Share Purchase Plan in which existing shareholders were invited to purchase up to a maximum of A\$15,000 worth of fully paid ordinary shares in the Company at an issue price of A\$ 0.002 per share representing a 17% discount to average market price over last 5 trading days immediately prior to the Offer. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.
3. The funds were raised via a share placement offered to sophisticated investors pursuant to the Company's placement capability under ASX Listing Rules 7.1 (64,983,684 Ordinary Shares) and 7.1A (135,016,316 Ordinary Shares). The terms of offer included issue of 200 Million fully paid ordinary shares at an issue price of \$0.0025 per share with one free new option for every two new shares subscribed. 200 Million fully paid ordinary shares were issued on 22 May 2013, utilising the Company's available placement capacity. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.
4. 35 Ordinary shares were issued on exercise of similar number of June 2013 Expiry Options.
5. As part of the placement offer mentioned in Note 3 above, 100 million free attaching new options were issued in July 2013, following shareholders' approval in the General Meeting that was held on 10 July 2013. New Options have an exercise price of \$0.0035 and an expiry date of 15 July 2014. New Options issued are unlisted securities.
6. 80 Million Ordinary Shares were issued to professional and sophisticated investors under the approval given by shareholders at the general meeting held on 10th July 2013. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.
7. 160 Million Ordinary Shares were issued to professional and sophisticated investors under the approval given by shareholders at the general meeting held on 10th July 2013. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.
8. 80 Million Ordinary Shares were issued to professional and sophisticated investors pursuant to the Company's placement capacity under Listing Rule 7.1A. Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.

6.5 Information required by ASX Listing Rule 7.3A.7 (Voting Exclusion)

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6.6 Directors' Recommendation

The Directors recommend that members vote **in favour** of Resolution 6.

CONTINGENT ITEM OF BUSINESS

Resolution 7: Conditional Resolution to Hold a 'Spill Meeting'

7.1 General

The Corporations Act was amended with effect from 1 July 2011 to introduce the "two-strike" rule. This rule provides that, if at least 25% of the votes cast on the adoption of the Remuneration Report are against the resolution at two consecutive annual general meetings, then shareholders will have the opportunity to vote on a "Spill resolution".

As set out in the explanatory information on Resolution 1, at the 2012 AGM, at least 25% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report. This constituted a "**first strike**". If at least 25% of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report at this 2013 AGM that will constitute a "**second strike**" and Resolution 7 will be put to the meeting and voted on as required by section 250V of the Corporations Act. (the "Spill Resolution").

Resolution 7 is a contingent resolution that will only be considered if 25% or more of the votes cast on Resolution 1 are cast against Resolution 1.

Shareholders who have appointed a proxy to vote on their behalf at this 2013 AGM must also fill out the Proxy Form in respect of this Resolution 7, should they wish their vote to count towards the requisite majority on this Resolution 7.

If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at this 2013 AGM, then there will be no second strike and Resolution 7 will not be put to the meeting and shareholders' votes on this Resolution 7 will be disregarded.

If put, the Spill resolution will be considered as an ordinary resolution.

If the Spill resolution is passed,

- o a further meeting of members must be held within 90 days (the "Spill Meeting") of the resolution being passed.
- o each of the Directors who were the Directors when the last Directors' Report for the year ended 30 June 2013 was approved ("Relevant Directors") (other than the Managing Director- Dr. Frank Glatz and Director appointed since the applicable Directors' Report was approved by the Board- Mr. Steven Bendel)-being **Mr. Pat Volpe and Mr. Richard Tegoni**- will cease to hold office immediately before the end of the Spill Meeting.

Each Relevant Director is eligible to seek re-election as a Director of the Company at the Spill Meeting. Therefore, even if Mr. Richard Tegoni is elected at this AGM, he will still be subject to the Spill Resolution and will need to be re-elected at the Spill Meeting if he is to remain as Director.

Shareholders may vote against the adoption of the Remuneration Report (Resolution1) but still vote against a Spill Meeting being held (Resolution 7). This is a matter for Shareholders' discretion.

Shareholders should be aware that if the Spill Resolution is passed, the convening of a Spill Meeting will result in the Company incurring material additional expense in conducting the meeting as well as the potential disruption to its focus on core business operations.

Further, Shareholders should note that, although voting exclusions apply in respect of the Spill Resolution,

- there are no voting exclusions applicable to the resolutions appointing Directors at the subsequent Spill Meeting. Accordingly, there is no barrier for the existing major shareholders exercising their voting rights to support the re-appointment of the existing Directors at the subsequent Spill Meeting; and
- if the Spill Resolution is passed, each of the outgoing Directors intends to stand for re-election at the Spill Meeting and to vote their own shares in support of their re-appointment.

Where permitted, the Chairman intends to exercise all undirected proxies against the Resolution 7, if it is required to be put to the meeting.

7.2 Directors' Recommendation

The Directors unanimously recommend that members vote **against** the Resolution 7, if it is required to be put to the meeting.

GLOSSARY

In this Notice and the Explanatory Memorandum:

- (a) **\$** means Australian Dollars
- (b) **10% Placement Facility** has the meaning given in **Section 6.1**
- (c) **10% Placement Period** has the meaning given in **Section 6.2**
- (d) **AEDST** means Australian Eastern Daylight Saving Time, being the time in Melbourne, Victoria, Australia.
- (e) **Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2013.
- (f) **ASIC** means Australian Securities and Investments Commission.
- (g) **Associate** has the same meaning as in the Corporation Act.
- (h) **ASX** means ASX Limited or the Australian Securities Exchange, as the context requires.
- (i) **ASX Listing Rules** and **Listing Rules** means the listing rules of the ASX.
- (j) **Auditor** means the auditor of the Company.
- (k) **Auditor's Report** means the auditor's report on the Financial Report.
- (l) **Board** means the Directors of the Company as at the date of this Notice of Meeting.
- (m) **Chair** and **Chairman** means the person appointed to chair the Meeting.
- (n) **Cardia** and **Company** means Cardia Bioplastics Limited (ACN 064 755 237).
- (o) **Closely Related Party** has the meaning given in section 9 of the Corporations Act.
- (p) **Constitution** means the constitution of the Company as at the commencement of the Meeting.
- (q) **Corporations Act** means the Corporations Act 2001 (Cth).
- (r) **Director** means a director of the Company.
- (s) **Equity Securities** has the meaning as in the ASX Listing Rules.
- (t) **Explanatory Memorandum** means the explanatory memorandum to the Notice of Meeting.
- (u) **Financial Report** means the annual financial report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.
- (v) **Key Management Personnel or KMP** means key management personnel as identified in the Remuneration Report for the financial year ended 30 June 2013.
- (w) **Managing Director** means the Managing Director of the Company.
- (x) **Option** means an option which entitles the holder to subscribe for a Share in the Company.
- (y) **Notice** or **Notice of Meeting** means this notice of Annual General Meeting.
- (z) **Proxy Form** means the proxy form attached to the Notice of Meeting.
- (aa) **Remuneration Report** means the remuneration report contained in the Company's 2013 Annual Report.
- (bb) **Resolution** means a resolution contained in this Notice of Meeting.
- (cc) **Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.
- (dd) **Share** means fully paid ordinary share in the capital of the Company.
- (ee) **Shareholder** means a shareholder of the Company.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

CARDIA BIOPLASTICS LIMITED
(ACN 064755237)

All Registry communication to
Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909
Telephone: (08) 93898033
Facsimile: (08) 93897871

Sequence No: 1234567890

Mr Sam Sample
Flat 123
123 Sample Street
Sampleville VIC 3030

Proxy Form

STEP 1- Appointment of Proxy

I /We being a member/s of **Cardia Bioplastics Limited** and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting
(mark with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy at the Annual General Meeting of Cardia Bioplastics Limited to be held at Level 1, 409 St Kilda Road, Melbourne 3004 on 29th November 2013 at 10.00 am (AEDST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit unless I/We have appointed a Director, or any of the Company's other key management personnel or a closely related party of that person, as our proxy.

☐ The Chairman 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, please mark this box. By marking this box you expressly authorise the Chairman of the annual general meeting to exercise your proxy on Resolutions **1 and 7**. By marking this box, you acknowledge that the Chairman of the meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. **The Chairman intends to vote undirected proxies in favour of all the Resolutions except Resolution 7, where the Chairman intends to vote against the resolution** If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on a resolution if the Chairman has an interest in the outcome of that resolution, and your votes will not be counted in calculating the required majority if a poll is called. Accordingly, if you want your vote to be counted in respect of a resolution, you should direct your proxy how to vote in respect of it.

STEP 2- Voting directions to your Proxy-please mark ☒ to indicate your directions

	For	Against	Abstain *
Resolution 1 To adopt Remuneration Report	☐	☐	☐
Resolution 2 Re-election of Director- Mr. Richard Tegoni	☐	☐	☐
Resolution 3 Re-election of Director- Mr. Steven Bendel	☐	☐	☐
Resolution 4 Ratification of Issue of shares to Sophisticated and Professional Investors	☐	☐	☐
Resolution 5 Ratification of Issue of shares to Sophisticated and Professional Investors	☐	☐	☐
Resolution 6 Approval of 10% placement facility	☐	☐	☐
Resolution 7 Conditional Resolution to Hold a 'Spill Meeting'	☐	☐	☐

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3- PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1

Sole Director and Company Secretary

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name -----

Contact Daytime Telephone -----

Date / / 2013

Voting and Instructions for Appointment of Proxy:

**YOUR VOTE IS IMPORTANT
FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED
BEFORE 10.00 AM ON 27th NOVEMBER 2013.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy. A proxy need not be a member of the Company. Do not write the name of the issuer company or the registered member in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must provide evidence of his or her appointment by providing an "Appointment of Corporate Representative" form prior to admission. An Appointment of Corporate Representative form can be obtained from the company's Share Registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Share Registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such directions unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses unless you have appointed a Director, or any of the Company's other key management personnel or a closely related party of that person, as your proxy. If you mark more than one box on an item your vote on that item will be invalid. Where permitted, the Chairman of the meeting will vote undirected proxies in favour of all the items of business except

Resolution 7, where the Chairman intends to vote against the resolution. This will be on the basis that the Proxy Form expressly authorises the Chairman to vote all undirected proxies even if the resolution is connected directly or indirectly with the remuneration of a Director.

If you appoint a Director (other than the Chairman of the meeting), or any of the Company's other key management personnel or a closely related party of that person, as your proxy and you do not direct your proxy how to vote on Resolutions 1 & 7, the proxy will not be permitted to vote your proxy on those resolutions. **Accordingly, if you want your vote to be counted on those resolutions, you should direct your proxy how to vote in respect of it.**

STEP 3 Sign the Form

The form must be signed as follows:

Individual: This form is to be signed by the member.

Joint Holding: Where the holding is in more than one name, all the members must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. Please indicate the office held by signing in the appropriate place.

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at 10.00 a.m (AEDST) on 29th November 2013. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged with the Company's registry in any one of the following ways:

BY MAIL – Advanced Share Registry Limited
PO Box 1156,
Nedlands,
Western Australia- 6909

BY FAX- +61 (08) 93897871

IN PERSON – Advanced Share Registry Limited
150 Stirling Highway,
Nedlands
Western Australia -6009

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.