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Dear Sir

MEDIA RELEASE

SALE OF MINING ASSETS

As previously advised to the market, CO2 Group Limited (**CO2**) has been evaluating a number of potential divestment opportunities with regard to its mineral assets. The Directors of CO2 are now pleased to advise that CO2 has entered into a Binding Terms Sheet with Western Australian Resources Limited (**WAR**) pursuant to which WAR has agreed to purchase all of the remaining mineral assets held by CO2 in consideration for the issue of 1,898,735 fully paid ordinary shares in WAR and 1 converting performance share in WAR. WAR is an unlisted public company incorporated in October 2005.

The majority of mineral assets are subject to a number of joint venture arrangements. Exploration activities undertaken by CO2's joint venture partners to date have targeted the potential of the mineral tenements for gold, base metal and iron ore mineralisation.

On 11 January 2006, CO2's joint venture partner, Atlas Gold Limited (**Atlas**) announced high grade drilling intercepts from its Pardoo Iron Ore Project, including drilling results from the South Limb Prospect within the Goldsworthy Joint Venture Project, the joint venture between Atlas, CO2 and Independence Group NL. The better results from the holes drilled in the joint venture area are shown below (Source: Atlas Gold Limited December 2005 Quarterly Report):

South Limb

Hole	Metres	Fe %	SiO_2 %	Al_20_3 %	P %	LOI %	From Metres
PDRC080	2	61.02	1.96	0.82	0.12	9.73	32
PDRC081	18	60.24	2.39	1.08	0.21	9.64	28
PDRC082	2	60.19	2.08	1.31	0.19	9.54	8
	16	62.74	3.03	1.29	0.14	5.23	26
PCRC083	6	60.57	3.38	1.31	0.15	7.98	42
	2	61.35	3.93	2.11	0.14	5.31	96
PDRC088	2	61.29	2.81	1.22	0.18	7.62	24
PDRC092	2	60.01	2.87	1.39	0.14	9.48	2
PDRC95	16	60.21	2.44	1.22	0.14	9.88	22
PDRC96	46	61.4	2.2	1.12	0.14	8.41	8
PDRC097	2	60.39	2.47	1.74	0.13	9.12	16
PDRC098	4	60.38	2.38	1.40	0.15	9.46	30

The full report and list of results from the drilling undertaken by Atlas can be obtained from Atlas's December 2005 Quarterly Report (ASX Code: AGO)

Completion of the sale of the mineral assets to WAR is subject to satisfaction of a number of conditions precedent including the approval of each of the partners to various joint venture agreements entered into by CO2 to the assignment of CO2's obligations under those joint venture arrangements to WAR, completion of a capital raising by WAR to raise at least $250,000, and WAR receiving all necessary approvals from its shareholders.

Following the sale of the mineral assets, CO2 will be able to focus solely on its primary business, which involves the commercialisation of its CO2 AUSTRALIA™ Carbon Sequestration Program (**Program**). CO2's Program is unique and offers a low cost solution to meeting the challenges associated with mitigating the effects of climate change. The Program has already received strong support from a number of major Australian companies.

Holders of ordinary shares and convertible preference shares in CO2 will be entitled to apply for shares in WAR pursuant to a priority offer to be outlined in a prospectus to be lodged by WAR with the Australian and Securities and Investments Commission shortly. The record date for the priority will be announced at a later date. There is no present intention for WAR to apply for admission on the Australian Stock Exchange (ASX).

The three executive directors of CO2, Ian Trahar, Harley Whitcombe and James McAuliffe, who are entitled to shares under this proposal, have indicated that they presently intend to take up their allocation of shares under the priority offer based upon their current shareholding in CO2.

Please contact the Company Secretary should you have any queries regarding this matter.

Yours faithfully
CO2 Group Limited

Harley Whitcombe
Company Secretary