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Australian Stock Exchange
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20 Bond Street
SYDNEY NSW 2000

ANNOUNCEMENT 173

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Dear Sir

City of Sydney offsets fleet with CO2 Australia

CO2 Group Limited is pleased to announce that its wholly-owned subsidiary, leading carbon offsetting company CO2 Australia has signed an agreement with City of Sydney Council to offset their Vehicle and Contractor Fleet carbon emissions.

"City of Sydney Council is one of many organisations that have come to us looking to reduce their environmental impact. Our carbon offset programs are helping companies to address their greenhouse footprint while new low-emissions technologies are being developed," said Andrew Grant, Managing Director of CO2 Australia.

City of Sydney offset its greenhouse emissions as part of the Council's ongoing commitment to environmental initiatives. The agreement is part of the City of Sydney's plan to become Australia's first carbon neutral Council by increasing its energy efficiency and offsetting 100 per cent of its greenhouse gas emissions.

CO2 Australia plants mallee eucalypts in rural areas, which remove global warming greenhouse gases from the air. It is the biggest provider of carbon offsets generated by trees in Australia.

"Climate change is a function of both deforestation and the burning of fossil fuels. The solution lies in addressing both problems – with reforestation programs and new technologies to reduce carbon emissions," explained Mr Grant.

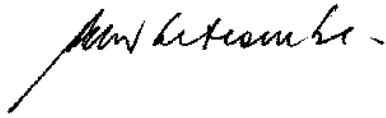
CO2 Australia was the first environmental forestry company to be accredited under the NSW Greenhouse Gas Abatement program and was also the first company to be accredited under the Federal Government's Greenhouse Friendly™ Program.

"We meet rigorous audit and evaluation processes as part of our Federal accreditation. CO2 Australia had to meet strict eligibility criteria; our environmental plantings have to be permanent; and our abatement targets are subject to independent auditing as part of the accreditation.

"We are chosen by organisations because they know how hard the accreditation process is. They are confident that they are getting what they pay for," said Mr Grant.



Yours faithfully

A handwritten signature in black ink, appearing to read 'Harley Whitcombe', with a long, sweeping horizontal line extending to the left.

Harley Whitcombe
Company Secretary

Media: for more information please contact Emily Staniforth, Wilkinson Media: 02 8001 8821 or 0402 349 856

